Columbia Gas of Pennsylvania, Inc.
2015 General Rate Case
Docket No. R-2015-2468056
Standard Data Request
GASRR No. 24-55
Volume 2 of 2

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-024:

Please provide a description of each employee benefit program or plan.

Response:

The following are provided as attachments:

NiSource Health & Welfare Benefits Handbook – Attachment A
- Consolidated Flex Medical Plan
- Dental Plan
- Vision Plan
- Flexible Benefits Plan
- Long Term Disability Plan
- Life Insurance Plan

NiSource Pension - Account Balance Pension Option II – Attachment B

NiSource Retirement Savings Plan – Attachment C

NiSource Short-Term Disability Plan – Attachment D

NiSource Holidays – Attachment E

NiSource Vacation Policy – Attachment F

NiSource

Health and Welfare Benefits Handbook

Summary Plan Descriptions

For Full-Time Employees in
the Columbia Energy Group
Bargaining Unit Hired On or After
January 1, 2013

Distributed: 2013
Effective January 1, 2013

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Benefits Program Overview

The Benefit of Choice – An Introduction to the Program

As an employee of Columbia Energy Group, an affiliate of NiSource Inc. ("NiSource" or "Company"), you have the benefit of choosing your own portfolio of benefit coverages from the NiSource Life and Medical Benefits Program and the NiSource Welfare Benefits Program (collectively the "Program") each year.

The benefit information contained in this Handbook applies to all eligible full-time bargaining unit employees of Columbia Energy Group hired on or after January 1, 2013 who are covered under the Program.

This Handbook serves as the Summary Plan Descriptions ("SPDs") for the benefit plans as of January 1, 2013. The information enclosed has been prepared to summarize the benefits in an easy to understand format and is not intended to replace or supersede the official plan documents. The official plan documents are the governing documents in the event that questions arise or if there is a conflict between an SPD or any oral communication, on the one hand, and an official plan document, on the other hand. The NiSource Benefits Committee (the "Committee") reserves the right to terminate, change or modify any plan provision at any time without the consent of, or advance notice to, you or your covered dependents, subject to the provisions of any applicable collective bargaining agreement.

The Program (or various component benefit plans thereof) also covers the following classes of employees, although benefits for such classes of employees are described in separate Handbooks and not herein: full-time exempt employees; part-time exempt employees; full-time non-exempt employees; part-time non-exempt employees; full-time employees who are members of certain collective bargaining units; part-time employees who are members of certain collective bargaining units; retirees who formerly were employees described in certain of the foregoing classes; and certain temporary work force and/or part-time status employees.

Benefit Plans At-a-Glance

NiSource offers you the following coverages in accordance with the terms of the applicable benefit plan (identified below). *(Details of each benefit plan can be found in the individual benefit plan sections of this Handbook.)*

- Medical and Prescription Drug Coverage (NiSource Consolidated Flex Medical Plan – referred to as the "Medical Plan")
- Dental Coverage (NiSource Dental Plan – referred to as the "Dental Plan")
- Vision Coverage (NiSource Vision Plan – referred to as the "Vision Plan")
- Flexible Benefits (NiSource Flexible Benefits Plan – comprised of the "FSA Plan" and provisions for contributions to Health Savings Accounts, or "HSAs")
- Long-Term Disability Coverage (NiSource Long-Term Disability Plan – referred to as the "Long-Term Disability Plan")
- Life and AD&D Coverages (NiSource Life Insurance Plan – referred to as the "Life and AD&D Plan")

Accessing Benefits Information

You can access your benefits information through MySource for Human Resources, a website and telephone system designed to centralize your Human Resources information and provide tools to help you manage the following benefit plans:

- Health and welfare benefits.
- Retirement and investments – 401(k).
- Other voluntary programs, including family counseling and referral services.

To access MySource for Human Resources, go to the NiSource Intranet (called MySource) and log on to the secure website at

www.mysourceforhr.com. MySource can be accessed 24 hours a day, seven days a week. Customer service associates are also available to answer questions at the MySource automated telephone system at **1-888-640-3320.**

Definitions

Unless otherwise defined in the applicable individual benefit plan section of this Handbook, for purposes of the Medical Plan, the Dental Plan, the Vision Plan and the Flexible Benefit Plan, the following terms when used in this Handbook shall have the following meanings:

"Spouse" means your lawful spouse who is also considered your spouse under the Internal Revenue Code.

"Same Sex Domestic Partner" means a person of the same sex as you, if you and such person satisfy the requirements of paragraph (a) or each of the requirements of paragraph (b) below:

(a) Such person is your legal spouse or registered domestic partner, or is a party to a civil union with you, under the laws of your state of residence; or

(b) You and such person

- are both age 18 or older and competent to enter into a legal contract;
- have shared for at least 12 months (and continue to share) the same principal residence, are jointly responsible for each other's common welfare, and are financially interdependent;
- share a committed personal relationship and are not related to one another in a way that would prohibit marriage, civil union or domestic partnership between two persons in your state of residence;
- are not legally able to enter into marriage or a registered domestic partnership, or be party to a civil union, with each other under the law of your state of residence (however, if your state in the future permits same-sex marriage, civil unions or registered domestic partnerships, you must marry or enter into a civil union or registered domestic partnership within 12 months of the effective date of the new state law to retain same-sex domestic partner status);
- are not currently married to, a party to a civil union with, or the domestic partner, of any other person;
- intend that your same-sex domestic partnership be of unlimited duration; and
- do not have a relationship that is primarily for the purpose of obtaining benefits under an employer-sponsored benefit program.

Notwithstanding the foregoing, for any insured benefit option, a person shall not be a same-sex domestic partner if he or she is otherwise ineligible for coverage under the terms of the certificate of coverage, group insurance policy or other governing document for such benefit option.

Please Note: From time to time, you may be required to confirm orally, electronically or in writing, in a manner prescribed by the Company, that you and your same-sex domestic partner satisfy these eligibility requirements.

"Financially interdependent" means that you and another person satisfy any two of the following conditions:

- you designate such other person as your beneficiary for employer-sponsored retirement or life insurance benefits;
- you designate such other person as your primary beneficiary under your will;
- you designate such other person as your attorney-in-fact under a durable power of attorney for health care;
- you and such other person have a common ownership or leasehold interest in real property;

- you and such other person have joint bank or credit accounts or joint investments; or
- you and such other person have joint liability for a mortgage, lease or loan.

"Child" means a person who is

- a naturally born child;
- a legally adopted child or a child placed with a person for adoption;
- a stepchild;
- a foster child who is legally placed in a person's custody, for whom a person is providing parental care and for whom a person is legally responsible to provide medical care;
- a child for whom a person is legal guardian and who is dependent upon such person for at least 50% of his or her financial support and who may be claimed on such person's Federal income tax return (without giving effect to the child's gross income for the year); or
- a person deemed by a court order to be a child for purposes of coverage under a benefit plan.

Eligibility

General Information Concerning Eligibility

You and your eligible dependents *(as defined below or in the applicable individual benefit plan sections of this Handbook)* will be eligible to elect to participate in the benefit plans when and to the extent provided under the applicable benefit plan.

Please Note: It is your responsibility to advise MySource when a person is no longer eligible for coverage as a dependent under a benefit plan. Any amounts paid by a benefit plan on behalf of a person who is no longer an eligible dependent will be required to be repaid to the plan. *Enrollment of, or failure to disenroll, a person who does not satisfy the eligibility requirements for coverage under a benefit plan will be deemed to constitute fraud or intentional misrepresentation of a material fact and may result in retroactive termination of benefits, required repayment of any ineligible expenses, and disciplinary action up to and including dismissal.*

Certain benefit plans are maintained pursuant to one or more collective bargaining agreements. Copies of such agreements can be obtained upon written request to the Company and copies also are available for examination at the Company's principal offices at 801 E. 86th Avenue, Merrillville, Indiana 46410, during regular business hours, and at other specified locations upon your request made in advance to your local HR representative.

Eligibility under the Medical, Dental and Vision Plans

You and your eligible dependents may elect to participate in the Medical, Dental or Vision Plans if you are actively at work and you are classified as a regular full-time bargaining unit employee of Columbia Energy Group.

Your eligible dependents include:

- Your spouse, provided you are not legally separated;
- Your same-sex domestic partner;
- Your or your same-sex domestic partner's child who has not attained 26 years of age;
- Your or your same-sex domestic partner's unmarried child who satisfies the dependency test below and who is incapable of self-sustaining employment due to mental or physical disability if: (1) proof of the child's disability, if requested by the Claims Administrator, is received by the Claims Administrator within 31 days of the date dependent status would otherwise terminate, (2) the child is dependent upon the employee or same-sex domestic partner for financial support and maintenance, (3) the employee continues to be covered by the Plan, (4) the child's disability continues, and (5) the child has not attained age 65;

Please Note: To maintain coverage, you must furnish proof of your child's disability to the Claims Administrator every three years, or

more frequently as requested by the Claims Administrator. If the Claims Administrator determines that you have failed to furnish sufficient proof of your child's disability or if it determines that your child is no longer disabled, coverage for your child will cease.

- Your or your same-sex domestic partner's child who is recognized under any court order, including a Qualified Medical Child Support Order recognized as being legally sufficient, as having a right to participate in the Plan as a dependent.

A child satisfies the dependency test for a particular Plan Year if you or your same-sex domestic partner would be allowed a dependent exemption for such child in computing your federal taxable income for such year. Your or your same-sex domestic partner's child also satisfies the dependency test for a particular Plan Year if (1) such child receives over half of his or her support during the year from his or her parents and is in the custody of one or both parents for more than half of the year, (2) at least one parent would be allowed a dependent exemption for such child in computing such parent's federal taxable income for such year, and (3) the child's parents are divorced, legally separated under a decree of divorce or separate maintenance, legally separated under a written separation agreement, or live apart at all times for the last six months of the year. In making these determinations, you may ignore the child's gross income for such year. You should consult a tax advisor if you have any questions about whether your child satisfies this dependency test.

Please refer to the MySource website at ***www.mysourceforhr.com****, or call the MySource automated telephone system at* ***1-888-640-3320*** *if you are unsure of whether you are eligible to participate in the Medical, Dental or Vision Plan.*

Tax Treatment of Group Health Plan Coverage

Generally speaking, the cost of group health plan coverage for you, your spouse and your children who are tax dependents for health coverage purposes under the Internal Revenue Code is not taxable to you under Federal law. The Federal tax implications of covering your same-sex domestic partner and his or her eligible children under the Medical, Dental and Vision plans, however, depends on whether they qualify as your tax dependents for health coverage purposes.

Your same-sex domestic partner may qualify as your tax dependent for health coverage purposes under Federal law if

- you both have the same principal place of abode for the entire calendar year;
- your same-sex domestic partner is a member of your household for the entire calendar year;
- your relationship is not in violation of local law;
- during the calendar year you provide more than half of the total support for your same-sex domestic partner;
- your same-sex domestic partner is not your (or anyone else's) "qualifying child" for purposes of the Internal Revenue Code; and
- your same-sex domestic partner is a U.S. citizen, a U.S. national, or a resident of the U.S., Canada or Mexico.

For assistance in determining whether you provide more than half of the total support for your same-sex domestic partner, consult IRS Publication 501 (Exemptions, Standard Deduction, and Filing Information).

The child of your same-sex domestic partner may qualify as your tax dependent for health coverage purposes under Federal law by satisfying the test above for same-sex domestic partners or by being your "qualifying child" for purposes of the Internal Revenue Code. Note that it can be more difficult for a child of your same-sex domestic partner to satisfy the requirements for being your tax dependent for health coverage purposes.

If your same-sex domestic partner and his or her eligible children are not your tax dependents for health coverage purposes

under Federal law, your contributions toward the cost of their group health plan coverage, as well as NiSource's share of the cost of that coverage, will be treated as imputed income (i.e. included in your gross income) for tax purposes.

If an enrolled individual fails to qualify as your tax dependent for health coverage purposes under Federal law for the entire calendar year because of a change in his or her tax status during the year, then the value of the applicable coverage for the portion of the year prior to the change will be included in your gross income and related income tax and employment tax withholding will be charged as rapidly as possible. The catch-up on withholding will reduce your take-home pay for some pay periods.

State and local tax treatment of group health plan coverage for your same-sex domestic partner and his or her eligible children may differ from treatment of such coverage under Federal law.

You should consult a tax advisor for more information about the Federal, state and local tax implications of covering your same-sex domestic partner and his or her children under NiSource benefit plans.

***Please Note**: If you believe that your same-sex domestic partner and his or her children qualify as your tax dependents for health coverage purposes under Federal law, you must notify MySource for Human Resources and provide any requested certifications. Otherwise, such persons will not be treated as your tax dependents for purposes of benefit plan coverage.*

Same-Sex Domestic Partner Imputed Income

NiSource will impute income for federal, state and local income tax purposes when your same-sex domestic partner or his or her children do not qualify as your tax dependents for health coverage purposes under Federal law. ***Please Note**: NiSource will impute income for state and local income tax purposes regardless of how a state or locality taxes health coverage for your same-sex domestic partner and his or her children. (Your state or local income tax return can be adjusted to the extent your state or local tax treatment excludes the value of this coverage from gross income. You should consult with your tax advisor to discuss your particular tax situation and any questions you have about the imputation of income.)*

This means NiSource will include in your gross income the value of coverage for your same-sex domestic partner and his or her eligible children in an amount equal to the COBRA cost (minus the 2% administration fee) of You Only coverage (for coverage of your same-sex domestic partner only) or You + Children coverage (for coverage of your same-sex domestic partner and his or her children), as applicable. COBRA cost minus 2% administration fee is the total of employer plus employee premiums.

If you are on active payroll, income will be imputed and taxes will be withheld each pay period (or monthly) during the plan year.

Imputed Income Calculation Example for You Only Imputed Income

(Assumes coverage for you and your same-sex domestic partner only)

Employee's monthly income	$4,400
Before-tax deduction for You + Spouse	–$180* deducted for employee's + same-sex domestic partner's combined coverage
Employee's gross income (excluding imputed income)	$ 4,220
Imputed income	$400* ($400 = COBRA cost of You Only coverage minus 2%) = value of same-sex domestic partner's coverage
Gross income (including imputed income) The annual total of this amount is reported in Box 1 of your Form W-2. Income will also be reported on your W-2 for state and local income tax purposes.	$4,620

**Dollar amounts do not represent actual cost of coverage and are for illustrative purposes only.*

For further information, please call MySource for Human Resources at **1-888-640-3320**.

Enrollment

General Information Concerning Enrollment

When you first become eligible to participate in a benefit plan, and each year during annual enrollment, you have the opportunity to select coverages for you and your eligible dependents.

Generally, to be covered, you must initially enroll for the medical, dental, flexible benefits, vision, supplemental and dependent life and AD&D and supplemental long-term disability coverages within 31 days following the date on which your enrollment materials are sent to you. **(This Benefits Program Overview or the individual benefit plan sections of this Handbook contain additional information about enrollment in each plan.)**

You are automatically enrolled for EAP/Work Life, basic long-term disability, basic life and basic AD&D coverages upon the date you become eligible for such coverage.

To enroll, you must log on to the MySource website at **www.mysourceforhr.com** or call MySource for Human Resources at **1-888-640-3320.**

The enrollment materials detail how to enroll online and by phone. If you do not enroll within the 31-day period described above, as applicable **(the deadline date is included in the enrollment materials)**, you will automatically receive default coverage **(as described in this Benefits Program Overview or in the applicable individual benefit plan section of this Handbook)**, if applicable, for the remainder of that calendar year.

Please Note:

Dependents will not be eligible to receive any of the benefit coverages if you fail to enroll them during your initial 31-day period, during any subsequent annual enrollment or within 31 days following a qualified life event.

Enrollment in the Medical, Dental and Vision Plans

Provided you meet the eligibility requirements, as described in the section above entitled *"Eligibility under the Medical, Dental and Vision Plans"*, you and your eligible dependents can participate in the

Medical Plan, Dental Plan and/or Vision Plan if you properly enroll. Newly eligible employees must enroll within 31 days of their eligibility date. If you fail to enroll, you will be deemed to have elected (i) the PPO medical option with no dependent coverage under the Medical Plan, (ii) the Preventive Dental option with no dependent coverage under the Dental Plan, and (iii) the Basic Vision option with no dependent coverage under the Vision Plan. In general, once you enroll for (or decline) coverage, your elections stay in effect for the entire Plan Year and can only be changed during annual open enrollment. If you do not enroll or elect to change coverage, if applicable, within the annual enrollment period, your current coverage will remain in effect for the upcoming Plan Year, if available, at the applicable rates. However, if you experience a qualified life event, you may enroll or change existing elections during the year in certain circumstances. Please see the *"Enrollment"* and the *"Changing and Continuing Your Elections"* section of this **Benefits Program Overview** for further details.

Please Note:

If you do not enroll in the Medical Plan, Vision Plan or Dental Plan within 31 days of your initial eligibility date, your next opportunity to enroll or change elections will not be until the next annual enrollment period or until you experience a qualified life event that would permit your enrollment. Also, if you do not enroll an eligible newborn child for coverage within 31 days of the child's birth, your next opportunity to enroll the child will not be until the next annual enrollment period or the next qualified life event that permits the child's enrollment.

Special Enrollment Rights and Opportunities

Please see the *"Changing and Continuing Elections"* subsection of this **Benefits Program Overview** for details.

Dual Coverages

If you and your dependent(s) (spouse, same-sex domestic partner and/or your or your same-sex domestic partner's child) are eligible for Program benefits as active or retired employees of NiSource or one of its affiliates, any of you may choose coverage either for yourselves only or for yourselves and your eligible dependents. However, for most Program benefits, it is not possible to be covered by more than one NiSource benefit plan of the same type (e.g., more than one medical plan). Also, for most benefit plans, a NiSource active or retired employee cannot be covered under the benefit plan both as a participant and as a dependent. Likewise, if you and your spouse or same-sex domestic partner are both employees of NiSource or one of its affiliates, either of you may choose to cover your child(ren); however, it is not possible for both of you to cover your child(ren) under the same plan (e.g., child life insurance). Double benefits are not available.

Coverage under the Program for retired employees or for active employees other than the eligible employees for whom this Handbook is prepared is described in separate Handbooks and not herein.

Enrollment Pursuant to a Qualified Medical Child Support Order

The Program also provides medical, prescription drug, vision, and dental coverage for your or your same-sex domestic partner's eligible child (as well as participation in the Health Care Flexible Spending Account, to the extent the child is a tax dependent for health coverage purposes under Federal law) pursuant to the terms of a Qualified Medical Child Support Order ("QMCSO"). This may apply even if you do not have legal custody of the child, the child is not dependent on you for support, and regardless of any enrollment restrictions that might otherwise exist for dependent coverage. If the Company or Columbia Energy Group receives a valid QMCSO and you do not enroll the dependent child, the custodial parent or state agency may enroll the dependent child.

Additionally, the employer may withhold from your wages any contributions required for such coverage.

You may obtain, without charge, a copy of the benefit plans' QMCSO procedures from the Company.

Special Rule for Rehired Employees

If you terminate employment and are rehired after your termination date, the benefit elections that were in effect on the date of your termination **will not be** automatically reinstated. You will need to re-elect coverages once you again become eligible upon your return.

Annual Enrollment

Each year, at annual enrollment, you will receive information regarding the benefit plans. If you do not enroll within the annual enrollment period, your current coverages remain in effect for the upcoming Plan Year, if available, at the applicable rates. You will be advised of any new benefit plans, plans that require enrollment and the deadline date. **If you want to participate in the Health and/or Dependent Care Flexible Spending Accounts or in a Health Savings Account (HSA), you need to elect to participate each year. Your Flexible Spending Account and Health Savings Account contribution elections will not carry over from one Plan Year to the next.**

In the event your current plan coverage is not available and you fail to elect coverage under another plan that is offered to you, you will be deemed to have elected the default coverage, if applicable. Please see the individual benefit plan sections of this Handbook for further details.

Opt-Out Credit

If you are a full-time employee and have coverage elsewhere and decline medical or dental coverage under the Medical or Dental Plans, you may be eligible for an opt-out credit, if available. Please refer to the enrollment material to see if this option is currently being offered. If you have declined coverage, but your spouse, same-sex domestic partner or parent is also an employee or retiree and is covering you as a dependent, you are not entitled to an opt-out credit. If you are a covered dependent under the Medical and/or Dental Plans, you must call MySource for Human Resources at **1-888-640-3320** during enrollment to update your status. The Company will recover payment of ineligible opt-out credits through payroll deductions.

> **Please Note:**
>
> If you have declined Medical Plan coverage, but your spouse is a retiree who is covering you under the Medical Plan as a dependent, you are not entitled to an opt-out credit. You must call MySource for Human Resources at **1-888-640-3320** during enrollment to update your status.

ID Cards

Once you enroll and become a participant, you will receive identification cards for the Medical Plan at your home address.

If you are enrolled in the PPO option, you will receive an identification card for your medical coverage and a separate identification card for your prescription drug coverage. If you are enrolled in an HDPPO option, you will receive just one identification card that may be used for both your medical and prescription drug coverage.

The cards should be presented to your provider at the time of service. If additional cards are needed or an ID card is lost, please contact Anthem, in the case of the PPO or HDPPO options, or, if applicable, your HMO in the case of an HMO option.

There are no ID cards for the Vision Plan, Dental Plan or other coverages.

When Coverage Begins and Ends - General

Please see below or the individual benefit plan sections of this Handbook for a complete description of when the coverage begins and ends with respect to each benefit plan.

When Coverage Begins and Ends – Medical, Dental, Vision and FSA Plans

Coverage Begins

Generally, coverage under the Medical Plan, Dental Plan, Vision Plan or FSA Plan may become effective, if you properly enroll, (1) on your first day of active employment for regular new hires, (2) on the first day of the following Plan Year for eligible employees who enroll during the annual enrollment period, or (3) on the date the Plan approves your enrollment based upon a qualified life event. Eligible dependents have the same effective date provided you properly enroll them.

Coverage Ends

Except in the case of your death (in which case your coverage ends on the date of your death), coverage under the Medical Plan, the Dental Plan, the Vision Plan and the FSA Plan will end on the earliest of (i) the date the Plan is terminated, or (ii) the **last day of the month** in which you and/or your dependent loses eligibility.

Your eligibility generally ends on the earliest of the following dates:

- The date that the Plan is amended to terminate coverage with respect to an employee;
- The date an employee is no longer eligible for coverage under the Plan;
- The date an employee commences active duty in the armed forces, except to the extent continuation coverage is required pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") and except as provided by the NiSource Military Leave of Absence Policy or any applicable collective bargaining agreement;
- The last date for which any required contribution was made;
- The date on which a leave of absence begins, except to the extent continuation coverage is required by the Family and Medical Leave Act of 1993 ("FMLA") or your employer's personnel policies otherwise provide for continued coverage; or
- The end of the month following the date an employee terminated employment; or

A dependent shall cease to participate in the Plan on the earliest of the following dates:

- The date as of which the Plan is terminated;
- The date the employee's coverage ends (except that, in the case of the employee's death, a dependent shall cease to participate in the Plan on the last day of the month in which the employee dies);
- The last date for which any required contributions for the dependent's coverage was made;
- The end of the month following the date a dependent no longer qualifies as a dependent.

Changing and Continuing Elections

General

In general, once you enroll for (or decline) coverage, your elections stay in effect in the entire Plan Year. However, the Internal Revenue Service will allow you to enroll for or change certain pre-tax elections during the Plan Year under certain limited circumstances, referred to herein as "qualified life events." For example, you may change certain pre-tax elections if you experience a "qualified status change" that affects your, your spouse's, or your dependent's eligibility for benefits under the Medical Plan, the Dental Plan, the Vision Plan, the Flexible Benefits Plan, the Life and AD&D Plan or the Long-Term Disability Plan. Examples of qualified status changes and a description of other qualified life events are set forth below.

You must contact a customer service associate at MySource for Human Resources at **1-888-640-3320** to request a change in election within **31 days** of the date of the qualified life event. In addition to satisfying any requirements established by the applicable benefit plan and any insurer (with respect to insured coverage), any requested

change in election must satisfy all requirements imposed by the Internal Revenue Service.

To the extent permitted by the applicable benefit plan, if you experience a qualified status change, you may elect a different category of coverage (e.g., no coverage, employee only, employee + spouse, employee +family) if that new election is on account of, and corresponds with, your qualified status change and if the new election satisfies other Internal Revenue Service consistency rules.

Examples of qualified status changes include any of the following circumstances that may affect eligibility for coverage under one of the benefit plans listed above:

- You get a divorce, become legally separated, or your marriage is legally annulled.
- Your spouse or dependent dies.
- Your dependent becomes ineligible for coverage (e.g., he or she reaches the eligibility age limit).
- You get married.
- You have a baby, adopt, or have a child placed with you for adoption.
- You, your spouse, or your dependent experiences a change in employment status (e.g., gain or terminate employment, change worksites) that leads to a loss or gain of eligibility for coverage.
- You, your spouse or your dependent experiences a change in employment status that affects eligibility for coverage (e.g., change from part-time to full-time or vice versa, strike or lockout, begin or return from an unpaid leave of absence).
- You, your spouse, or your dependent has a change in home address (outside the network service area).

Please Note:

If you do not request a change in election within 31 days of your qualified status change or other qualified life event, your next opportunity to change elections will not be until the next annual enrollment period or until you experience another qualified life event. For example, if you do not enroll an eligible newborn child within 31 days of the child's birth, your next opportunity to enroll the child will not be until the next annual enrollment period, unless you experience another qualified life event that would permit you to change elections.

Other qualified life events that may permit a change in your elections (including a change in category of coverage and, in some instances, a change in coverage option) include the following:

- You, your spouse, or your dependent experiences a significant change in cost or coverage of a benefit plan (this does not apply to the Health Care Flexible Spending Account).
- You qualify for special enrollment in the Medical Plan during the year under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). For example, you may qualify for special enrollment if (1) you acquire an eligible dependent after your employment begins, (2) you (or your dependent) were covered under another group health plan or had other health insurance coverage when you declined coverage and you (or your dependent) lose coverage because of loss of eligibility (other than for failure to pay premiums or termination for cause), termination of employer contributions or exhaustion of COBRA continuation coverage, or (3) you (or your dependent) lose coverage as a result of loss of eligibility under a Medicaid plan under title XIX of the Social Security Act or under a State child health plan under title XXI of the Social Security Act, or you (or your dependent) become eligible for assistance, with respect to coverage under the Medical Plan, under such a Medicaid plan or State

child health plan. *Please note: If you lose coverage because of an event described in item (3), your special enrollment period will be 60 days, not 31 days.*

- The benefit plan receives a Qualified Medical Child Support Order ("QMCSO") or other court order, judgment, or decree that requires you to enroll a dependent child in an accident or health plan.
- With respect to accident or health plan coverage, you, your spouse, or your dependent qualifies for or loses Medicare or Medicaid coverage.
- You take leave under the Family and Medical Leave Act.

Election Changes Involving Same-Sex Domestic Partners and Their Children

If your same-sex domestic partner and his or her eligible children are not your tax dependents for health coverage purposes under Federal law, they are not "dependents" for purposes of the Internal Revenue Service's rules on changing pre-tax elections discussed above.

Notwithstanding the foregoing, under certain conditions, the benefit plans will permit you to make election changes to add or drop coverage for your same-sex domestic partner and his or her eligible children who are not your tax dependents under circumstances that would permit an election change if such persons were your spouse or tax dependents. You may also make election changes to drop coverage for your same-sex domestic partner and his or her eligible children in connection with the termination of your same-sex domestic partner relationship.

To request any such election change, you must contact a customer service associate at MySource for Human Resources at **1-888-640-3320** within **31 days** of the date of the event giving rise to your request for the change. In connection with any requested election change, you may be required to provide certifications or other evidence requested by the Company or Plan Administrator.

Any election changes described above are subject to satisfaction of requirements established by the applicable benefit plan and any insurer (with respect to insured coverage). Also, no election change will be permitted that would violate requirements established by the Internal Revenue Service, as determined by the Plan Administrator or its designee in their discretion.

Coordination of Benefits (COB)

If you or your dependent have coverage under another medical, prescription drug, vision or dental plan or program, your medical, prescription drug, vision and dental benefits under the benefit plans coordinate with those other benefits to help eliminate duplicate payments for the same services.

The following provisions of this *"Coordination of Benefits (COB)"* subsection apply to the Medical Plan and the Dental Plan. Please see the Vision Plan section for details about coordination of benefits provisions applicable to the Vision Plan.

Coordinating Plans

Types of plans that normally coordinate benefits include, but may not be limited to, the following:

- Group or blanket plans or coverages provided by an employer, union, trust, or other similar sponsor.
- Other group or prepayment health care plans or coverages that cover you or your dependents, including student coverage provided through a school above the high school level.
- Federal government benefit programs, including Medicare or Medicaid. (Medicaid or any other plan, program, policy or arrangement will not be included if, by its terms, it does not allow coordination.)
- Automobile insurance plans in the case of accidents, when inclusion is not prohibited by law.
- Other plans required or provided by law.

These coordination provisions do not apply to individual or private insurance plans. Any other benefits (apart from those under individual or private insurance plans) to which

you may be entitled are considered for possible coordination.

How Coordination Works With Other Group Plans

If you are covered by more than one of the types of plans mentioned above, one plan is **primary**. The primary plan pays benefits first without considering the other plans. Then – based on what the primary plan pays – the other (**secondary**) plans may pay a benefit (if any).

If your coverage under the applicable benefit plan is primary, the benefit plan pays the amount payable under such plan.

If your coverage under the applicable benefit plan is secondary, the primary plan pays its benefits first. Then, the secondary benefit plan pays the lesser of:

- The amounts payable under the secondary benefit plan; or
- The balance left after the primary plan pays benefits.

When combined, the benefits that the two coverages pay will not exceed 100 percent of the eligible expense.

Determining the Order of Payment

When benefits coordinate, the plans or coverages involved determine which pays benefits first ("primary plan"), and then second ("secondary plan"). Below are the benefit plans' guidelines for determining which is primary:

- If the plan has no coordination of benefits provision, it automatically is primary.
- If medical benefits are available under an automobile insurance plan, the Medical Plan will always be considered secondary.
- The plan covering the person as the employee, rather than as a dependent, laid-off employee, terminated employee, COBRA beneficiary, or retired employee is primary and pays benefits first. The other coverage is secondary and only pays any remaining eligible expenses.
- If both parents' plans cover a dependent, the plans use the "Birthday Rule" to determine which parent's plan pays first. If the other plan does not follow the Birthday Rule and as a result both coverages would be considered either primary or secondary, the order of benefits will be determined at the option of the applicable Claims Administrator.

The "Birthday Rule"

Under the "Birthday Rule" the plan of the parent whose birthday falls earlier in the calendar year is the primary plan and the other parent's plan is secondary.

In the case of a divorce or separation, the following order will establish responsibility for payment:

- If there is a court order that requires a parent to take financial responsibility for the relevant coverage for the child, that parent's plan is always primary. If the parent with financial responsibility does not have coverage, but the parent's spouse does, such spouse's plan is primary.
- The plan of the parent with custody of the dependent child usually pays benefits before the plan of the other parent or the plan of a stepparent.
- If the parent with custody of the child remarries and the stepparent's plan also covers the child, the custodial parent's plan pays first and the stepparent's (custodial parent's spouse's) plan pays second. The plan of the parent without custody pays third, and the noncustodial parent's spouse's plan (if any) pays last.
- The plan of the parent without custody of the child pays before the non-custodial stepparent.

If, after using the guidelines above, a determination cannot be made as to the order of payment, the plan that has covered the person longer is the primary plan.

How Coordination Works With Medicare

Under current law, you and your dependents become eligible for Medicare at age 65. (If you become disabled, you may become Medicare-eligible before age 65.)

You should notify a MySource customer service associate if you start Medicare benefits. The way medical coverage under the benefit plans coordinates with Medicare depends on your age and whether you are an active or inactive employee.

How Coordination of Benefits Works for Active Employees

If you are an active employee or covered by another active employer plan, and you or your spouse become Medicare-eligible, you or your spouse may have either of the following:

- Medical coverage under both the Medical Plan and Medicare (the Medical Plan under the Program is primary, it pays benefits as described in this Handbook, and Medicare is secondary); or
- Coverage under Medicare only (if that is what you have elected).

Please Note:

If you or your covered dependent becomes entitled to Medicare due to end-stage renal disease, the Medical Plan continues to pay as primary during the first 30 months of dialysis or the first 30 months of treatment in connection with a kidney transplant. Thereafter, Medicare generally becomes the primary payor of benefits. Contact your local Social Security Administration office to get more information about enrolling in Medicare.

If you are an active employee and you and your spouse are covered under the Medical Plan, Medicare coverage becomes secondary. You may decline coverage under the Medical Plan, in which case Medicare would be the primary carrier. Your spouse may, if age 65 or older, make a separate Medicare election. However, your spouse may not elect medical coverage under the Medical Plan if you do not elect coverage.

How Coordination of Benefits Works for Inactive Employees

If you are covered under the Medical Plan but are no longer considered an active employee for purposes of Medicare, and you or your spouse is Medicare-eligible, then Medicare is the primary payor regardless of your or your covered spouse's age. You are responsible for notifying the Claims Administrator if you or your spouse becomes Medicare-eligible.

How Coordination of Benefits Work with Medicare Part D

If you have prescription drug coverage under the Medical Plan and Medicare Part D at the same time, such coverage will coordinate as provided by law.

How Coordination Works With TRICARE

If you are a TRICARE beneficiary, your coverage under TRICARE will coordinate with group health plan coverage under the Program as provided by law.

Claim Determination and Appeal Process - General

General

The Committee delegates the authority to decide claims and certain appeals to the applicable Claims Administrator (listed in the *"General Program Information"* found at the end of each benefit plan section of this Handbook). The Claims Administrator adheres to specific timeframes for notifying you of its determination regarding your claim. If your claim for benefits is denied (in whole or in part), formal procedures are in place if you want to appeal the denial.

In certain cases, the Plan Administrator or its designee may decide claims requiring a determination of whether you meet the requirements for eligibility under the terms of the applicable plan, which determination may result in a denial, reduction, termination or failure to provide payment for a benefit.

There are different categories of claims, and each is subject to different timeframes for notifying you of the Claims Administrator's or Plan Administrator's determination if your claim has been denied (in whole or in part).

You may have someone else represent you in any of the review processes as long as you provide written notice to the Claims Administrator or Plan Administrator, as appropriate, of the name of the person who will represent you.

For details regarding how to file a claim and the claim denial and appeal processes for each of the benefit plans, please see below or the individual benefit plan sections of the Handbook.

Legal Action

You cannot bring any legal action against a benefit plan unless you first complete all required steps of the applicable appeals process described in this Handbook. Once you complete that process, you can bring legal action against the applicable benefit plan. If you decide to take legal action, you must do so before the deadline, if any, specified in the applicable individual benefit plan section of the Handbook.

Claim Determination and Appeal Process – Medical and Dental Plans

Unless otherwise noted, the claim determination and appeal process described below applies to each of the Medical Plan and the Dental Plan. The term "Plan" as used in this section refers to the Medical Plan or the Dental Plan, as the case may be, and the term "Claims Administrator" refers to the claims administrator appointed for the respective Plan.

The type of claim that you make determines the time frame under which the Claims Administrator makes a determination regarding your claim. There are four different categories of claims, and each is subject to different time frames for notifying you of the Claims Administrator's determination. In addition, you will be notified of any adverse benefit determination that results in a rescission of your coverage.

An "adverse benefit determination" is (i) a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of your eligibility to participate in a plan, and including a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit resulting from the application of any utilization review, as well as a failure to cover an item or service for which benefits are otherwise provided because it is determined to be experimental or investigational or not medically necessary or appropriate, and (ii) a rescission of coverage.

A "rescission of coverage" is a cancellation or discontinuance of coverage that has retroactive effect, but does not include any such cancellation or discontinuance to the extent it is attributable to a failure to pay on a timely basis premiums or contributions towards the cost of coverage.

The Plan Administrator or its designee may decide claims that involve a rescission of coverage or that call for a determination of whether you meet the requirements for eligibility under the Plan, which determination may result in a denial, reduction, termination or failure to provide payment for a benefit. Solely with respect to claims involving a rescission of coverage or a determination of your eligibility under the Plan, the term "Claims Administrator" used below shall refer to the Plan Administrator.

Consideration of Initial Claim

Pre-Service Claim (Not Involving Urgent Care)

Generally, a "pre-service claim" is any claim involving a benefit where the Plan requires approval of the benefit in advance of obtaining medical care.

If you submit a pre-service claim properly with all necessary information, the Claims Administrator will decide your claim within a reasonable period of time appropriate to the

medical circumstances (but not later than 15 days from the date the claim is received). The Claims Administrator may request a one-time extension (not longer than 15 days) for matters beyond its control if, prior to expiration of the initial 15-day period, the Claims Administrator notifies you of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision.

If you file a pre-service claim but do not provide sufficient information for the Claims Administrator to make a determination, you will be notified within five days after your pre-service claim is received of the specific information necessary to complete the claim. Once you receive this notice, you then have 45 days to provide any needed information.

Post-Service Claims

Generally, a "post-service claim" is any claim that is not an urgent care claim, a pre-service claim or a concurrent care claim.

If you submit a post-service claim, you will receive a written notice of the Claims Administrator's determination within 30 days of the day the Claims Administrator receives your claim (as long as you provide all necessary information). The Claims Administrator may request a one-time extension (not longer than 15 days) for matters beyond its control if, prior to the expiration of the initial 30-day period, the Claims Administrator notifies you of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision.

If additional information is needed to process your post-service claim, you will be notified within the 30-day period and the notice will specify the required information. Once you receive notice, you then have 45 days to provide any needed information.

Urgent Care Claims

Generally, an "urgent care claim" is any claim that must be processed on an expedited basis because a delay in processing could seriously jeopardize the life or health of the patient or jeopardize the ability of the patient to regain maximum function, or in the opinion of the patient's doctor, a delay would subject the patient to severe pain that cannot be adequately managed without the care or treatment that is subject of this claim.

Unless you have failed to provide sufficient information to permit a determination of whether, or to what extent, benefits are covered or payable under the Plan, you will receive notice of the benefit determination (in writing or electronically) within 72 hours after the Claims Administrator receives your urgent care claim. The Claims Administrator will take into account the seriousness of your condition. The Claims Administrator may provide an oral notice of its determination, and then follow up with a written or electronic confirmation within three days.

If you file an urgent care claim but have not provided sufficient information to permit a determination of whether, or to what extent, benefits are covered or payable under the Plan, you be notified of the specific information needed to complete the claim within 24 hours after the Claims Administrator receives your urgent care claim. Once you receive this notice, you then have 48 hours to provide the requested information.

If you are asked to provide specific information to complete your urgent care claim, you will receive a notice of the Claims Administrator's determination no later than 48 hours after the earlier of:

- The day the Claims Administrator receives the specified information; or
- The end of the period that you have to provide the specified additional information.

If You Have Questions

If you have a question or concern regarding a benefit determination, contact the Claims Administrator or the MySource Participant Advocacy service through the MySource for Human Resources toll-free number (**1-888-640-3320**) for more information.

Concurrent Care Claims

Generally, a "concurrent care claim" is any claim involving a decision to reduce or

terminate an ongoing course of treatment or a decision regarding your request to extend a course of treatment beyond what has been approved.

The Claims Administrator may approve (for a specific period of time or number of treatments), reduce, or terminate an ongoing course of treatment. Any reduction or termination of ongoing treatments is an adverse benefit determination. The Claims Administrator must notify you within a reasonable time period prior to the reduction or termination of services.

If you request to extend the treatment and your request is that of an urgent care claim (as defined above), the Claims Administrator will decide your request within 24 hours after it receives your request. You must make your request at least 24 hours before the end of your approved treatment.

If your request to extend ongoing treatment is not an urgent care claim, the Claims Administrator will treat your claim as either a pre-service or post-service claim (as applicable) and consider the claim according to the post-service or pre-service time frames, whichever applies.

Full and Fair Review

In connection with a claim or internal appeal, the Claims Administrator will provide you, free of charge, with any new or additional evidence considered, relied upon, or generated by the Plan (or at the direction of the Plan) in connection with your claim. Such evidence will be provided in advance of the date on which a notice of a final internal adverse benefit determination is required to be provided, in order to give you an opportunity to respond prior to that date. In addition, before you receive a final internal adverse benefit determination on review based upon a new or additional rationale, the Claims Administrator will provide to you, free of charge, the rationale. The rationale will be provided in advance of the date on which a notice of a final internal adverse benefit determination is required to be provided, in order to give you an opportunity to respond prior to that date.

If the Claims Administrator Makes an Adverse Benefit Determination Regarding an Initial Claim or Rescinds Coverage

If you receive a notice of an adverse benefit determination, the notice will:

- Include information sufficient to identify the claim involved;
- Explain the reasons for the adverse benefit determination;
- Describe any additional material or information necessary for you to complete your claim and explain why the material or information is necessary;
- Refer you to the part of the Plan upon which the determination is based;
- Describe the Plan's review procedures and the time limits applicable to such procedures, including a description of available internal appeals and external review processes and information regarding how to initiate an appeal, as well as a statement of your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on all appeals;
- In the case of an urgent care claim, describe the expedited review process applicable to such claims; and
- To the extent required by applicable regulations, disclose the availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman who may assist you.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided free of charge to you, or you will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan

to your medical circumstances) will be provided free of charge to you, or you will be informed that such explanation will be provided free of charge to you upon request.

If the Claims Administrator denies an urgent care claim, the Claims Administrator will provide a description of the expedited review process for urgent care claims (as set forth below). The Claims Administrator may provide an oral notice of its determination, then follow-up with a written or electronic confirmation within three days.

Mandatory First-Level Internal Appeal to Claims Administrator

If the Claims Administrator makes an adverse benefit determination regarding an initial claim or rescission of coverage, you or your duly authorized representative have the right to appeal the adverse benefit determination by sending a written request for review to the Claims Administrator within 180 days of your receipt of notice of the adverse benefit determination.

Your request for review should be sent to the Claims Administrator at the address for the Claims Administrator set forth in the section entitled "General Program Information" found in the individual SPD sections for the Medical Plan or Dental Plan, as the case may be.

You may submit written comments, documents, records, and other information relating to your claim for benefits. Upon your request, you will be provided, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim.

Your written request should state why you think your claim should not have been denied or your coverage under the Plan should not have been rescinded. Your request must include the name of your employer, any adverse benefit determination letter you received and any additional documents, information or comments you think may have a bearing on your claim.

Upon receipt of your request, the Claims Administrator will conduct a review that takes into account all comments, documents, records, and other information submitted by you or your authorized representative relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review will not afford any deference to the initial adverse benefit determination and will be conducted by an individual who is neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual.

If the adverse benefit determination was based in whole or in part on a medical judgment, the individual conducting the review shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional will be neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual. The Claims Administrator will provide the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the denial, without regard to whether the advice was relied upon in making the benefit determination.

Pre-Service Claims

In the case of a pre-service claim, the Claims Administrator will notify you of its determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 30 days after receipt of your request for review.

Post-Service Claims

In the case of a post-service claim, the Claims Administrator will notify you of its determination on review within a reasonable period of time, but not later than 60 days after receipt of your request for review in the case of the Medical Plan, and not later than 30 days after receipt of your request for review in the case of the Dental Plan.

Expedited Review for Urgent Care Claims

In the case of a claim involving urgent care, you or your duly authorized representative may submit a request for an expedited internal appeal either in writing or orally. All necessary information for the review,

including the Claims Administrator's determination, may be transmitted between the Claims Administrator and you by telephone, facsimile, or another similarly expeditious method. To proceed with an expedited internal appeal, you or your authorized representative must contact the Claims Administrator and provide at least the following information:

- Your name;
- The date(s) of the medical service;
- The specific medical condition or symptom;
- The provider's name
- The service or supply for which approval of benefits was sought; and
- Any reasons why the appeal should be processed on a more expedited basis.

The Claims Administrator will notify you of its determination on review as soon as possible, taking into account the medical exigencies, but not later than 72 hours after receipt of your request for review of an adverse benefit determination.

If the Claims Administrator Makes an Adverse Benefit Determination on Your Mandatory First-Level Internal Appeal

If the Claims Administrator makes an adverse benefit determination on a mandatory first-level internal appeal (for the Medical Plan, this determination will constitute a "final adverse benefit determination"), it will notify you of the following, in a manner to be understood by you:

- Information sufficient to identify the claim involved;
- The specific reason or reasons for the adverse benefit determination;
- The specific Plan provisions on which the adverse benefit determination is based;
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;
- A statement describing any voluntary appeal procedures offered by the Plan and your right to obtain information about such procedures; and
- A statement indicating your right to file a lawsuit upon completion of the claims procedure process.
- To the extent required by applicable regulations, the availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman who may assist you.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided free of charge to you, or you will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to your medical circumstances) will be provided free of charge to you, or you will be informed that such explanation will be provided free of charge to you upon request.

If the Claims Administrator denies an urgent care claim on review, the Claims Administrator may provide oral notice of its determination, then follow-up with a written or electronic confirmation within three days.

In addition, the notice will include the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office."

Second-Level Internal Appeal to the Claims Administrator

If the Claims Administrator makes an adverse benefit determination on a mandatory first-level internal appeal with respect to your pre- or post-service claim or a rescission of coverage, you or your duly authorized representative may request a review of such determination by the Claims Administrator by

sending a written request for a second-level internal appeal to the Claims Administrator within 60 days of your receipt of the Claims Administrator's notice of denial of your mandatory first-level internal appeal.

This second-level appeal is a mandatory appeal for the Dental Plan. However, for the Medical Plan, it is a voluntary appeal. That means you are not required to request a second-level internal appeal under the Medical Plan before submitting a request for an independent external review. However, if you request a voluntary second-level internal appeal under the Medical Plan, you must receive a determination on that appeal before requesting an independent external review.

The Medical Plan waives any right to assert that you failed to exhaust administrative remedies because you did not request a voluntary second-level internal appeal. The Medical Plan agrees that any statute of limitations or other defense based upon timeliness is tolled during the time that any properly initiated second-level voluntary internal appeal is pending. The Claims Administrator will, upon request, provide you with information relating to the voluntary second-level internal appeal to enable you to make an informed judgment about whether to request such an appeal. Your decision whether or not to request a voluntary second-level internal appeal under the Medical Plan will have no effect on your right to any other benefits under the Plan.

Your request for review should be sent to the Claims Administrator at the address for the Claims Administrator set forth in the section entitled "General Program Information" found in the individual SPD sections for the Medical Plan or Dental Plan, as the case may be.

You may submit written comments, documents, records, and other information relating to your claim for benefits. Upon your written request, you will be provided, free of charge, reasonable access to, and copies of, all relevant documents, records, and other information relevant to your claim.

Your written request should state why you think your claim should not have been denied. Your request must include the name of your employer, any denial letter you received and any additional documents, information or comments you think may have a bearing on your claim.

Upon receipt of your request, the Claims Administrator will conduct a review that takes into account all comments, documents, records, and other information submitted by you or your authorized representative relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review will not afford any deference to the Claims Administrator's denial of your claim on appeal and will be conducted by an individual who is neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual.

If the denial of your claim on appeal was based in whole or in part on a medical judgment, the Claims Administrator will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional consultant will be neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual. The Claims Administrator will provide the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with your adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination.

Pre-Service Claims

In the case of a pre-service claim, the Claims Administrator will notify you of its determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 30 days after receipt of your request for review.

Post-Service Claims

In the case of a post-service claim, the Claims Administrator will notify you of its determination on review within a reasonable period of time, but not later than 60 days after receipt of your request for review.

If the Claims Administrator Makes an Adverse Benefit Determination on Your Second-Level Internal Appeal

If the Claims Administrator makes an adverse benefit determination on your second-level internal appeal (for the Dental Plan, this determination will constitute a "final adverse benefit determination"), it will notify you of the following, in a manner to be understood by you:

- Information sufficient to identify the claim involved;
- The specific reason or reasons for the adverse benefit determination;
- The specific Plan provisions on which the adverse benefit determination is based;
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;
- A statement describing any additional voluntary appeal procedures offered by the Plan and your right to obtain information about such procedures;
- A description of available internal appeals and external review processes, including information about how to initiate an appeal;
- A statement indicating your right to bring a civil action under section 502(a) of ERISA following a final adverse benefit determination; and
- To the extent required by applicable regulations, the availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman who may assist you.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to you free of charge, or you will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request.

If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to your medical circumstances) will be provided to you free of charge, or you will be informed that such explanation will be provided to you free of charge upon request.

In addition, the notice will include the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office."

Voluntary External Review by Independent Review Organization

If the Claims Administrator makes an adverse benefit determination with respect to your initial claim, a rescission of coverage or your mandatory first-level internal appeal or second-level internal appeal, you may be entitled to obtain an independent external review pursuant to federal law, as provided below. External review applies only to an adverse benefit determination (including a final internal adverse benefit determination) by the Claims Administrator that involves medical judgment or a rescission of coverage (whether or not the rescission has any effect on any particular benefit at that time). External review is not available in connection with an adverse benefit determination based upon a determination that you fail to meet the requirements for eligibility under the terms of the Plan. You do not need to pursue an external review in order to complete or exhaust the appeal procedure described above. Your decision to seek an independent external review will not affect your rights to any other benefits under the Plan. Any statute of limitations or other defense based upon timeliness is tolled during the time that any properly initiated independent external review is pending. There is no charge for you to initiate an independent

external review. The external review decision is final and binding on all parties except for any relief available through ERISA.

Standard External Review

This section sets forth procedures for standard external review. Standard external review is external review that is not considered expedited (as described below).

If the Claims Administrator makes a final adverse benefit determination with respect to your mandatory first-level appeal or second-level appeal, as the case may be, or makes an adverse benefit determination under circumstances in which you are not required to exhaust the Plan's internal appeals process, you or your duly authorized representative may file a request for an external review under federal law within four months of the date you received notice of an adverse benefit determination or final internal adverse benefit determination. Your request must be in writing, unless the Claims Administrator determines that it is not reasonable to require a written statement. You do not have to resubmit information that you submitted for your initial claim or internal appeal. However, you are encouraged to submit any additional information you believe is important for review.

Within five business days following the date your external review request is received, the Claims Administrator will complete a preliminary review of the request to determine whether:

- You are or were covered under the Plan at the time the health care item or service was requested or, in the case of a retrospective review, were covered under the Plan at the time the health care item or service was provided;
- The adverse benefit determination or the final adverse benefit determination involves medical judgment or a rescission of coverage and does not relate to your failure to meet the requirements for eligibility under the terms of the Plan;
- You have exhausted the Plan's internal appeal process, unless you are not required to exhaust such process under applicable federal regulations;
- You have provided all the information and forms required to process an external review.

Within one business day after completion of its preliminary review, the Claims Administrator will notify you in writing of the results of such review. If the request is complete, the Claims Administrator will assign an accredited independent review organization ("IRO") to conduct the external review.

The assigned IRO is required to notify you in writing of the request's eligibility and acceptance for external review. Within ten business days following the date of your receipt of such notice, you may submit in writing to the assigned IRO additional information that the IRO must consider when conducting the external review. The IRO is not required to, but may, accept and consider additional information submitted after ten business days.

Within five business days after the date of assignment of the IRO, the Plan must provide to the assigned IRO the documents and any information considered in making the adverse benefit determination or final internal adverse benefit determination. If the Plan fails to provide the documents and information on a timely basis, the assigned IRO may terminate the external review and make a decision to reverse the adverse benefit determination or final internal adverse benefit determination. The IRO will notify you and the Plan within one business day after making any such decision.

Upon receipt of any information submitted by you, the assigned IRO must within one business day forward the information to the Plan. Upon receipt of any such information, the Plan may reconsider its adverse benefit determination or final internal adverse benefit determination that is the subject of the external review. The external review may be terminated as a result of the reconsideration only if the Plan decides, upon completion of its reconsideration, to reverse its adverse benefit determination or final internal adverse benefit determination and provide coverage or payment. Within one

business day after making such a decision, the Plan must provide written notice of its decision to you and to the assigned IRO. The assigned IRO is required to terminate the external review upon receipt of any such notice from the Plan.

The IRO is required to review all of the information and documents timely received. In reaching a decision, the assigned IRO will review the claim *de novo* and not be bound by any decisions or conclusions reached during the Plan's internal claims and appeals process. In addition to the documents and information provided, the assigned IRO, to the extent the information or documents are available and the IRO considers them appropriate, will consider the following in reaching a decision:

- Your medical records;
- The attending health care professional's recommendation;
- Reports from appropriate health care professionals and other documents
- The terms of the Plan, to ensure that the IRO's decision is not contrary to the terms of the Plan;
- Appropriate practice guidelines, which must include applicable evidence-based standards and may include any other practice guidelines developed by the Federal government, national or professional medical societies, boards and associations;
- Any applicable clinical review criteria developed and used by the Plan, unless the criteria are inconsistent with the terms of the Plan or with applicable law;
- The opinion of the IRO's clinical reviewer or reviewers after considering the information above and applicable Federal guidance, to the extent the information or documents are available and the clinical reviewer or reviewers consider such information or documents appropriate.

The assigned IRO is required to provide written notice of the final external review decision within 45 days after it receives the request for the external review. The IRO must deliver the notice of final external review decision to you and to the Plan.

The assigned IRO's decision notice on external review will contain:

- A general description of the reason for the request for external review, including information sufficient to identify the claim;
- The date the IRO received the assignment to conduct the external review and the date of the IRO decision;
- References to the evidence or documentation, including the specific coverage provisions and evidence-based standards, considered in reaching its decision;
- A discussion of the principal reason or reasons for its decision, including the rationale for its decision and any evidence-based standards that were relied on in making its decision;
- A statement that the determination is binding except to the extent that other remedies may be available under State or Federal law to either the Plan or to you;
- A statement that judicial review may be available to you; and
- Current contact information, including phone number, for any applicable office of health insurance consumer assistance or ombudsman.

Expedited External Review

If the Claims Administrator makes an adverse benefit determination with respect to your initial claim, and your claim is an urgent care claim or a concurrent care claim, you may proceed with an expedited external review without filing an internal appeal or while simultaneously pursuing an expedited appeal through the Plan's internal appeal process.

You or your duly authorized representative may request an expedited external review orally or in writing. All necessary information for the review, including the Claims Administrator's determination, may be transmitted between the Claims Administrator and you by telephone, facsimile, or another similarly expeditious method. To proceed with an expedited external review, you or your authorized representative must contact the Claims Administrator and provide at least the following information:

- Your name;
- The date(s) of the medical service;
- The specific medical condition or symptom;
- The provider's name
- The service or supply for which approval of benefits was sought; and
- Any reasons why the appeal should be processed on a more expedited basis.

Upon receipt of your request for expedited external review, the Claims Administrator will determine whether the request meets the reviewability requirements set forth above for standard external review. The Claims Administrator will notify you in writing of the results of such review.

If the Claims Administrator determines that your request is eligible for external review, the Claims Administrator will assign an IRO to conduct the review.

The assigned IRO, to the extent the information or documents are available and the IRO considers them appropriate, will consider the information or documents described above under the procedures for standard external review. In reaching a decision, the assigned IRO will review your claim *de novo* and is not bound by any decisions or conclusions reached during the Plan's internal claims and appeals process.

The IRO is required to notify you of the final external review decision as expeditiously as your medical condition or circumstances require, but in no event more than 72 hours after the IRO receives your request for an expedited external review. If the notice is not in writing, within 48 hours after the date of providing that notice, the assigned IRO is required to provide written confirmation of the decision to you and to the Plan.

Limitation of Actions

No lawsuit or legal action of any kind regarding a claim for benefits under the Plan may be commenced unless the claims procedure process for internal appeals (but not including any voluntary appeal) has been exhausted. In addition, in no event may any lawsuit or other legal action regarding a claim for benefits be commenced later than three years after the date such claim was incurred. A claim for benefits is incurred when the services giving rise to the claim were rendered.

Claim Determination and Appeal Process – Vision Plan and Health Care FSA

Unless otherwise noted, the claim determination and appeal process described below applies to each of the Vision Plan and the Health Care FSA. The term "Plan" as used in this section refers to the Vision Plan or the Health Care FSA, as the case may be, and the term "Claims Administrator" refers to the claims administrator appointed for the respective Plan.

The type of claim that you make determines the time frame under which the Claims Administrator will make a determination regarding your claim. There are four different categories of claims, and each is subject to different time frames for notifying you of the Claims Administrator's determination.

An "adverse benefit determination" is a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of your eligibility to participate in a plan, and including a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit resulting from the application of any utilization review, as well as a failure to cover an item or service for which benefits are otherwise provided because it is determined to be experimental or investigational or not medically necessary or appropriate.

The Plan Administrator or its designee may decide claims requiring a determination of whether you meet the requirements for eligibility under the Plan, which determination may result in a denial, reduction, termination or failure to provide payment for a benefit. Solely with respect to claims involving a determination of your eligibility under the Plan, the term "Claims

Administrator" used below shall also refer to the Plan Administrator.

Consideration of Initial Claim

Pre-Service Claim (Not Involving Urgent Care)

Generally, a "pre-service claim" is any claim involving a benefit where the Plan requires approval of the benefit in advance of obtaining medical care.

If you submit a pre-service claim properly with all necessary information, the Claims Administrator will decide your claim within a reasonable period of time appropriate to the medical circumstances (but not later than 15 days from the date the claim is received). The Claims Administrator may request a one-time extension (not longer than 15 days) for matters beyond its control if, prior to expiration of the initial 15-day period, the Claims Administrator notifies you of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision.

If you file a pre-service claim but do not provide sufficient information for the Claims Administrator to make a determination, you will be notified within five days after your pre-service claim is received of the specific information necessary to complete the claim. Once you receive this notice, you then have 45 days to provide any needed information.

Post-Service Claims

Generally, a "post-service claim" is any claim that is not an urgent care claim, a pre-service claim or a concurrent care claim.

If you submit a post-service claim, you will receive a written notice of the Claims Administrator's determination within 30 days of the day the Claims Administrator receives your claim (as long as you provide all necessary information). The Claims Administrator may request a one-time extension (not longer than 15 days) for matters beyond its control if, prior to the expiration of the initial 30-day period, the Claims Administrator notifies you of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision.

If additional information is needed to process your post-service claim, you will be notified within the 30-day period and the notice will specify the required information. Once you receive notice, you then have 45 days to provide any needed information.

Urgent Care Claims

Generally, an "urgent care claim" is any claim that must be processed on an expedited basis because a delay in processing could seriously jeopardize the life or health of the patient, jeopardize the patient's ability to regain maximum function, or, in the opinion of the patient's doctor, a delay would subject the patient to severe pain that cannot be adequately managed without the care or treatment that is the subject of the claim.

Unless you have failed to provide sufficient information to permit a determination of whether, or to what extent, benefits are covered or payable under the Plan, you will receive notice of the benefit determination (in writing or electronically) within 72 hours after the Claims Administrator receives your urgent care claim. The Claims Administrator will take into account the seriousness of your condition. The Claims Administrator may provide an oral notice of its determination, and then follow up with a written or electronic confirmation within three days.

If you file an urgent care claim but have not provided sufficient information to permit a determination of whether, or to what extent, benefits are covered or payable under the Plan, you be notified of the specific information needed to complete the claim within 24 hours after the Claims Administrator receives your urgent care claim. Once you receive this notice, you then have 48 hours to provide the requested information.

If you are asked to provide specific information to complete your urgent care claim, you will receive a notice of the Claims Administrator's determination no later than 48 hours after the earlier of:

- The day the Claims Administrator receives the specified information; or
- The end of the period that you have to provide the specified additional information.

If You Have Questions

If you have a question or concern regarding a benefit determination, contact the Claims Administrator or the MySource Participant Advocacy service through the MySource for Human Resources toll-free number (**1-888-640-3320**) for more information.

Concurrent Care Claims

The Claims Administrator may approve (for a specific period of time or number of treatments), reduce, or terminate an ongoing course of treatment. Any reduction or termination of ongoing treatments is an adverse benefit determination. The Claims Administrator must notify you within a reasonable time period prior to the reduction or termination of services.

If you request to extend the treatment and your request is an urgent care claim (as defined above), the Claims Administrator will decide your request within 24 hours after it receives your request. You must make your request at least 24 hours before the end of your approved treatment.

If your request to extend ongoing treatment is not an urgent care claim, the Claims Administrator will treat your claim as either a pre-service or post-service claim (as applicable) and will consider the claim according to the post-service or pre-service time frames, whichever applies.

If the Claims Administrator Makes an Adverse Benefit Determination Regarding an Initial Claim

If you receive a notice of adverse benefit determination, the notice will:

- Explain the reasons for the adverse benefit determination;
- Describe any additional material or information necessary for you to complete your claim and explain why the material or information is necessary;
- Refer you to the part of the Plan upon which the denial is based;
- Describe the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on all appeals; and
- In the case of an urgent care claim, describe the expedited review process applicable to such claims.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse benefit determination, either the specific rule, guideline, protocol, or other similar criterion will be provided free of charge to you, or you will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse benefit determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to your medical circumstances) will be provided free of charge to you, or you will be informed that such explanation will be provided free of charge to you upon request.

If the Claims Administrator denies an urgent care claim, the Claims Administrator will provide a description of the expedited review process for urgent care claims (as set forth below). The Claims Administrator may provide an oral notice of its determination, then follow-up with a written or electronic confirmation within three days.

First-Level Appeal to Claims Administrator

If the Claims Administrator makes an adverse benefit determination regarding an initial claim, you have the right to appeal the decision by sending a written request for review to the Claims Administrator within 180 days of your receipt of the adverse benefit determination.

Your request for review should be sent to the Claims Administrator for the Plan at the address for the Claims Administrator set forth in the section entitled "General Program Information" found in the individual SPD

sections for the Vision Plan or FSA Plan, as the case may be.

You may submit written comments, documents, records, and other information relating to your claim for benefits. Upon your request, you will be provided, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim.

Your written request should state why you think your claim should not have been denied. Your request must include your name, the covered person's name and date of birth, the name of the provider of services, the name of your employer, any denial letter you received, the claim number and any additional documents, information or comments you think may have a bearing on your claim.

Upon receipt of your request, the Claims Administrator will conduct a review that takes into account all comments, documents, records, and other information submitted by you or your authorized representative relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review will not afford any deference to the initial adverse benefit determination and will be conducted by an individual who is neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual.

If the denial was based in whole or in part on a medical judgment, the individual conducting the review shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional will be neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual. Upon request, the Claims Administrator will provide the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the denial, without regard to whether the advice was relied upon in making the benefit determination.

Pre-Service Claims

In the case of a pre-service claim, the Claims Administrator will notify you of its determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 15 days after receipt of your request for review.

Post-Service Claims

In the case of a post-service claim, the Claims Administrator will notify you of its determination on review within a reasonable period of time, but not later than 30 days after receipt of your request for review.

Expedited Review for Urgent Care Claims

In the case of a claim involving urgent care, you may submit a request for an expedited appeal either in writing or orally. All necessary information for the review, including the Claims Administrator's determination on review, will be transmitted between the Claims Administrator and you by telephone, facsimile, or another similarly expeditious method. To proceed with an expedited internal appeal, you or your authorized representative must contact the Claims Administrator and provide at least the following information:

- Your name;
- The date(s) of the medical service;
- The specific medical condition or symptom;
- The provider's name
- The service or supply for which approval of benefits was sought; and
- Any reasons why the appeal should be processed on a more expedited basis.

The Claims Administrator will notify you of its determination on review as soon as possible, taking into account the medical exigencies, but not later than 72 hours after receipt of your request for review of an adverse benefit determination.

If the Claims Administrator Makes an Adverse Benefit Determination on Your First-Level Appeal

If the Claims Administrator makes and adverse benefit determination on your first-level appeal, it will notify you of the

following, in a manner to be understood by you:

- The specific reason or reasons for the adverse benefit determination;
- Reference to the specific Plan provisions on which the adverse benefit determination is based;
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;
- A statement describing any voluntary appeal procedures offered by the Plan and your right to obtain information about such procedures; and
- A statement indicating your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on all appeals.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse benefit determination, either the specific rule, guideline, protocol, or other similar criterion will be provided free of charge to you, or you will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse benefit determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to your medical circumstances) will be provided free of charge to you, or you will be informed that such explanation will be provided free of charge to you upon request.

If the Claims Administrator denies an urgent care claim on review, the Claims Administrator may provide oral notice of its determination, then follow-up with a written or electronic confirmation within three days.

In addition, the notice will include the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office."

Second-Level Appeal for Pre-and Post-Service Claims

If the Claims Administrator makes and adverse benefit determination with respect to your pre- or post-service claim on appeal, you or your duly authorized representative may request a review of such determination by the Claims Administrator by sending a written request for review within 60 days of your receipt of the Claims Administrator's notice of adverse benefit determination.

For the Vision Plan, your request for review should be sent to Claims Administrator for the Vision Plan at the address for the Claims Administrator set forth in the section entitled "General Program Information" found in the individual SPD sections for the Vision Plan. For the Health Care FSA, your request for review should be sent to the Plan Administrator at the address for the Plan Administrator set forth in the section entitled "General Program Information" found in the individual SPD sections for the FSA Plan. Each of these parties are referred to below as the "reviewing authority."

You may submit written comments, documents, records, and other information relating to your claim for benefits. Upon your written request, you will be provided, free of charge, reasonable access to, and copies of, all relevant documents, records, and other information relevant to your claim.

Your written request should state why you think your claim should not have been denied. Your request must include your name, the covered person's name and date of birth, the name of the provider of services, the name of your employer, any denial letter you received, the claim number and any additional documents, information or comments you think may have a bearing on your claim.

Upon receipt of your request, the reviewing authority will conduct a review that takes into account all comments, documents, records, and other information submitted by you or your authorized representative relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review will not afford any

deference to the Claims Administrator's denial of your claim on appeal and will be conducted by an individual who is neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual.

If the denial was based in whole or in part on a medical judgment, the reviewing authority will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional consultant will be neither the individual who made the adverse benefit determination that is the subject of your appeal, nor the subordinate of such individual. Upon request, the reviewing authority will provide the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with your adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination.

Pre-Service Claims

In the case of a pre-service claim, you will be notified of the determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 15 days after receipt of your request for review.

Post-Service Claims

In the case of a post-service claim, you will be notified of the determination on review within a reasonable period of time, but not later than 30 days after receipt of your request for review.

If the Reviewing Authority Makes an Adverse Benefit Determination on Your Second-Level Appeal

If the reviewing authority makes an adverse benefit determination on your second-level appeal, it will notify you of the following, in a manner to be understood by you:

- The specific reason or reasons for the adverse benefit determination;
- Reference to the specific Plan provisions on which the benefit determination is based;
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;
- A statement describing any voluntary appeal procedures offered by the Plan and your right to obtain information about such procedures; and
- A statement indicating your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on all appeals.

If the reviewing authority relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse benefit determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to you free of charge, or you will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request.

If the reviewing authority relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse benefit determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to your medical circumstances) will be provided to you free of charge, or you will be informed that such explanation will be provided to you free of charge upon request.

In addition, the notice will include the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office."

Limitation of Actions

No lawsuit or legal action of any kind regarding a claim for benefits under the Plan may be commenced unless the claims procedure process has been exhausted. In addition, in no event may any lawsuit or other legal action regarding a claim for benefits be commenced later than three years after the date such claim was incurred. A claim for benefits is incurred when the

services giving rise to the claim were rendered.

Claim Determination and Appeal Process – Long-Term Disability and Life and AD&D Plans

Unless otherwise noted, the claim determination and appeal process described below applies to each of the Long-Term Disability Plan and the Life and AD&D Plan. The term "Plan" as used in this section refers to the Long-Term Disability Plan or the Life and AD&D Plan, as the case may be, and the term "Claims Administrator" refers to The Prudential Insurance Company of America, with respect to the Long-Term Disability Plan, and Minnesota Life Insurance Company, with respect to the Life and AD&D Plan.

Consideration of Initial Claim

The Claims Administrator shall notify you of the claim determination within a reasonable period of time, but not later than 90 days (45 days for a disability claim) after the receipt of your claim. This period may be extended by 90 days (30 days for a disability claim) if such an extension is necessary due to matters beyond the control of the Plan. A written notice of the extension, the reason for the extension and the date by which the Plan expects to decide your claim, shall be furnished to you within the initial 90-day period (45-day period for a disability claim). For disability claims only, this period may be extended for an additional 30 days beyond the original 30-day extension if necessary due to matters beyond the control of the Plan. A written notice of the additional extension, the reason for the additional extension and the date by which the Plan expects to decide on your claim, shall be furnished to you within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to your failure to submit information necessary to decide the claim, the period for making the benefit determination by the Claims Administrator will be tolled (i.e., suspended) from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If your claim for benefits is denied, in whole or in part, you or your authorized representative will receive a written notice from the Claims Administrator of your denial. The notice will be written in a manner calculated to be understood by you and shall include:

- the specific reason(s) for the denial,
- references to the specific Plan provisions on which the benefit determination was based,
- a description of any additional material or information necessary for you to perfect a claim and an explanation of why such information is necessary,
- a description of the Claims Administrator's appeals procedures and applicable time limits, including a statement of your right to bring a civil action under section 502(a) of ERISA following completion of the appeals process,

With respect to disability claims, if an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to you free of charge, or you will be informed that such rule, guideline, protocol, or other similar criterion will be provided free of charge to you upon request.

If an adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination will be provided free of charge upon request.

First Appeal to the Claims Administrator

If your claim for benefits is denied or if you do not receive a response to your claim within the appropriate time frame (in which case the claim for benefits is deemed to have been denied), you or your representative may appeal your denied claim in writing to the Claims Administrator within 60 days (180 days

for a disability claim) of the receipt of the written notice of denial or from the date such claim is deemed denied. You may submit with your appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of, all documents, records and information relevant to your claim free of charge.

A full review of the information in the claim file and any new information submitted to support the appeal will be conducted by the Claims Administrator, utilizing individuals not involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

The Claims Administrator shall make a determination on your claim appeal within a reasonable period of time, but not later than 60 days (45 days for a disability claim) after the receipt of your appeal request. This period may be extended by up to an additional 60 days (45 days for a disability claim) if the Claims Administrator determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the Claims Administrator expects to render a decision shall be furnished to you within the initial 60-dayperiod (45-day period for a disability claim). However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled (i.e., suspended) from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If the claim on appeal is denied in whole or in part, you will receive a written notification from the Claims Administrator of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include:

- the specific reason(s) for the adverse determination,
- references to the specific Plan provisions on which the determination was based,
- a statement that you are entitled to receive upon request and free of charge reasonable access to, and make copies of, all records, documents and other information relevant to your benefit claim upon request,
- a statement describing any voluntary appeals procedures offered by the Plan, and your right to obtain information about such procedures; and
- a statement of your right to bring a civil action under section 502(a) of ERISA following completion of the appeals process.

With respect to disability claims, if an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to you free of charge, or you will be informed that such rule, guideline, protocol, or other similar criterion will be provided free of charge to you upon request.

If an adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination will be provided free of charge upon request.

If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied on appeal.

Second Appeal to the Claims Administrator – Disability Claims Only

If the appeal of your benefit claim under the Long-Term Disability Plan is denied or if you do not receive a response to your appeal within the appropriate time frame (in which case the appeal is deemed to have been denied), you or your representative may make a second, voluntary appeal of your denial in writing to the Claims Administrator within 180 days of the receipt of the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your second appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the

right to obtain copies of, all documents, records and information relevant to your claim free of charge.

The Claims Administrator shall make a determination on your second claim appeal within a reasonable period of time, but not later than 45 days after the receipt of your appeal request. This period may be extended by up to an additional 45 days if the Claims Administrator determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date by which the Claims Administrator expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

Your decision to submit a benefit dispute to this voluntary second level of appeal has no effect on your right to any other benefits under the Plan. If you elect to initiate a lawsuit without submitting to a second level of appeal, the Plan waives any right to assert that you failed to exhaust administrative remedies. If you elect to submit the dispute to the second level of appeal, the Plan agrees that any statute of limitations or other defense based on timeliness is tolled during the time that the appeal is pending.

If the claim on appeal is denied in whole or in part for a second time, you will receive a written notification from the Claims Administrator of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include the same information that was included in the first adverse determination letter. If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied upon appeal.

With respect to disability claims, if an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to you free of charge, or you will be informed that such rule, guideline, protocol, or other similar criterion will be provided free of charge to you upon request.

Discretion and Authority of Claims Administrator

The Claims Administrator has the sole discretion to interpret the terms of the benefits provisions of the Plan, to make factual findings, and to determine eligibility for benefits. A benefits-related decision of the Claims Administrator shall not be overturned unless arbitrary and capricious. Benefits under the Plan shall be paid only if the Claims Administrator decides in its discretion that the applicant is entitled to them.

The Claims Administrator has the right to recover any overpayments for whatever reason, including due to (i) fraud, (ii) any error the Claims Administrator makes in processing a claim, and (iii) for disability claims, your receipt of deductible sources of income. You must reimburse the Claims Administrator in full for any overpayments. The Claims Administrator will determine the method by which the repayment is to be made. The Claims Administrator will not recover more money than the amount it paid you.

If, after completing all the steps of the appeals process, you decide to take legal action, you must do so within three years of the end of the period within which proof of claim is required, unless otherwise provided under federal law.

Continuation of Coverage under the Medical, Dental, Vision and FSA Plans

General

Generally, coverage under the Medical, Dental, Vision and FSA Plans is only available to you if you are actively at work. However, if Columbia Energy Group under its personnel policies continues to treat you as an employee after you cease to be actively at work due to

any of the following leaves, then you will continue to be treated as an employee eligible to participate in one or more of the Plans described above, subject to the terms and conditions of each such Plan. Provided, however, your participation will cease as of the earliest of the dates set forth above under "*When Coverage Begins and Ends under the Medical, Dental, Vision and FSA Plans – Coverage Ends.*" For example, as of the date of this Handbook, the personnel policy of Columbia Energy Group is to terminate your employment if the claims fiduciary of the Company's long-term disability plan determines you no longer qualify for benefits under the long-term disability plan. The leaves referred to above are:

Sick Leave – Coverage under the Medical, Dental, Vision and FSA Plans for you and your eligible dependents continues if you are on sick leave and your employer under its personnel policies continues to treat you as an employee. Your contributions for this coverage will continue to be deducted from your check.

Long Term Disability Leave ("LTD") – Coverage under the Medical, Dental and Vision Plans for you and your eligible dependents continues if you are on LTD leave and your employer under its personnel policies continues to treat you as an employee. You must continue to make your required contribution.

You **cannot** continue to participate in the Health Care FSA and/or Dependent Care FSA (Flexible Spending Accounts available under the FSA Plan) while you are receiving LTD Plan benefits. You may, however, use the existing balance in your account to pay for any eligible expense you incur before you commence your LTD leave.

Family and Medical Leave Act ("FMLA") Leave – Coverage under the Medical, Dental and Vision Plans for you and your eligible dependents continues at the same level of contribution and under the same conditions if you are granted a leave of absence under the Family and Medical Leave Act ("FMLA"). In the event you are on FMLA leave, you must continue to make your required contribution.

The Company and Columbia Energy Group may recover its cost of coverage if you exhaust your leave and do not return to active employment for reasons other than the continuation or onset of a serious health condition or other circumstances beyond your control. The Company may require you to provide certification of a health care provider if you are unable to return to work because of the continuation, recurrence, or onset of a serious health condition.

You may continue to participate in the Health Care FSA and/or Dependent Care FSA on a pre-tax basis while on a FMLA leave by pre-paying with pre-tax dollars any contributions due for coverage during the Plan Year in which your leave commences. You have the option to continue to participate in the Health Care FSA during your FMLA leave on an after-tax basis by making payments according to the same schedule in effect before your leave. If your participation in a Flexible Spending Account ceases on account of your leave, you may still use the existing balance in your account to pay for any eligible expenses that you incur prior to your last day worked before your FMLA leave. Also, if you ceased participation in the Health Care FSA during your leave, you may resume participation upon return from leave during the same Plan Year and either make up the unpaid contributions or resume coverage at a reduced level under the proration rule, with payments at your original contribution level.

Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") – If you are absent from employment because of service in the "uniformed services" (as that term is defined by USERRA), you may elect to continue coverage under a Plan during the period of your service to the extent provided by USERRA and the NiSource Military Leave of Absence Policy or any applicable collective bargaining agreement.

COBRA

This subsection contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Medical, Dental and Vision Plans and under the Health Care FSA (each of the foregoing a "Plan" for purposes of this COBRA section). **This section**

generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it. For a discussion of COBRA-like continuation coverage made available to same-sex domestic partners, please see the section below entitled *"COBRA-Like Continuation Coverage for Same-Sex Domestic Partners."*

What Is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this subsection. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse (if he or she is treated as a spouse under the Internal Revenue Code), and your dependent children could become qualified beneficiaries on account of coverage under a Plan if coverage under such Plan is lost because of a qualifying event. Under each Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for the cost of such coverage. The cost of coverage is up to 102 percent of the total premium rate (a two percent administrative cost is added to the actual cost of the coverage). If you are entitled to extended coverage by reason of a disability (as described below), you may be required to pay up to 150 percent of the full cost of the coverage. (This extended coverage does not apply to the Health Care FSA.) These costs are subject to change.

You will have 60 days to elect COBRA (measured from the later of your coverage loss date or the date the Plan Administrator notifies you of your right to elect COBRA coverage).

You will have 45 days from the date of your coverage election to submit your first premium payment. This premium payment will include all premiums prior to your election for the period of COBRA continuation coverage. After your initial premium payment is remitted, you or your dependents will be billed monthly for the elected coverage. If payment is not received within 30 days of the monthly due date, COBRA coverage will be cancelled.

You will become a qualified beneficiary on account of coverage under a Plan if you lose your coverage under such Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

Your spouse will become a qualified beneficiary on account of coverage under a Plan if he or she loses coverage under such Plan because any of the following qualifying events happens:

- You die;
- Your hours of employment are reduced;
- Your employment ends for any reason other than your gross misconduct;
- You become entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries on account of coverage under a Plan if they lose coverage under such Plan because any of the following qualifying events happens:

- You die;
- Your hours of employment are reduced;
- Your employment ends for any reason other than your gross misconduct;
- You become entitled to Medicare benefits (Part A, Part B, or both);
- You become divorced or legally separated; or
- Your child stops being eligible for coverage under the Plan as a "dependent child."

When Is COBRA Continuation Coverage Available?

Each Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of your employment or reduction of hours of employment, your death, commencement of

a proceeding in bankruptcy with respect to your employer (in the case of loss of retiree coverage), or you become entitled to Medicare benefits (under Part A, Part B, or both), your employer must notify the Plan Administrator of the qualifying event.

Notice of Some Qualifying Events

For some qualifying events (divorce or legal separation or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days after the qualifying event occurs. This notice must be provided to MySource for Human Resources. If notice is not provided within 60 days, you will not be eligible for COBRA continuation coverage.

For notice obligations in connection with the termination of your same-sex domestic partner relationship or your same-sex domestic partner's children ceasing to be eligible under the terms of the applicable benefits plans, please see the section below entitled *"COBRA-Like Continuation Coverage for Same-Sex Domestic Partners."*

How Is COBRA Continuation Coverage Provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. You may elect COBRA continuation coverage on behalf of your spouse, and parents may elect COBRA continuation coverage on behalf of their children.

[This paragraph applies only to the Medical, Dental and Visions Plans. It does not apply to the Health Care FSA.] COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the end of your employment or reduction of your hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18 month period of COBRA continuation coverage can be extended (as described below). When the qualifying event is your death, your becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of your employment or reduction of your hours of employment, and you became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than you lasts until 36 months after the date of Medicare entitlement. For example, if you become entitled to Medicare 18 months before the date on which your employment terminates, COBRA continuation coverage for your spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 18 months after the date of the qualifying event (36 months minus 18 months).

[This paragraph applies only to the Health Care FSA.] COBRA continuation coverage is a temporary continuation of coverage. Upon experiencing a qualifying event, which causes a loss of coverage under the Health Care FSA, you may continue your current contributions to your Health Care FSA on an *after-tax* basis through COBRA only for the remainder of the Plan Year in which your active coverage ended. This means that you will lose the pre-tax benefit of the FSA Plan by continuing coverage through COBRA. However, COBRA continuation coverage under the Health Care FSA option of the FSA Plan allows you to continue to incur and seek reimbursement of eligible claims for the remainder of the Plan Year and during the grace period following the Plan Year. If COBRA continuation coverage is not elected, only those expenses incurred prior to the qualifying event will be eligible for reimbursement.

Disability Extension of 18-Month Period of COBRA Continuation Coverage

[This paragraph does not apply to the Health Care FSA.] If you or anyone in your family covered under a Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator (in a form prescribed by the Plan Administrator) (i) within 60 days of the later of the date of the disability determination by Social Security and

the date the qualified beneficiary loses coverage under the Plan as a result of your termination or reduction of hours of employment, and (ii) before the end of the initial 18-month period of COBRA continuation coverage, you and the qualified beneficiaries in your family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. If proper notice is not provided within the 60-day period and before the end of your initial 18-month period of COBRA continuation coverage, you will not be entitled to a disability extension. The disability would have to have started at some time before the 61st day of COBRA continuation coverage and must last at least until the end of the 18-month period of COBRA continuation coverage. You must also notify the Plan Administrator within 30 days of the date the Social Security Administration determines that you or your dependent are no longer disabled.

Second Qualifying Event Extension of 18-Month Period of COBRA Continuation Coverage

[This paragraph does not apply to the Health Care FSA.] If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, your spouse and dependent children can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan Administrator within 60 days of the date of the second qualifying event. If proper notice is not provided within the 60-day period, you will not be entitled to a extension on account of the second qualifying event. This extension may be available to your spouse and any dependent children receiving continuation coverage if you die, become entitled to Medicare benefits (under Part A, Part B, or both), or you get divorced or legally separated, or if your dependent child stops being eligible under a Plan as a dependent child, but only if the event would have caused your spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. For example, when the qualifying event is the termination of your employment, COBRA continuation coverage for you, your spouse and dependent children can last up to 18 months. If within that initial 18-month period you become legally separated or divorced (i.e., experience a second qualifying event), COBRA continuation coverage may be extended by an additional 18 months (for a total of 36 months from the date of the termination of employment) for your spouse and dependent children who lose coverage due to the divorce or legal separation, if notice of such event is properly given to the Plan Administrator.

COBRA Continuation Coverage Ends

In addition to the maximum coverage durations set forth above (i.e., 18, 29 or 36 months, in the case of the Medical, Dental and Vision Plans, or the remainder of the Plan Year, in the case of the Health Care FSA), COBRA continuation coverage for a qualified beneficiary will end on the earliest to occur of the following:

- The date such qualified beneficiary first becomes entitled to benefits under Medicare.
- The date on which all employers participating in the Program cease to provide any group health plan or coverage to any employee.
- If you fail to make a required contribution (coverage will end at the end of the period for which the last contribution was made).
- Provided such date is after the initial 18-month COBRA period and no other extension of such period (other than the disability extension) applies, the first day of the month coincident with or next following 30 days from the date the Social Security Administration determines that a qualified beneficiary is no longer disabled.
- The date such qualified beneficiary first becomes covered under any other group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition, other than a pre-existing condition that does not apply to (or is satisfied by) the qualified beneficiary pursuant to applicable law. Please see the "*Coordination with HIPAA*" provisions set forth below for additional information.

Coordination with HIPAA

Under COBRA, your rights to continue coverage terminate if you become covered by another employer's group health plan that does not limit or exclude coverage for your pre-existing conditions. If you become covered by another group health plan and that plan contains a pre-existing condition limitation that affects you, your COBRA continuation coverage cannot be terminated before the maximum coverage period. The Health Insurance Portability and Accountability Act ("HIPAA") limits the extent to which employers' group health plans can impose pre-existing condition exclusions. Thus, if another plan's pre-existing condition exclusion cannot apply to you because of HIPAA, your entitlement to COBRA continuation coverage under the Medical Plan will terminate before the maximum coverage period.

Questions

Questions concerning the Plans or your COBRA continuation coverage rights should be addressed to the contact identified below. For more information about rights under ERISA, including COBRA, HIPAA, and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration ("EBSA") in your area or visit the EBSA website at **www.dol.gov/ebsa** (addresses and phone numbers of Regional and District Offices are available through EBSA's website).

If you have questions about enrolling in COBRA, contact MySource at **1-888-640-3320**.

Notification of Address Changes

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. If your home address changes while on COBRA, contact MySource at **1-888-640-3320**.

You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

COBRA-Like Continuation Coverage for Same-Sex Domestic Partners

Your same-sex domestic partner is not a "qualified beneficiary" for purposes of COBRA. Nevertheless, the Medical, Dental and Vision Plans and the Health Care FSA (assuming your same-sex domestic partner is your tax dependent for health coverage purposes under Federal law) will extend COBRA-like continuation coverage to your covered same-sex domestic partner and his or her covered children under circumstances in which your spouse or other dependent children would be entitled to elect COBRA. This continuation coverage will be subject to the same terms, conditions and limitations as COBRA continuation coverage that would be available to a covered spouse or other dependent children.

Without limiting the generality of the foregoing, you must notify the Plan Administrator within 60 days after the termination of your same-sex domestic partner relationship (including any termination of such relationship resulting from your same-sex domestic partner ceasing to satisfy the requirements for eligibility for coverage under the applicable benefit plans) or your same-sex domestic partner's children ceasing to be eligible under the terms of the applicable benefit plans. This notice must be provided to MySource for Human Resources. If notice is not provided within 60 days, there will no eligibility for continuation coverage.

Certificates of Group Health Coverage

If you or a covered dependent are no longer eligible for coverage under the Medical Plan, you will automatically receive a certification of group health plan coverage. A certification of group health plan coverage can be obtained from a MySource customer service associate any time during your coverage and during the 24-month period after your coverage under the Medical Plan ends.

Additional Information

Subrogation and Right of Recovery

An Other Party may be liable or legally responsible to pay expenses, compensation and/or damages in relation to an illness, a sickness, or a bodily injury incurred by you or one of your covered dependents (a "covered person").

An "Other Party" includes, but is not limited to, any of the following:

- The party or parties who caused the illness, sickness or bodily injury;
- The insurer or other indemnifier of the party or parties who caused the illness, sickness or bodily injury;
- A guarantor of the party or parties who caused the illness, sickness or bodily injury;
- The covered person's own insurer (for example, in the case of uninsured or underinsured coverage, no-fault coverage or med-pay);
- A worker's compensation insurer (including the covered person's employer if worker's compensation is self-insured);
- Any other person, entity, policy or plan that is liable or legally responsible in relation to the illness, sickness or bodily injury.

Benefits may also be payable under the applicable benefit plan in relation to the illness, sickness or bodily injury. When this happens, the applicable benefit plan may, at its option:

- Subrogate, that is, take over the covered person's right to receive payments from the Other Party. If so, the covered person or his or her legal representative must transfer to the applicable benefit plan any rights he or she may have to take legal action arising from the illness, sickness or bodily injury so that the applicable benefit plan may recover any sums paid under such benefit plan on behalf of the covered person;
- Recover from the covered person or his or her legal representative any benefits paid under the applicable benefit plan from any payment the covered person receives or is entitled to receive from the Other Party.

As a condition of participation in the applicable benefit plan, the covered person agrees, and will cause his or her legal representative to agree, to cooperate fully with the applicable benefit plan in asserting its subrogation and recovery rights. The covered person or his or her legal representative must, upon request from the applicable benefit plan, provide all information and sign and return all documents necessary for the benefit plan to exercise its rights under this provision. Failure or refusal to execute such agreements or furnish information does not preclude the benefit plan from exercising its right to subrogation or obtaining full reimbursement, and in such case, the benefit plan may cease paying benefits and reduce future benefits payable until full reimbursement is received.

The covered person shall provide notice to the applicable benefit plan within a reasonable time prior to the date that he or she expects to receive a payment from an Other Party. The covered person acknowledges that the applicable benefit plan has a right to intervene in any lawsuit involving an Other Party, and the covered person consents to the unfettered exercise of that right. The covered person further agrees that any funds received by him or her (or his or her legal representative) from any source for any purpose up to the amount of benefits paid under the applicable benefit plan shall be held separately and in trust with either the person receiving benefits (or his or her legal representative) as trustee and the applicable benefit plan as beneficiary, until such time as the obligation under this provision is fully satisfied. Accordingly, such covered person or legal representative shall be deemed a fiduciary of the applicable benefit plan to the extent of the benefit plan assets that are so held in trust.

A covered person and his or her legal representative shall place any and all funds recovered from an Other Party in a separate reserve account under the control of the covered person and/or his or her legal representative. As a condition of participating in the applicable benefit plan, a covered person and his or her legal representative shall agree that any funds received from an Other Party rightfully and in good conscience

belong to the Company, and that such funds shall be held in a constructive trust until distributed in accordance with this Subrogation and Right of Recovery provision.

The applicable benefit plan will have a first lien and priority right upon any recovery, whether by settlement, judgment, mediation or arbitration, that the covered person (or his or her legal representative) receives or is entitled to receive from any of the sources listed above. This lien and priority right will not exceed the lesser of:

- The amount of benefits paid by the applicable benefit plan for the illness, sickness or bodily injury, plus the amount of all future benefits that may become payable under the applicable benefit plan that result from the illness, sickness or bodily injury. The applicable benefit plan will have the right to offset or recover such future benefits from the amount received from the Other Party; or
- The amount recovered from the Other Party.

If the covered person or his or her legal representative:

- Makes any recovery from any of the sources described above; and
- Fails to reimburse the applicable benefit plan for any benefits that arise from the illness, sickness or bodily injury;

then:

- The covered person or his or her legal representative will be personally liable to the applicable benefit plan for the amount of the benefits paid under that benefit plan; and
- The applicable benefit plan may reduce future benefits payable for any illness, sickness or bodily injury by the payment that the covered person or his or her legal representative has received from the Other Party.

The applicable benefit plan's first lien and priority rights will not be reduced due to the covered person's own negligence; or due to the covered person not being made whole; or due to attorney's fees and costs. All attorney's fees and court costs, including the applicable benefit plan's attorney fees and court costs, are the responsibility of the covered person, not the benefit plan. Neither the "common fund" or "make whole" doctrines shall be applicable with regard to the benefit plan, and as a condition of participating in the benefit plan, the covered person agrees that he or she will not retain counsel, unless such counsel agrees to not assert either of these doctrines during the representation.

For clarification, this provision for subrogation and right of recovery applies to any funds recovered from the Other Party by or on behalf of:

- The employee;
- The employee's minor covered dependent;
- The estate of any covered person; or
- On behalf of any incapacitated person.

If the covered person is a minor, any amount recovered by the minor, the minor's trustee, guardian, parent, or other representative, shall be subject to this Subrogation and Right of Recovery provision, regardless of state law and whether the minor's representative has access to, or control of, any recovery funds.

If it becomes necessary for the applicable benefit plan to enforce this provision by initiating any action against any person, including the covered person's legal representative, then the covered person agrees to pay the benefit plan's attorney's fees and costs associated with the action, regardless of the action's outcome.

Overpayment of a Claim

If a Plan pays benefits for the employee or a covered dependent, the employee or any other person or organization that received the payment must refund the applicable benefit plan if all or some of the expense:

- Did not legally have to be paid;
- Exceeded the benefits under the benefit plan; or
- Was paid by a source other than the benefit plan (i.e. claim for an illness or injury that someone else is legally responsible to pay). *See the "Subrogation and Right of Recovery"* subsection for further details.

If you or the person or organization that was paid does not refund the full amount, the benefit plan may reduce the amount of any future benefits payable.

Provider Networks

Certain of the benefit plans make use of provider networks. As a general matter, benefit coverage may be greater and your out-of-pocket expenses may be lower if you use an in-network provider rather than an out-of-network provider. For those benefit plans that make use of provider networks, provider lists may be obtained, without charge, at **www.anthem.com**, or by contacting an Anthem customer service associate at the number on the back of your ID card.

HIPAA Privacy

In General

The Department of Health and Human Services has issued Standards for Privacy of Individually Identifiable Health Information (the "Privacy Standards"), effective April 14, 2003, that govern the manner in which the group health plans (for purpose of this subsection, the "Plans") must handle Protected Health Information. "Protected Health Information" means individually identifiable health information related to a Covered Employee or Dependent.

Permitted Uses and Disclosures

The Plans may use and disclose Protected Health Information to carry out payment and health care operations without consent or authorization. If the Plans must use and disclose Protected Health Information for purposes other than payment or health care operations, patient authorization for such use or disclosure shall be required, unless such use or disclosure is expressly permitted by the Policies and Procedures Regarding Protected Health Information related to the Plans or the Privacy Standards.

Disclosures to Company

The Plans may disclose Protected Health Information to the Company to the extent that such disclosure is permissible under law, but prior to any such disclosure the Company shall certify that (1) the Plans' documents have been amended as required by the Privacy Standards and (2) the Company has agreed to certain conditions set forth in the Privacy Standards regarding the use and disclosure of that Protected Health Information.

Adequate Separation

There shall be adequate separation between the Plans and the Company to help ensure that only persons involved in Plan administration have access to Protected Health Information. Only the Plan Privacy Official, Security Official, members of the Committee, persons specifically designated in the Plans and any other persons properly designated by one of the foregoing shall have access to Protected Health Information created under the Plans. Access to and use of Protected Health Information by such employees shall be restricted to the Plan administration functions that the Company and its affiliates perform for the Plans. The Plans or the Committee have retained one or more third party administrators and others that receive Protected Health Information in the ordinary course of business performed on behalf of the Plans. Such persons or entities, known in the Privacy Standards as "Business Associates," shall enter into agreements with the Plans governing their obligations under the Privacy Standards.

Unauthorized Use or Disclosure.

The improper use or disclosure of Protected Health Information by an employee of Company (or an affiliate) shall be governed by the Policies and Procedures Regarding Protected Health Information related to the Plans. The terms of the applicable Business Associate Agreement shall address non-compliance with the Privacy Standards by a Business Associate.

Employment Rights Not Guaranteed

Your participation in the Program or any benefit plan does not ensure you of continued (or renewed) employment with the Company or Columbia Energy Group. It also does not ensure your rights to benefits, except as specified under the terms of the Program. This Handbook is not a contract of employment.

Amendment and Termination

Subject to the terms of any applicable collective bargaining agreement, the Committee may amend the benefit plans at any time. The Committee reserves the right to terminate any benefit plan at any time without the consent of or advance notice to you or your covered dependents.

Named Fiduciary and Plan Administrator

The Committee is the "Named Fiduciary" and "Plan Administrator" of each benefit plan as defined in ERISA, and, as such, has authority to control and manage the operation and administration of the benefit plans.

The Plan Administrator or its delegate has complete discretionary authority to make all determinations under the benefit plans, including eligibility for benefits and factual determinations, and to interpret the terms and provisions of the benefit plans.

Without limiting the generality of the foregoing, the Plan Administrator or its delegate has full discretionary authority to: interpret the benefit plans and construe the benefit plans terms; determine eligibility for and the amount of benefits; determine the status and rights of employees, dependents and other persons; make rulings; make regulations and prescribe procedures; gather needed information; prescribe forms; exercise all of the power and authority contemplated by ERISA and the Internal Revenue Code with respect to the benefit plans; employ or appoint persons to help or advise in any administrative functions; and generally do anything needed to operate, manage and administer the benefit plans. The Plan Administrator or its delegate has the requisite discretionary authority and control over the benefit plans to require deferential judicial review of its decisions as set forth by the United States Supreme Court in Firestone Tire & Rubber Co. v. Bruch. The Committee has delegated certain authority to the NiSource Benefits Administration Department and third party administrators. To the extent not retained by the Committee, the Committee has delegated to the Claims Administrator the discretionary authority to:

- Make decisions regarding the interpretation or application of benefit plan provisions;
- Make determinations (including factual determinations) as to the rights and benefits of employees and participants under the benefit plans;
- Make claims determinations under the benefit plans; and
- Decide the appeal of denied claims.

Other authority may be delegated to the extent allowed by ERISA.

Benefits will be paid under the benefit plans only if the Plan Administrator or its delegate determines that the claimant is entitled to them. The decision of the Plan Administrator or its delegate is final and binding.

The Role of the Claims Administrator

With respect to the benefit plans that are self-insured, the Committee has retained a Claims Administrator to provide claim payment and other administrative services to such plans. Even though an employee may receive a benefit check from a Claims Administrator, the Company, Columbia Energy Group or another plan funding vehicle actually pays benefit claims; the Claims Administrator does not pay claims out of its pocket. Although the Claims Administrator may have insurance coverage as part of its business, the Claims Administrator is not an insurer in relation to the self-insured plans. The self-insured plans are funded from the general assets of the Company or Columbia Energy Group or another lawful funding vehicle that is in place, such as a Voluntary Employees' Beneficiary Association Trust.

With respect to the fully insured benefit plans, the Claims Administrator is also the Plan's insurer.

Statement of ERISA Rights

As a participant in a benefit plan maintained by NiSource Inc., you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all plan participants shall be entitled to:

Receive Information About Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the benefit plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the benefit plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the benefit plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the benefit plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this Summary Annual Report.
- Continue health care coverage for you, your spouse or dependents if there is a loss of coverage under the benefit plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this Summary Plan Description and the documents governing the benefit plan on the rules governing your COBRA continuation coverage rights.
- Reduction or elimination of exclusionary periods of coverage for preexisting conditions under your group health plan, if you have creditable coverage from another plan. You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurance issuer when you lose coverage under the benefit plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to a pre-existing condition exclusion for 12 months (18 months for late enrollees) after your enrollment date in your coverage.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for benefit plan participants, ERISA imposes duties upon the people who are responsible for the operation of the benefit plan. The people who operate the benefit plan, called "fiduciaries" of the benefit plan, have a duty to do so prudently and in the interest of the employee and other benefit plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of benefit plan documents or the latest annual report from the benefit plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If your claim for benefits is denied or ignored, in whole or in part, you may file suit in a state or Federal court after exhausting all required administrative appeals. In addition, if you disagree with the benefit plan's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in Federal court. If it should happen that benefit plan fiduciaries misuse the benefit plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the

court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Questions

Questions regarding the benefit plan should be directed to the Plan Administrator. If there are questions about this statement or about your rights under ERISA, or if as an employee you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Certain Benefit Plans and Accounts Not Subject to ERISA

Notwithstanding anything to the contrary contained in this Handbook, neither the Dependent Care FSA nor the HSAs (to which contributions are made through the Flexible Benefits Plan) are employee benefit plans subject to ERISA.

Consolidated Flex Medical Plan

- PPO Plan
- High Deductible PPO 1
- High Deductible PPO 2

Your Medical Plan Options

NiSource Inc. (the "Company") provides eligible employees and their dependents with the following medical coverage options administered by Anthem BlueCross/BlueShield:

- The Preferred Provider Organization (PPO), which uses the BlueCross/BlueShield Network;
- HDPPO 1 (HDPPO 1)
- HDPPO 2 (HDPPO 2)

The Medical Plan ("Plan") may also offer Health Maintenance Organizations ("HMO")—provided you live in an area where an HMO option is available. *If this option is available to you, you will be provided with a separate HMO SPD. Please refer to that document for further information regarding HMO coverage.*

Keep in mind that the Plan covers expenses based on a determination of the "Maximum Allowable Amount". Charges above the Maximum Allowable Amount are not paid by the Plan and are your responsibility. The Maximum Allowable Amount is determined based upon guidelines established by the Claims Administrator in its discretion from time to time. If you have a question about the determination of the Maximum Allowable Amount, contact an Anthem customer service associate at the number on the back of your ID card.

The PPO option includes a network of qualified health care providers who offer discounted services for being able to participate in the network. You may also use out-of-network providers and still receive a benefit; however, your costs may be higher if you choose out-of-network services.

The HDPPO 1 and HDPPO 2 are both administered by Anthem. With these options, you may go in-network or out-of-network each time you seek care. The plans pay more if you stay in the network. Office visits (for non-preventive care) and prescription drugs are subject to the same deductible and coinsurance as other medical expenses. No medical or prescription drug benefits (except preventive and wellness care) are payable until you satisfy the annual deductible. After you meet your deductible, you will generally pay 20% of your expenses (assuming you use in-network providers) until you reach your out-of-pocket maximum. There are separate out-of-pocket maximums for in-network and out-of-network services. Once you reach your out-of-pocket maximum, the plan pays 100% of your eligible expenses for the rest of the calendar year.

If you enroll in either HDPPO 1 or HDPPO 2, you may be eligible to contribute to a Health Savings Account (HSA). The money you contribute to your HSA can be used to reimburse you for eligible expenses that are not covered under the Plan.

To find a provider who participates in the network, log on to **www.anthem.com** or contact an Anthem customer service associate at the number on the back of your ID card.

Prescription Drugs

If you are a PPO participant, you and your dependents are eligible for prescription drug coverage offered through Express Scripts, Inc. ("Express Scripts"), which offers you access to a network of participating retail pharmacies for most of your short-term medications. You also have access to a mail order service for long-term or maintenance medications.

If you select the HMO medical coverage, you have prescription drug coverage through your HMO. Please refer to the HMO SPD for details regarding your prescription drug coverage.

If you select the HDPPO 1 or HDPPO 2 coverage, you and your dependents are eligible for prescription drug coverage offered by the Anthem Prescription Drug Program. Prescription drug expenses are covered the same way as any other medical expenses, subject to the deductible and coinsurance. These expenses are not subject to separate coinsurance or out-of-pocket maximum amounts. No prescription drug benefits are payable until you satisfy the annual deductible.

To find a provider who participates in the PPO network, log on to **http://express-scripts.com/** or contact an Express Scripts customer service associate at the number on the back of your ID card to request assistance.

To find a provider who participates in the HDPPO network, log on to

www.anthem.com or contact an Anthem customer service associate at the number on the back of your ID card to request assistance.

Mental Health/Substance Use Disorder Treatments

When you elect coverage under the PPO, HDPPO 1 or HDPPO 2 coverage options, you also receive coverage for mental health and substance use disorder treatments. A network of providers is available through Anthem BlueCross/BlueShield. To find a provider who participates in the network, log on to **www.anthem.com** or contact an Anthem customer service associate at the number on the back of your ID card.

You also have access to EAP/Work Life Services administered by Value Options. For additional details, see the section below entitled *"EAP/Work Life Services."*

Eligibility

For information regarding eligibility under the Medical Plan, please see the *"Eligibility under the Medical, Dental and Vision Plans"* subsection of the **Benefits Program Overview**.

Enrollment

For information regarding enrollment in the Medical Plan, please see the subsection of the **Benefits Program Overview** entitled *"Enrollment in the Medical, Dental and Vision Plans"*.

Opt-Out Credit

Please see the subsection of the **Benefits Program Overview** entitled *"Opt-Out Credit"* for information concerning whether you may be entitled to an opt-out credit under the Plan.

Contributions

The employer and employee will contribute to the cost of the Plan in an amount determined on an annual basis or as otherwise required by a collective bargaining agreement. For further questions, please contact MySource for Human Resources at **1-888-640-3320**.

ID Card

For information concerning identification cards for the Medical Plan, please see the subsection of the **Benefits Program Overview** entitled *"ID Cards"*.

When Coverage Begins and Ends

For information regarding when your coverage begins and ends under the Medical Plan, please see the subsection of the **Benefits Program Overview** entitled *"When Coverage Begins and Ends – Medical, Dental, Vision and FSA Plans"*.

In addition, notwithstanding the foregoing, in the event of a covered employee's death on or after January 1, 2004, coverage will continue for such employee's surviving dependents who are covered under the Plan on the date of that employee's death until the earlier of (i) the date the employee's surviving spouse or same-sex domestic partner dies, (ii) the last day of the month in which the employee's surviving spouse or same-sex domestic partner remarries or enters into a same-sex domestic partnership or civil union with another person, (iii) the last date for which any required contribution was made, (iv) with respect to a dependent child, the last day of the month in which the child no longer qualifies as a dependent, and (v) with respect to any dependent, the date such dependent reaches age 65.

If a covered employee's surviving spouse or same-sex domestic partner remarries or enters into a domestic partnership or civil union with another person within the first 36 months after the employee's death, he or she may continue coverage for himself or herself and any qualified beneficiaries or covered dependents under COBRA or COBRA-like continuation coverage for the duration of the 36-month period. Also, if a covered employee's surviving spouse or same-sex domestic partner dies within the first 36 months after the employee's death, any surviving qualified beneficiaries or covered dependents may continue coverage for

themselves under COBRA or COBRA-like continuation coverage for the duration of the 36-month period. See the subsection below entitled "COBRA" for a discussion of COBRA or COBRA-like continuation coverage.

Also notwithstanding the foregoing, in the event of a covered employee's death before January 1, 2004, coverage may continue for such employee's dependents who are covered under the Plan on the date of that employee's death in accordance with a written plan or procedure, if any, applicable to such employee that was adopted by the Company and that was in effect as of December 31, 2003, as such plan or procedure was thereafter, or may hereafter, be modified by the Company.

Utilization Review Program

The Utilization Review (UR) Program is designed to help you determine the course of treatment that will maximize your plan benefits regardless of which coverage option you select.

The UR Program offers the following services:

- Pre-admission authorization;
- Pre-Certification;
- Urgent Hospital Admission;
- Continued Stay Review;
- Other Required Pre-certifications; and
- Penalty for Non-Compliance.

The Utilization Review Program provides pre-authorization services to help verify the need for recommended treatment. This service also can propose treatment alternatives that may be more appropriate and cost-effective. Pre-authorization does not guarantee benefits. Benefit availability is subject to eligibility and other terms, conditions, limitations, and exclusions of the Plan.

You must contact Anthem (who provides the Utilization Review services) to receive pre-authorization any time your doctor recommends treatment that requires pre-authorization as outlined below:

- **Pre-Admission/Pre-Certification:** Except in the case of an urgent hospitalization, all hospitalizations shall be pre-certified prior to admission for any reason. The Pre-certification Provider's name and telephone number will be provided to each participant. Hospital admission pre-certification does not guarantee benefits under the Plan. Actual benefits provided under the Plan are determined based on the provisions of the Plan.
- **Pre-Certification Procedure:** When your physician recommends a non-urgent hospitalization, you or your physician must call the Pre-certification Provider. You must advise your physician of the Plan's pre-admission certification requirement and provide such physician with adequate information to obtain the pre-certification. You or your physician should secure pre-certification as soon as possible and before a covered person actually enters the hospital. It is your responsibility to see that the Pre-certification Provider is notified.
- **Urgent Hospital Admission:** In the case of an urgent hospitalization, the covered person's physician, the hospital, or a family member must telephone the Pre-certification Provider within 48 hours of admission or the first business day following weekend or holiday admissions. You must provide the Pre-certification Provider with the information required by the Pre-certification Provider.
- **Continued Stay Review:** The Pre-certification Provider may monitor all hospital stays through contact with the covered person's physician.
- **Other Required Pre-certifications:** You and your physician must notify the Pre-certification Provider prior to the provision of the following additional services or supplies: (1) inpatient surgery, (2) a newborn child hospital stay beyond that of the mother; (3) plastic reconstructive surgery; and (4) durable medical equipment/prosthetics. With approval of the Plan, the Pre-certification Provider may require pre-certification for other services or supplies in accordance with reasonable procedures.
- **Penalty for Non-compliance:** If you fail to comply with the requirements as described above, the Plan may assess a $300 penalty.

Highlights of the PPO Option

Below is a summary of the deductibles, co-pays, coinsurance amounts, and calendar year out-of-pocket maximums for the PPO Coverage Option. *Please refer to the HMO SPD for further information regarding the HMO medical coverage.*

Deductible, Calendar Year Out-of-Pocket Maximum, Maximum Benefits and Other Plan Benefits

FEATURE*	PPO	
	IN-NETWORK (OR OUT-OF-AREA)	OUT-OF-NETWORK
Calendar Year Deductible	**You Pay**	**You Pay**
Covered Member	$400 per covered member	$800 per covered member
Covered Member + Spouse	$400 per covered person	$800 per covered person
Covered Member + child(ren)	$400 per covered person, up to a total of $800	$800 per covered person, up to a total of $1,600
Covered Member + Family (spouse + children)	$400 per covered person, up to a total of $1,200	$800 per covered person, up to a total of $2,400
Office Visit Co-Pay/Coinsurance	$30	60% after deductible
Specialist Office Visit Co-Pay/Coinsurance	$35	60% after deductible
Out-of-Pocket Maximum	**You Pay**	**You Pay**
Calendar Year Out-of-Pocket Maximum (does not include premiums, deductibles, co-pays, balanced billed charges and expenses not covered under Plan)		
Covered Member	$1,000	$2,000
Covered Member + Spouse	$2,000	$4,000
Covered Member + Child(ren)	$2,000	$4,000
Covered Member + Family	$3,000	$6,000

**Please Note: Where applicable, coverage categories include eligible same-sex domestic partner and eligible children of same-sex domestic partner.*

FEATURE	PPO	
	IN-NETWORK (OR OUT-OF-AREA)	OUT-OF-NETWORK
Other Plan Benefits	**Plan Pays**	
Temporomandibular Joint Dysfunction and Related Medical Disorders	The plan limits benefits to surgery and appliances only	
Routine hearing exams and aids	One exam and one aid per ear during a two calendar-year period (combined in-network and out-of –network)	
Rehabilitation (Inpatient Physical Medicine/Rehab (PMR))	60 days per calendar year (combined in-network and out-of –network)	
Outpatient Physical, Occupational, or Speech Therapy	26 visits per calendar year (combined in-network and out-of –network)	
Chiropractic/Spinal Manipulation Services	26 visits per calendar year (combined in-network and out-of –network)	
Home Health Care	120 visits (combined in-network and out-of –network)	
Hospice Care	180 days (combined in-network and out-of –network)	
Routine vision exams and hardware	First pair of lenses or frames following cataract surgery (otherwise, not covered) (combined in-network and out-of-network)	

Services Provided

The following is a brief summary of the services that the Plan covers for the PPO coverage option. *Please refer to the HMO SPD for further information regarding services provided under an HMO option.*

TYPE OF SERVICE	PPO	
	IN-NETWORK	OUT-OF-NETWORK
	Plan Pays	**Plan Pays**
Inpatient Services		
Room and Board and Ancillary Services	80% (after deductible)	60% (after deductible)
Surgery	80% (after deductible)	60% (after deductible)
Skilled Nursing Facility	80% (after deductible)	60% (after deductible)
Physician Services (Including General Nursing Care)	80% (after deductible)	60% (after deductible)
Pre-admission Testing	80% (after deductible)	60% (after deductible)

TYPE OF SERVICE	PPO	
	IN-NETWORK	OUT-OF-NETWORK
	Plan Pays	Plan Pays
Outpatient Services		
Surgery	80% (after deductible)	60% (after deductible)
Dental/Oral Surgery	80% (after deductible)	60% (after deductible)
TMJ Appliances	80% (after deductible)	60% (after in-network deductible)
Second Surgical Opinions	100% (after $30 co-pay per office visit)	60% (after deductible)
Professional Services (Outpatient)		
	100%, (after $35 co-pay per office visit) (co-pay does not apply for allergy injections and serums)	60% (after deductible)
Emergency Care Services		
Accident (True Emergencies)	100% (after $100 co-pay)	100% (no co-pay or deductible)
Medical Emergency	80% (after deductible)	80% (after deductible)
Non-Medical Emergency	80% (after deductible)	80% (after deductible)
Urgent Care	100% (after $30 co-pay)	80% (after deductible)
Ambulance	80% (after in-network deductible)	80% (after in-network deductible)
Rehab Services		
Inpatient Therapy	80% (after deductible)	60% (after deductible)
Outpatient Therapy	100% (after $35 co-pay per office visit)	60% (after deductible)
Diagnostic and Laboratory Services		
Inpatient	80% (after deductible)	60% (after deductible)
Outpatient	80% (after deductible)	60% (after deductible)
Allergy Testing	100% (after $35 co-pay)	60% (after deductible)

TYPE OF SERVICE	PPO	
	IN-NETWORK	OUT-OF-NETWORK
	Plan Pays	Plan Pays
Maternity and Other Reproductive Services		
Pre-natal Office Visits	100% (after $35 co-pay for first office visit)	60% (after deductible)
Hospital Maternity Care	80% (after deductible)	60% (after deductible)
Services to Diagnose Infertility*	80% (after deductible)	60% (after deductible)
Sterilization Services† (Precertification required for inpatient procedures)	80% (after deductible)	60% (after deductible)
Preventive Health Services		
Recommended Preventive Health Services	100% (no co-pay or deductible)	60% (after deductible)
Additional Preventive Health Services	100% (no co-pay or deductible)	60% (after deductible)
Other Covered Services (including durable medical equipment and prosthetics/orthotics)		
	80% (after deductible)	60% (after deductible

*Coverage is provided for initial evaluation and for treatment and correction of the underlying condition only.

†Sterilization procedures for women will be treated as a "Preventive Care" benefit. Reverse sterilization procedures are not covered.

How Deductibles Work in the PPO Option

For charges that are subject to the calendar year deductible requirement under the PPO Coverage Option, a covered member generally must satisfy the "individual" covered member deductible requirement (currently $400 for in-network and $800 for out-of-network) each calendar year before the Plan will pay any benefits for such charges. Charges incurred by a covered member may not be applied toward satisfaction of any other covered person's "individual" deductible requirement.

However, once the "family" deductible has been satisfied for a category of coverage (e.g., for in-network providers, $800 for covered member + spouse or for covered member + child(ren), or $1,200 for covered member + family), additional covered members within the family do not need to satisfy any deductible requirement.

For example, if you choose the covered member + children category of coverage and you and one of your children each satisfy the $400 in-network deductible requirement in a given year, none of your other children will be subject to the in-network deductible requirement for that year. On the other hand, if you choose the covered member + family category of coverage and you and your spouse each incur $1,000 of charges that are subject to the in-network deductible requirement, one of your children who is a covered member must satisfy the $400 in-network deductible requirement before the "family" deductible requirement is met.

Highlights of the HDPPO 1 and HDPPO 2 Options

Below is a summary of the deductibles, co-pays, coinsurance amounts, and calendar year out-of-pocket maximums for the HDPPO 1 and HDPPO 2 Options.

Please Note: No medical or prescription drug benefits (except preventive care) are payable under the HDPPO 1 and HDPPO 2 options until you satisfy the annual deductible

Deductible, Calendar Year Out-of-Pocket Maximum, Maximum Benefits and Other Plan Benefits

FEATURE*	HDPPO 1		HDPPO 2	
	IN-NETWORK	OUT-OF-NETWORK	IN-NETWORK	OUT-OF-NETWORK
Calendar Year Deductible				
Covered Member Only	$1,500	$1,500	$2,500	$2,500
Covered Member + Spouse	$3,000	$3,000	$5,000	$5,000
Covered Member + Child(ren)	$3,000	$3,000	$5,000	$5,000
Covered Member + Family	$3,000	$3,000	$5,000	$5,000

FEATURE*	HDPPO 1		HDPPO 2	
	IN-NETWORK	OUT-OF-NETWORK	IN-NETWORK	OUT-OF-NETWORK
Coinsurance				
	You pay 20% and the plan pays 80% (after deductible)	You pay 40% and the plan pays 60% (after deductible)	You pay 20% and the plan pays 80% (after deductible)	You pay 40% and the plan pays 60% (after deductible)
Calendar Year Out-of-Pocket Maximum (does not include premiums, balanced billed charges, penalties for non-compliance and expenses not covered under Plan)				
Covered Member Only	$3,000	$4,500	$5,000	$7,500
Covered Member + Spouse	$6,000	$9,000	$10,000	$15,000
Covered Member + Child(ren)	$6,000	$9,000	$10,000	$15,000
Covered Member + Family	$6,000	$9,000	$10,000	$15,000
Office Visit				
	You pay 20% and the Plan pays 80% (after deductible)	You pay 40% and the Plan pays 60% (after deductible)	You pay 20% and the Plan pays 80% (after deductible)	You pay 40% and the Plan pays 60% (after deductible)
Prescription Out-of-Pocket				
	Calculated as part of the calendar year out-of-pocket maximum		Calculated as part of the calendar year out-of-pocket maximum	

**Please Note*: *Where applicable, coverage categories include eligible same-sex domestic partner and eligible children of same-sex domestic partner.*

Services Provided

The following is a brief summary of the services that the Plan covers in the HDPPO 1 and HDPPO 2 Options.

TYPE OF SERVICE	HDPPO 1		HDPPO 2	
	IN-NETWORK	OUT-OF-NETWORK	IN-NETWORK	OUT-OF-NETWORK
	Plan Pays	**Plan Pays**	**Plan Pays**	**Plan Pays**
Inpatient Services				
Room and Board and Ancillary Services	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Surgery	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Skilled Nursing Facility	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Physician Services Including General Nursing Care	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Pre-admission Testing	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Outpatient Services				
Surgery	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Dental/Oral Surgery	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
TMJ Appliances	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Second Surgical Opinions	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Professional Services (outpatient)				
	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)

TYPE OF SERVICE	HDPPO 1		HDPPO 2	
	IN-NETWORK	OUT-OF-NETWORK	IN-NETWORK	OUT-OF-NETWORK
	Plan Pays	Plan Pays	Plan Pays	Plan Pays
Emergency Care Services				
Accident	80% (after deductible)	80% (after deductible)	80% (after deductible)	80% (after deductible)
Medical Emergency	80% (after deductible)	80% (after deductible)	80% (after deductible)	80% (after deductible)
Non-Medical Emergency	80% (after deductible)	80% (after deductible)	80% (after deductible)	80% (after deductible)
Urgent Care	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Ambulance	80% (after deductible)	80% (after deductible)	80% (after deductible)	80% (after deductible)
Rehab Services				
Inpatient Therapy	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Outpatient Therapy	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Diagnostic and Laboratory Services				
Inpatient	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Outpatient	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Maternity and Other Reproductive Services				
Pre-natal Office Visits	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Hospital Maternity Care	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)
Services to Diagnose Infertility	80% (after deductible)*	60% (after deductible)*	80% (after deductible)*	60% (after deductible)*

TYPE OF SERVICE	HDPPO 1		HDPPO 2	
	IN-NETWORK	OUT-OF-NETWORK	IN-NETWORK	OUT-OF-NETWORK
	Plan Pays	Plan Pays	Plan Pays	Plan Pays
Preventive Health Services				
Recommended Preventive Health Services	100% (no co-pay or deductible)	100% (no co-pay or deductible)	100% (no co-pay or deductible)	100% (no co-pay or deductible)
Additional Preventive Health Services	100% (no co-pay or deductible)	100% (no co-pay or deductible)	100% (no co-pay or deductible)	100% (no co-pay or deductible)
Other Covered Services (including durable medical equipment and prosthetics/orthotics)				
	80% (after deductible)	60% (after deductible)	80% (after deductible)	60% (after deductible)

**Coverage is provided for initial evaluation and for treatment and correction of the underlying condition only.*

How Deductibles Work in the HDPPO 1 and HDPPO 2 Options

For charges that are subject to the calendar year deductible requirement under the HDPPO 1 and HDPPO 2 Coverage Options, each calendar year the covered family as a unit must satisfy the specified deductible requirement for a category of coverage before the Plan will pay any benefits for such charges.

Thus, for example, if you choose the covered member + family category of coverage and you incur $2,000 of charges that are subject to the in-network deductible, but no other covered family member incurs any charges, you (or other covered family members) must still satisfy the remaining $1,000 of the in-network deductible requirement before the Plan will pay any benefits. On the other hand, if you choose the covered member + family category of coverage and your spouse incurs $3,500 of charges in a year that are subject to the in-network deductible, no other family members will be subject to an in-network deductible requirement for that year.

Medical Expenses Covered

The Plan pays benefits for you (or your covered dependents) for medically necessary eligible expenses up to the maximum allowance. *For services covered under an HMO plan, please refer to the HMO SPD.*

The covered expenses under the medical plan include, but may not be limited to the following:

Inpatient Services

The Plan pays benefits for the following inpatient hospital/medical services and supplies.

- Hospital facility services – such as inpatient room and board – when you are in:
  - A semi-private room;
  - A private room (the Plan limits benefits to the hospital's prevailing semi-private room rate); or
  - An intensive care unit.

The Plan pays benefits for both day and nighttime care.

- Inpatient ancillary services and supplies, including:
  - Operating room charges;
  - X-rays;
  - Laboratory work;
  - Surgical dressing; and
  - Prescribed medications (Outpatient prescription drug services are covered under the prescription drug program. See the sections of this Handbook relating to Prescription Drugs for details).
- Inpatient surgical services, including:
  - Surgeon's fees when related to the surgical procedure; and
  - Surgery for morbid obesity.
- Skilled nursing facility care, up to the hospital's prevailing semi-private room rate, including:
  - Bed, board, and general nursing care; and
  - Ancillary services (such as drugs, surgical dressings, or supplies).
- General nursing care provided by an RN or LPN when you are in:
  - A semi-private room;
  - A private room; or
  - An intensive care unit.
- Pre-admission testing, x-rays, or laboratory services performed before inpatient surgery. These tests are considered part of your inpatient hospital surgical stay and are performed on an outpatient basis. The Plan pays benefits provided you would have otherwise been eligible to receive such tests as a hospital inpatient.

Outpatient Services

The Plan pays benefits for the following services, provided you receive them on an outpatient basis:

- Hospital facility services and ancillary charges for services performed on an outpatient basis;
- Outpatient surgery and related surgical services when performed in an office setting, including:
  - Any related diagnostic services received on the same day as the outpatient surgery;
  - Surgeon's fees when related to the surgical procedure; and
  - Surgery for morbid obesity.
- Dental/oral surgical services, only when required because of an accidental injury to natural teeth (within 36 months of injury), to extract completely bony impacted teeth, including completely impacted wisdom teeth, or (for the PPO option only) in connection with a gingivectomy. The Plan pays benefits for outpatient facility charges only if your medical condition or the dental procedure requires a hospital setting to ensure your safety.
- Temporomandibular joint dysfunction and related medical disorders. The Plan limits benefits to:
  - Surgery, provided the surgical procedure is medically appropriate; and
  - Appliances (the Plan pays benefits for appliances just like any other durable medical equipment).
- A second surgical opinion and additional required testing at your request or when recommended by the Utilization Review (UR) Program. The Plan pays benefits provided your physician (other than the one who offers the second opinion) performs the eventual surgery.

Professional Services (Outpatient)

The Plan pays benefits for care you receive from a physician or other specified professional provider (i.e., a general practitioner, family practitioner, a physician of internal medicine, pediatrician, gynecologist, nurse practitioner, or physician assistant), on an outpatient basis.

- Office visits, visits to a clinic, or a physician's visit to your home as part of home care services. You must meet the co-pay or

deductible requirement, as applicable, before the Plan pays benefits.

- Services provided by a professional, including:
  - Allergy injections, shots, serums, and immunizations;
  - Diagnostic allergy testing;
  - Hearing exams and hearing aids. The Plan limits benefits to one hearing exam and one hearing aid per ear during a two calendar-year period.; and
- Diabetes management services, including:
  - Educational services;
  - Eye exams; and
  - Blood glucose testing machines (diabetic supplies and other diagnostics are covered under the prescription drug coverage).

Emergency Care Services

The Plan pays benefits for the cost of the following emergency care services:

- Hospital emergency room care when care is associated with:
  - An accident;
  - A medical emergency; or
  - A non-medical emergency.
- Urgent care;
- Ambulance services (local ground or air transportation), when medically necessary to transport you to the nearest appropriately equipped facility that is able to provide necessary treatment. The Plan pays benefits for air-ambulance services only if medically necessary. When ambulance services are used because they are more convenient than other types of transportation, the Plan does not pay benefits.

If your condition is life threatening and you receive emergency care at a hospital outside the network because it is not possible to safely transfer you to a hospital within the network, the Plan still pays benefits at the in-network level.

Rehabilitation Services

The Plan pays benefits for the following inpatient and outpatient rehabilitation services. In some instances, the Plan may extend the limits based on medical necessity.

- The following rehabilitation services provided on an inpatient or outpatient basis (unless otherwise noted):
  - Physical Medicine/Rehabilitation (PMR) (inpatient only, limited to 60 days per person per year; outpatient PMR is considered physical therapy and is subject to the limits outlined below for outpatient physical therapy);
  - Cardiac rehabilitation;
  - Chemotherapy;
  - Radiation therapy;
  - Respiratory therapy (including respiratory therapy devices);
  - Infusion; and
  - Renal dialysis treatments.
- Outpatient therapy treatments, including:
  - Physical therapy (therapy is subject to significant improvement through relatively short-term therapy);
  - Occupational therapy;
  - Speech therapy, provided therapy is restorative in nature or rehabilitative treatment is needed for speech loss or impairment due to an illness or injury or surgery on account of an illness (other than a functional nervous disorder). If speech loss is due to a congenital anomaly for which corrective surgery has been performed, the corrective surgery must be performed before the therapy and therapy must be designed to provide significant improvement on a relatively short-term basis.

The Plan pays benefits provided a registered professional physical or occupational therapist, or speech therapist certified by the American Speech and Hearing Association renders the appropriate services under the supervision of a physician. Benefits for physical therapy and occupational therapy are limited to a combined 26 visits per person per year. Benefits for speech therapy are limited to 26 visits per person per year. Additional visits may be authorized based upon medical necessity.

- Chiropractic and spinal manipulation therapy provided a licensed chiropractor performs the services on an outpatient basis. The Plan limits benefits for chiropractic services regardless of medical necessity to 26 visits per person per year;
- Physiotherapy, provided a licensed physiotherapist performs the services and he or she does not normally live with you or is not related to you or your spouse by blood, marriage, or legal adoption.

Diagnostic and Laboratory Services

The Plan pays benefits for the following diagnostic and laboratory services.

- Inpatient radiology and laboratory services
- Outpatient radiology, diagnostic, and laboratory services performed when you are an outpatient and the services are related to surgery or medical care, including:
  - X-rays;
  - Radium treatments;
  - Microscopic tests; and
  - Laboratory tests and exams.

Preventive Health Services

The Plan pays benefits for certain preventive health services.

Preventive health services include, outpatient services and office services. Screenings and other services are covered as preventive health services for adults and children with no current symptoms or prior history of a medical condition associated with that screening or service.

Members who have current symptoms or have been diagnosed with a medical condition are not considered to require preventive health services for that condition, but instead benefits will be considered as diagnostic services.

Notwithstanding the foregoing, regardless of whether you currently exhibit symptoms or have been diagnosed with a medical condition, the Plan pays benefits for one in-network mammography and one in-network colonoscopy per covered person per calendar year with no deductibles, co-payments or coinsurance.

Preventive health services covered under the Plan may constitute either recommended preventive health services or additional preventive health services. Additional preventive health services are certain preventive health services covered under the Plan that do not constitute recommended health services. Please contact an Anthem customer service associate using the number on the back of your ID card for any questions concerning what constitutes a recommend preventive health service or an additional preventive health service. Additional preventive health services furnished by in-network providers are covered by the Plan with no deductible, co-payments or coinsurance. Additional preventive health services furnished by out-of-network providers are subject to deductibles and coinsurance under the PPO option, but are covered by the Plan with no deductible, co-payments or coinsurance under the HDPPO options.

Recommended preventive health services shall meet requirements as determined by federal law and, if applicable, state law. Recommended preventive health services are covered by this Plan with no deductible, co-payments or coinsurance under the HDPPO options and when furnished by an in-network provider under the PPO option. Recommended preventive health services furnished by an out-of-network provider under the PPO option are subject to deductibles and coinsurance.

Recommended preventive health services fall under four broad categories, described below, that are specified in federal

regulations regarding coverage of preventive health services:

- Services with an "A" or "B" rating from the United States Preventive Services Task Force. Examples of these services are screenings for:
  - Breast cancer;
  - Cervical cancer;
  - Colorectal cancer;
  - High Blood Pressure;
  - Type 2 Diabetes Mellitus;
  - Cholesterol;
  - Child and Adult Obesity;
- Immunizations for children, adolescents, and adults recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention;
- Preventive care and screenings for infants, children and adolescents as provided for in the comprehensive guidelines supported by the Health Resources and Services Administration; and
- Additional preventive care and screening for women provided for in the guidelines supported by the Health Resources and Services Administration, including the following:
  - Women's contraceptives, sterilization procedures and counseling. Coverage includes contraceptive devices such as diaphragms, intra uterine devices (IUDs) and implants;
  - Breastfeeding support, supplies and counseling. Benefits for breast pumps are limited to one per Plan Year; and
  - Gestational diabetes screening.

The services described in the recommendations or guidelines above will not constitute recommended preventive health services earlier than Plan Year that begins after the date the recommendations or guidelines are issued and will not remain covered services after the date the related recommendation or guideline is no longer described in the federal regulations regarding coverage of preventive health services.

Please note that the frequency, method, treatment and setting of recommended preventive health services are subject to reasonable medical management techniques determined by the Plan Administrator or Claims Administrator in their discretion. Please contact an Anthem customer service associate using the number on the back of your ID card for information concerning any limitations upon recommended preventive health services arising out of the use of such techniques.

If a recommended preventive health service is billed separately (or is not tracked as individual encounter data separately) from an office visit, then the Plan may impose a co-payment and/or deductible for the office visit. If a recommended preventive health service is not billed separately (or is not tracked as individual encounter data separately) from an office visit and the primary purpose of the office visit is the delivery of the recommended preventive health service, then the Plan will not impose a co-payment, coinsurance and/or deductible for the office visit, unless you have chosen the PPO option and the office visit involves an out-of-network provider. If a recommended preventive health service is not billed separately (or is not tracked as individual encounter data separately) from an office visit and the primary purpose of the office visit is not the delivery of the recommended preventive health service, then the Plan may impose a co-payment, coinsurance and/or deductible for the office visit.

You may contact an Anthem customer service associate using the number on the back of your ID card for additional information about these services (or you may view the federal government's web sites, **http://www.healthcare.gov/center/regulations/prevention.html**; **http://www.ahrq.gov/clinic/uspstfix.htm**; or **http://www.cdc.gov/vaccines/recs/acip/**.)

Maternity and Infertility

The Plan pays benefits for the following pre-natal and maternity services for you, your

spouse, your same-sex domestic partner and your or your same-sex domestic partner's female children who are covered under the Plan:

- Pre-natal office visits, including one routine ultrasound;
- Hospital maternity care related to a normal pregnancy and complications of pregnancy, including (one deductible applies to both mother and child's maternity expenses):
  - Inpatient care;
  - Obstetrician services;
  - Routine inpatient nursery charges (unlimited newborn visits);
  - Inpatient pediatrician visits; and
  - Birthing center expenses.

The Plan pays maternity benefits for services provided to the mother (if covered under the Plan) as well as certain services provided to the newborn infant while the mother is hospitalized after childbirth (even if you initially have employee only coverage). However, if the newborn requires treatment for an illness or injury or remains hospitalized after the mother is discharged from the hospital after giving birth, the Plan pays benefits for that care only if you add the newborn to coverage, provided the newborn is eligible for coverage under the Plan. (The newborn child of your or your same-sex domestic partner's female child is not eligible for coverage under the Plan.) To add an eligible newborn child to your coverage, you must call MySource for Human Resources at **1-888-640-3320**, or log on to the MySource for Human Resources website at **www.mysourceforhr.com** and add the newborn child within 31 days of the actual birth. Provided the newborn child is eligible for coverage and you timely enroll the child, coverage for the newborn takes effect as of the date of birth. Please see the "*Enrollment*" and the "*Changing and Continuing Your Elections*" section of the **Benefits Program Overview** for further details.

Please Note:

If you do not enroll an eligible newborn child in the Plan within 31 days of the child's birth, your next opportunity to enroll the child will not be until the next annual enrollment period or until you experience another qualified life event that permits you to enroll the child.

The Plan pays also benefits for services performed to diagnose infertility. However, the Plan does not pay benefits for the *treatment of infertility* (i.e., artificial insemination, in-vitro fertilization, embryo transfer, etc.)

Other Covered Services

- Biologicals (for example, injectables and chemotherapy);
- Blood and blood components;
- Durable medical equipment and supplies, including:
  - The rental of wheelchairs and hospital beds;
  - The rental of iron lungs and other mechanical equipment to treat respiratory paralysis;
  - The rental of equipment for the administration of oxygen;
  - Internal cardiac valves;
  - Internal pacemakers;
  - Mandibular reconstruction devices (not primarily used to support dental prosthesis);
  - Bone screws, bolts, nails, plates, and any other internal and permanent devices that are reasonably approved by the Claims Administrator.

The Plan pays benefits for the rental of durable medical equipment at the Claims Administrator's determination. The durable medical equipment or supply must be primarily and customarily used to serve a medical purpose and be required for temporary therapeutic use (benefits are limited to the total cost of the equipment).

- Elective vasectomies and tubal ligations for the participant and his or her spouse (**Please note** that sterilization procedures for women will be covered as Preventive Care benefits);
- Extended care facility (convalescent care), as approved through the Claims Administrator;
- Home health care services. The Plan pays benefits as long as home health care is medically necessary, and the care is necessary for the same or a related condition as the hospital stay. The Plan pays benefits for the following home health care services:
  - Nursing services (RN or LPN);
  - Therapist services;
  - Home IV infusion;
  - Home health aid services;
  - Medically necessary services, supplies, and medications.
- Hospice care services. For the PPO coverage option, care must be provided through an accredited hospice care program and the hospice care program must be approved by the Claims Administrator and be licensed, certified or registered, if the state in which it is located requires the same. For the HDPPO coverage options, the hospice care program must be licensed. Covered services include:
  - Coordinated home care;
  - Medical supplies and dressings;
  - Medications;
  - Nursing services (skilled and non-skilled);
  - Occupational therapy;
  - Pain management services;
  - Physical therapy; and
  - Physician visits.

To be eligible for hospice care benefits, you must be terminally ill and your attending physician must certify that your life expectancy is six months or less.

There may be instances when short episodes of traditional care are appropriate – even if you remain in the hospice setting. Even if the traditional services are not eligible for hospice care benefits, the Plan may still cover them. Charges incurred during periods of remission are not covered.

- Human organ and tissue transplant services. The Plan pays benefits for any medically necessary human organ and tissue transplant, as determined by the Plan Administrator, including necessary acquisition costs and preparatory myeloblative therapy, and for all covered services that are (i) medically necessary, as determined by the Plan Administrator, and (ii) directly related to the disease that has necessitated the covered transplant procedure or that arise as a result of the procedure, including any diagnostic evaluation for the purpose of determining the appropriateness of the procedure for a covered person.

For cornea and kidney transplants, the benefits or requirements described below do not apply. These services are paid as inpatient services, outpatient services or physician office services, depending where the service is performed.

The Plan pays benefits only for facility and provider expenses that are described as covered expenses elsewhere in this Handbook.

Before the Plan pays benefits, Anthem, as Claims Administrator, must approve all hospital confinements and/or surgical procedures related to an organ or tissue transplant. Be sure to contact Anthem before you proceed with any treatment related to a transplant.

You should contact Anthem's transplant department to discuss benefit coverage when it is determined a transplant may be needed. Contact the Anthem Customer Service telephone number on the back of your Identification Card and ask for the transplant coordinator. Anthem will then assist you in maximizing your benefits by providing coverage information, including details regarding what is covered and whether any Plan provisions, network requirements or exclusions are applicable. Failure to obtain this information prior to receiving services could result in increased financial responsibility for you. If you choose an out-of-

network facility or provider, the Plan will pay covered expenses based upon a determination of the Maximum Allowable Amount and you will be responsible for any amount not paid by the Plan.

Without limiting the generality of the foregoing, the Plan pays benefits for the following medically necessary services related to a human organ or tissue transplant:

- Physician's charges related to surgery, including charges for a surgical physician's assistant (if medically necessary), and related anesthesia.
- Inpatient covered hospital services related to the transplant procedure.
- Storage and transportation costs related to the donated organ or tissue (including the donor's medical expenses incurred as the result of a transplant provided the recipient is covered under the Plan, the expense is charged to the covered person, and no other source is available to pay the actual donor's medical expenses).
- Storage of the patient's own blood in advance of an approved transplant surgical procedure.

If a participating (in-network) transplant facility performs transplant-related services, the Plan pays benefits for medically necessary pre-transplant evaluations and 12 months of transplant-related follow-up care (including any rejection events).

The Plan will provide assistance with reasonable and necessary travel expenses as determined by the Plan Administrator when you obtain prior approval and are required to travel more than 100 miles from your residence to reach the facility where your covered transplant procedure will be performed. The Plan's assistance with travel expenses includes transportation to and from the facility and lodging for the patient and one companion. If the covered person receiving treatment is a minor, then reasonable and necessary expenses for transportation and lodging may be allowed for two companions.

Benefits for lodging are limited to $75.00 per day. There is a $20,000 combined maximum for travel and lodging. The covered person must submit itemized receipts for transportation and lodging expenses in a form satisfactory to the Plan Administrator when claims are filed.

Contact the Plan Administrator for detailed information.

- Medical and surgical dressings, supplies, casts, splints, trusses, braces, and crutches;
- Services related to mastectomies, including:
  - Reconstruction of the breast on which the mastectomy has been performed;
  - Surgery and reconstruction of the other breast to produce a symmetrical appearance;
  - Prostheses and physical complications of all stages of the mastectomy (including lymphedemas).
- Vision exams and first pair of eyeglasses or contact lenses following cataract surgery;
- Oxygen and its administration, including the rental of equipment for its administration;
- Private duty nursing services provided by an R.N. or L.P.N. who is not a relative.
- Prosthetic appliances (including artificial limbs and eyes), prosthetic devices, and orthotics (including an initial wig following cancer treatment). The Plan also pays benefits for special appliances and surgical implants when required to replace all or part of:
  - An organ or tissue of the human body;
  - The function of a nonfunctioning or malfunctioning organ or tissue.

The Plan pays benefits for adjustments, as well as the charges associated with repair and replacement of a covered prosthetic device, special appliance, or surgical implant (if a patient's condition changes or there is significant wear on the appliance).

To confirm if an expense is eligible for reimbursement, call the Claims Administrator via MySource for Human Resources at **1-888-640-3320.**

Medical Expenses Not Covered

The medical expenses **not** covered include, but may not be limited to the following:

- Any condition, disease, defect, ailment, or injury that arises out of and in the course of employment if benefits are available under any Worker's Compensation Act or other similar law. This exclusion applies if you receive benefits in whole or in part. It also applies whether or not you claim the benefits or compensation, and regardless of whether you recover benefits from any third party.
- Expenses for which benefits are payable under Medicare Part A and/or Medicare Part B or would have been payable if you had applied for Part A and/or Part B (except as specified elsewhere under the Plan or as otherwise prohibited by federal law).
- Charges related to cosmetic surgery or related hospital admissions, unless made necessary:
  - By an injury;
  - For correction of congenital deformity when necessary to perform a normal body function;
  - For reconstructive surgery as necessary for the prompt treatment of a diseased condition.
- Any service or supply that is related to weight loss or the treatment of obesity (except for the surgical treatment of morbid obesity).
- Services associated with the treatment of infertility, including: artificial insemination; fertilization (such as in-vitro or GIFT); procedures and tests related to fertilization; and infertility drugs and related services that follow the diagnosis of infertility.
- Care received in an emergency room that is not considered emergency care (except as specified under the plan).
- Services or supplies that you receive at a health spa or similar type of facility.
- Self-help training and other forms of non-medical self care (except as provided under the plan).
- Radial keratotomy or keratomileusis, or excimer laser photo refractive keratectomy.
- Speech therapy, unless the therapy is expected to restore speech to a person who has lost speech function as a result of a disease or injury.
- Surgical-related expenses associated with Norplant and IUDs, elective abortions, or reverse sterilization.
- Custodial care, or for services received in an uncertified skilled nursing facility.
- Pre-admission testing if you decide to postpone your surgery.
- Dental implants.
- The Plan limits benefits for home health care services.
- Professional services when related to Depo-Provera injections or routine vision exams.
- Hospice care benefits for:
  - Home-delivered meals or homemaker services;
  - Respite care;
  - Traditional medical services to treat the terminal illness, disease, or condition;
  - Transportation, including – but not limited to – ambulance transportation; and
  - Care provided by a family member or friend.
- Human organ transplant benefits for the following:
  - Cardiac rehabilitation services provided more than three days after the recipient is discharged from the hospital;
  - Transportation by air ambulance for the donor or the recipient;
  - Travel time (and related expenses) required by a provider; or
  - Drugs that are experimental or investigational in nature.
- Dental appliances (except for intra-oral devices used in connection with the temporomandibular joint dysfunction

treatments) or the replacement of cataract lenses when a prescription change is not required.

- Orthotics when used for comfort only.
- Any cutting procedure in the mouth (except when performed in connection with the removal of non-impacted teeth, replacement of teeth, dentures or appliances, orthodontia or periodontia, alveoplasty, or the repair or preparation of the mouth to receive or maintain dentures).
- Charges that are not for the care or treatment of an injury or sickness, except as specifically provided for by the Plan.
- Charges for or in connection with treatment of teeth or periodontium or treatment of periodontal or periapical disease or any condition (other than a malignant tumor) involving teeth, surrounding tissue or structure, except for oral surgery for repair of injury to natural teeth, or as provided herein.
- Charges for the non-surgical treatment of temporomandibular joint (TMJ) dysfunction except for the appliance.
- Charges for or related to some services, treatment, education testing or training related to learning disabilities or developmental delays.
- Care furnished mainly to provide a surrounding free from exposure that can worsen the person's disease.
- Charges related to services provided by the United States government, any state government, or any government outside the United States in which the participant or dependent is entitled to receive benefits. An exception to this exclusion applies for services provided by the United States government that can be billed to the Plan under COBRA.
- Charges that a covered person is not legally required to pay and charges that would not have been made if the Plan had not existed.
- Charges that exceed reasonable and customary charges or the Maximum Allowable Amount or are not medically necessary.
- Charges that are reimbursed, or that could be reimbursed, by any public program other than Medicaid, Medicare or TRICARE.
- Charges for primal therapy, rolfing, psychodrama, megavitamin therapy, bioenergetic therapy, vision perception training or carbon dioxide therapy.
- Charges for marriage, family, child, career, social adjustment, pastoral and financial counseling, except as provided by the EAP.
- Charges for acupuncture therapy, unless performed by a physician as a form of anesthesia in connection with surgery that is covered under the Plan.
- Charges for biofeedback services.
- Charges for examinations related to employment.
- Charge for examinations related to marriage.
- Charges for eye surgery performed primarily to correct refractive errors.
- Charges for experimental or investigational services. These include treatments, procedures, equipment, drugs, devices or supplies that in the judgment of the Claims Administrator are experimental or investigational for the diagnosis for which the person is being treated, and services not generally accepted in medical practice for the prevention, diagnosis or treatment of an illness or injury, as determined by the Claims Administrator. They also include any services related to such treatments, procedures, equipment, drugs, devices or supplies, regardless of when incurred.
- Charges for chiropractic maintenance care.
- Charges for transportation to and from places of treatment and care, other than ambulance service when medically necessary.
- Charges related to any services or supplies for counseling related to sexual dysfunctions or inadequacies.
- Charges incurred prior to the effective date of coverage, or after the termination date of coverage.
- Charges for services rendered by a relative of the participant, or any other person who

resides in the same household as the participant.

- Charges incurred for the treatment of a sickness or injury as a result of any act of war, declared or undeclared.
- Charges incurred as a result of any act of rioting or civil disobedience.
- Court-ordered testing or care.
- Completion of claim forms or charges for medical records or reports unless otherwise required by law.
- Missed or cancelled appointments.
- Mileage costs or travel expenses unless authorized by the Plan.
- Charges for custodial care, domiciliary or convalescent care, except as otherwise provided in the Plan.
- Charges for eyeglasses or contact lenses, except for the first pair of eyeglasses or contact lenses prescribed following cataract surgery.
- Charges for sex transformation surgery and related services, or the reversal thereof.
- Charges for reversal of sterilization.
- Charges for elective sterilization procedures for someone other than the participant or his or her spouse.
- Personal hygiene and convenience items.
- Charges for examinations relating to research screenings.
- Stand-by charges of a physician.

Please contact the Claims Administrator with questions regarding those medical expenses not covered.

To confirm if an expense is eligible for reimbursement, contact an Anthem customer service associate at the number on the back of your ID card.

How Your Prescription Drug Coverage Works in the PPO

When you participate in the PPO coverage option under the Plan, you are also provided with prescription drug coverage through Express Scripts. HMOs will provide separate prescription drug coverage.

Your benefits will vary depending on the type of prescription drug you take (generic, formulary or non-formulary) and how you buy it (at the pharmacy or through the mail).

- Generic - Drugs are no longer covered by the original patent. They include the same active ingredients as the brand-name drug at a fraction of the cost.
- Formulary - A list of approved drugs covered under the prescription drug plan. Drugs are selected for the formulary based on a combination of features, including safety, effectiveness and cost. You will pay less for a formulary drug than for a non-formulary drug.
- Non-formulary – Drugs that are not on the formulary list, but generally have a formulary alternative. You may choose non-formulary drugs, but you will pay more than a generic or formulary drug.

The PPO coverage option utilizes a step care therapy program for certain classes of prescription drugs. For a list of the drugs included in this program, please contact Express Scripts at the number on the back of your ID card. This program requires the utilization of an effective first-line medication before a more expensive alternative may be covered under the Plan. Therefore, medications that meet established guidelines and/or have a generic alternative must be used as the first-line medication before more expensive medications are authorized, unless your doctor informs Express Scripts otherwise.

The PPO coverage option also utilizes a clinical prior authorization (CPA) program. CPA simply means you must get approval from Express Scripts before certain prescription drugs will be covered under the Plan. The CPA program reviews the use of certain very costly drugs, certain drugs that could be abused by the patient, and drugs that might not be the best choice for the patient's health problem. To see if the CPA program applies to a particular drug prescribed for you, contact Express Scripts toll-free at **1-855-846-6774**.

Also, for the PPO coverage option, regardless of whether you use a retail pharmacy or the mail order service, if a prescribed brand-name drug has a generic substitute (that is, a drug with the same active ingredients as the brand-

name drug), and if you request that the brand-name drug be dispensed, you will be responsible for the applicable co-pay plus the difference in cost between the brand-name drug and the generic substitute, unless your prescribing physician indicates that the brand-name drug is to be "dispensed as written."

You can fill your prescription at any participating pharmacy.

Retail

If you fill your prescription at a retail pharmacy, you need to meet a co-pay requirement. If your share of the drug's cost is less than the "minimum co-pay," you pay the minimum co-pay amount. If your share of the drug's cost is greater than the "maximum co-pay," you pay up to the maximum co-pay amount. See the "*Highlights of Your Prescription Drug Coverage in the PPO Option*" section of this Medical Plan SPD for further details on plan benefits.

If you fill your prescription at a nonparticipating pharmacy, the Plan pays the cost of the drug less the co-pay. The co-pay requirement applies to each original prescription or refill. If your physician authorizes a prescription refill, you must bring the prescription bottle or package to the participating pharmacy.

Ninety-Day Supply At Retail Program

You and your covered dependents may also have your prescription filled for a 90-day supply at a retail pharmacy through the Ninety-Day Supply At Retail Program. The prescription must be filled at a network pharmacy participating in the Ninety-Day Supply At Retail Program. With this program you pay 20% of the cost of a three-month supply of the drug with applicable minimum and maximum of three times retail co-pays.

Mail Order Service

If you or your covered dependents use long-term medications, you can receive up to a 90-day supply of certain covered medications through Express Scripts' mail order service. With the mail order service, you must submit your prescription and applicable co-pay amount through the mail. The amount you pay depends on whether you receive a generic, formulary brand, or non-formulary brand drug.

To use the Mail Order Service:

- Complete the Mail Service Pharmacy Order Form. A new order form and envelope will be sent to you with each delivery. ***Please note:*** *The registration/profile process may also be completed over the phone or online.*
- Attach the prescription and a check in the amount of the applicable co-pay. Make your check payable to ***Express Scripts*** or provide a credit card number (follow the instructions on the form). Please do not submit cash with your order.
- Mail the Prescription Order Form and your check to:

  Express Scripts, Inc.
  PO Box 66558
  St. Louis, MO 63166-6558

- Have your physician write a new original prescription so that you can submit it directly to the mail order service pharmacy with your Mail Service Pharmacy Order Form. If you need medication immediately, ask your doctor for two prescriptions:
- One for an immediate supply (you can then take this to your local participating pharmacy)
- A second one for the extended supply (you can then submit this one to the mail order service)

You will receive your mail order prescription approximately 14 days from the date your mail order is received.

To find out if your pharmacy is in the Express Scripts Network, contact Express Scripts at the number on the back of your ID card. Or you can log on to the Express Scripts website at **http://express-scripts.com/**.

See the "*Highlights of your Prescriptions Drug Coverage in the PPO Option*" section for further details on plan benefits.

Highlights of Your Prescription Drug Coverage in the PPO Option

Here is a brief summary of your prescription drug coverage if you select medical coverage under the PPO coverage option. *If you select coverage under an HMO, prescription drug services are covered under the HMO plan. Please refer to the HMO SPD for further information regarding that prescription drug coverage.*

DRUG CATEGORY	RETAIL PHARMACY (30-DAY SUPPLY)		MAIL ORDER (90-DAY SUPPLY)		NINETY-DAY SUPPLY AT RETAIL
	You Pay*	**Plan Pays**	**You Pay***	**Plan Pays**	**You Pay***
Generic	20% for the cost of drug subject to minimum co-pay of $5 and maximum co-pay of $15	80% after co-pay	$15 co-pay	100% after co-pay	20% for the cost of drug subject to minimum co-pay of $15 and maximum co-pay of $45
Formulary	20% for the cost of drug subject to minimum co-pay of $15 and maximum co-pay of $45	80% after co-pay	$40 co-pay	100% after co-pay	20% for the cost of drug subject to minimum co-pay of $30 and maximum co-pay of $90
Non-Formulary	20% for the cost of drug subject to minimum co-pay of $30 and maximum co-pay of $90	80% after co-pay	$90 co-pay	100% after co-pay	20% for the cost of drug subject to minimum co-pay of $60 and maximum co-pay of $180
Out-of-Pocket Maximum					
The maximum amount you have to pay out of your pocket each year			$1,500 per person per year		
Use For:		Short-term medications or immediate prescription drug needs		Long-term, maintenance, and injectable medications	

You either pay a percentage of the drug's cost (coinsurance), or a set co-pay amount (not both). If your percentage of the cost results in an amount that is **less than the "minimum co-pay," you pay the minimum co-pay amount. If your percentage of the cost results in an amount that is **greater than** the "maximum co-pay," you pay up to the maximum co-pay amount. For the PPO Coverage Option, if you request that a brand-name drug be dispensed instead of its generic substitute, you may be responsible for paying the difference between the cost of the brand-name drug and the generic substitute, in addition to the applicable co-pay.*

How Your Prescription Drug Coverage Works in the High Deductible Options

Regardless which High Deductible Option you participate in, you are covered under the Anthem Prescription Drug Program for your prescription drug coverage.

Prescription drug expenses are covered the same way as any other medical expense, subject to the deductible and coinsurance. These expenses are not subject to separate coinsurance or out-of-pocket maximum amounts. The drug plan is an open formulary, so there is no designation in terms of generic, brand, etc. Therefore, you will pay the discounted cost of the drug.

Retail Service

If you fill your prescription at a retail pharmacy and have not satisfied your deductible, you will pay the discounted cost of the drug. If you have satisfied your deductible, you will pay the applicable coinsurance amount, either 20% or 40%, dependent upon whether the pharmacy offers Anthem discounts.

To find out if your pharmacy is in the network, contact Anthem at **1-800-228-2891** to speak with a customer service representative. You may also log on to the Anthem website at **www.anthem.com**.

Mail Order Service

If you or your covered dependents use long-term medications, you can receive up to a 90-day supply of certain covered medications through the mail order service.

With the mail order service, you must submit an original prescription from your doctor and:

- Complete the Mail Order Pharmacy Form. *A new order form envelope will be sent to you with each delivery.*
- Attach the prescription and a check in the amount of the applicable discounted cost of the drug or coinsurance.
- Mail the Prescription Order Form and your check to the address on the mail order form.

If you need medication immediately, ask your doctor for two prescriptions:

- One for an immediate supply (you can then take this to your local participating pharmacy and
- A second one for the extended supply (you can then submit this one to the mail order service)

You will receive your mail order prescription approximately 14 days from the date your mail order is received. To request a form or if you have questions, you may go to the Anthem website **www.anthem.com** or contact mail order customer service at **1-800-228-2891** to ask for assistance.

See the *"Highlights of Your Prescription Drug Coverage in the HDPPO 1 and HDPPO 2 Options"* section for further details on Plan benefits.

Highlights of Your Prescription Drug Coverage in the HDPPO 1 and HDPPO 2 Options

Here is a brief summary of your prescription drug coverage if you select medical coverage under the HDPPO 1 or HDPPO 2 Options.

	RETAIL PHARMACY		MAIL ORDER	
	You Pay	**Plan Pays**	**You Pay**	**Plan Pays**
In-Network	20% (after deductible is met)	80% for providers offering Anthem discounts	20% (after deductible is met)	80% for providers offering Anthem discounts
Out-of-Network	40% (after deductible is met)	60% for providers not offering Anthem discounts	40% (after deductible is met)	60% for providers not offering Anthem discounts
	Retail Pharmacy		**Mail Order**	
Day Supply Limit	30-day supply		90-day supply	
Use For:	Short-term medications or immediate prescription drug needs		Long-term, maintenance, and injectable medications	

Please Note: No prescription drug benefits are payable under the HDPPO 1 or HDPPO 2 Options until you satisfy the annual deductible.

Prescription Drug Coverage Expenses Covered

The prescription drug coverage expenses covered include, but may not be limited to the following supplies and Federal legend drugs (except those listed as not covered):

- Insulin;
- Disposable insulin needles/syringes;
- AZT (Retrovir);
- Chemotherapeutics;
- Fluoride vitamins to age 19;
- Immunosuppressants;
- Injectables, other than insulin;
- Prescription contraceptive drugs (non-injectable monthly, non-injectable 90-day supply only, injectable monthly and injectable 90-day supply only) and contraceptive devices such as diaphragms, intrauterine devices (IUDs) and implants;

Please Note: Prescription contraceptive drugs and contraceptive devices for women will be covered as a recommended preventive health service with no co-pays or deductibles; provided, however, if you request that a brand-name contraceptive drug be dispensed when a generic equivalent is available that is medically appropriate, you will be required to pay the regular co-pay, in the case of the PPO Option, or the applicable deductible, in the case of an HDPPO Option.

- Retin-A, up to age 25;
- Diabetic diagnostics;
- Certain smoking cessation products;
- Compound medication of which at least one ingredient is a legend drug; and
- Any other drugs that under the applicable state law may only be dispensed upon the written prescription of a physician or other lawful prescriber.

Please contact the Claims Administrator with any questions regarding the prescription drug coverage expenses covered under the Plan.

For medications covered under an HMO option, please refer to the HMO SPD for further information.

Prescription Drug Expenses Not Covered

The Prescription Drug Coverage expenses **not** covered include, but are not limited to the following:

- Drugs or medicines that are lawfully obtainable without the prescription of a physician, whether or not such drugs are actually obtained by prescription;
- Drugs prescribed for cosmetic reasons;
- Vitamins (unless prescribed);
- Drugs used for the treatment of infertility or relating to conception;
- Drugs used in the treatment of erectile dysfunction or impotence, regardless of the origin, whether biological or psychological;
- Hair treatments;
- Anti-wrinkle treatment;
- Blood glucose testing machines;
- Vaccines, serums and allergens;
- Nutritional dietary supplements;
- Over-the-counter medications; and
- Any item that is not legally procured, including without limitation any drug that may not legally be imported from another country.

Please contact the Claims Administrator with any questions regarding the prescription drug coverage expenses not covered under the Plan. *For medications not covered under an HMO option, please refer to the HMO SPD for further information.*

How Your Mental Health/ Substance Use Disorder Coverage Works in the PPO Option

If you participate in the PPO coverage option, you are also provided with the following: 1) Mental Health and Substance Use Disorder Coverage, and 2) Employee Assistance Program (EAP)/Work Life Services benefits. Mental Health and Substance Use Disorder Coverage is administered by Anthem. Employee Assistance Program (EAP)/Work Life Services benefits are administered by Value Options. Please refer to the *"Highlights of Your Mental Health and Substance Use Disorder Coverage in the PPO Plan Option"* and the *"EAP/Work Life Services"* sections of this Medical Plan SPD for further details of the Plan coverage.

If you have coverage through an HMO carrier, the HMO carrier provides its own coverage. Please refer to the HMO SPD for further information.

How Your Mental Health/ Substance Use Disorder Coverage Works in the High Deductible Options

If you participate in the High Deductible PPO 1 or High Deductible PPO 2 Option, you are also provided with the following 1) Mental Health and Substance Use Disorder Coverage, and 2) Employee Assistance Program (EAP)/Work Life Services benefits. The mental health and substance use disorder benefits are administered through Anthem. The EAP/Work Life Services benefits are administered through Value Options. Please refer to the "*Highlights of Your Mental Health and Substance Use Disorder Coverage in the High Deductible PPO 1 and High Deductible PPO 2 Options*" and the *"EAP/Work Life Services"* sections of this Medical SPD for further details of the Plan coverage.

If you have coverage through an HMO carrier, the HMO carrier provides its own coverage. Please refer to the HMO SPD for further information.

Highlights of the Mental Health and Substance Use Disorder Coverage in the PPO Option

Here is a brief summary of your Mental Health and Substance Use Disorder coverage if you select medical coverage under the PPO Option.

MENTAL HEALTH AND SUBSTANCE USE DISORDER	IN-NETWORK	OUT-OF-NETWORK
	Plan Pays	Plan Pays*
Mental Health Inpatient	80% (after deductible)	60% (after deductible)
Mental Health Outpatient	100% (after $30 co-pay)	60% (after deductible)
Substance Use Disorder (Detox Inpatient)	80% (after deductible)	60% (after deductible)
Substance Use Disorder (Detox Outpatient)	100% (after $30 co-pay)	60% (after deductible)
Substance Use Disorder (Rehab Inpatient)	80% (after deductible)	60% (after deductible)
Substance Use Disorder (Rehab Outpatient)	100% (after $30 co-pay)	60% (after deductible)

**For out-of-network providers, the Plan pays benefits for eligible expenses based on a determination of the Maximum Allowable Amount. The Plan does not pay benefits for any expense that is above the Maximum Allowable Amount. As a result you are responsible for any charges that exceed the Maximum Allowable Amount.*

Highlights of Your Mental Health and Substance Use Disorder Coverage in the HDPPO 1 and HDPPO 2 Options

Here is a brief summary of your Mental Health and Substance Use Disorder coverage if you select medical coverage under the HDPPO 1 or HDPPO 2 Options.

MENTAL HEALTH AND SUBSTANCE ABUSE	IN-NETWORK	OUT-OF-NETWORK*
	Plan Pays (after deductible)	Plan Pays (after deductible)
Mental Health Inpatient	80%	60%
Mental Health Outpatient	80%	60%
Alternative Levels of Care	80%	60%
Substance Abuse (Rehab Inpatient)	80%	60%
Substance Abuse (Rehab Outpatient)	80%	60%

**For out-of-network providers, the Plan pays benefits for eligible expenses based on a determination of the Maximum Allowable Amount. The Plan does not pay benefits for any expense that is above the Maximum Allowable Amount. As a result you are responsible for any charges that exceed the Maximum Allowable Amount.*

Please Note: No Mental Health or Substance Use Disorder benefits in the HDPPO 1 or HDPPO 2 Options are payable until you satisfy the annual deductible.

Mental Health and Substance Use Disorder Treatment Expenses Covered Under the PPO and High Deductible Options

The PPO and HDPPO medical plan options limit benefits for inpatient and outpatient mental health and substance use disorder treatments. Please contact the Claims Administrator for details regarding the limits that apply.

Please refer to the *"EAP/Work Life Services"* section below for a description of employee assistance benefits provided under the Plan.

The covered mental health and substance use disorder expenses include, but may not be limited to the following:

- Inpatient facility and physician services provided for mental health and substance use disorders, including:
  - Detox and rehab substance use disorder services;
  - Services provided in a hospital (including emergency room visits);
  - Services provided in a substance use disorder treatment facility;
  - Services provided in an intermediate mental health/substance use disorder treatment care facility;
  - In-home mental health care;
  - Lab tests related to treatment;
  - Medication check visits;
  - Services received through a partial hospitalization (day/night) treatment program.

The Plan considers an inpatient hospital stay to be one for which a room and board charge is made. Care provided in an intermediate care facility only includes continuous treatment of not less than three hours and not more than twelve hours in a 24-hour period. Intermediate care facility services do not include a hospital inpatient stay.

- Outpatient facility and physician services provided for mental health and substance use disorder, including:
  - Detox and rehab substance use disorder services;
  - Services provided in a hospital (including emergency room visits);
  - Services provided in a substance use disorder treatment facility;
  - Services provided in an intermediate mental health/substance use disorder treatment care facility;
  - Lab tests related to treatment;
  - Medication check visits;
  - Services received through a partial hospitalization (day/night) treatment program.
- Emergency care
  - You must present a real or potential danger to yourself or to others;
  - Your judgment, impulse control, or functioning must be significantly impaired;
  - You must have immediate and severe medical complications concurrent with or as a result of psychiatric or substance use disorder illness and its treatment;
  - Services must be provided in an intermediate mental health/substance use disorder treatment care facility;
  - Lab tests must be related to treatment.

To confirm if an expense is eligible for reimbursement, contact an Anthem customer service associate at the number on the back of your ID card.

EAP/Work Life Services

Value Options offers you and your family information, resources and referrals on certain life issues that you may be facing. Issues such as:

- Finding child care

- Depression and anxiety
- Marital and family concerns
- Adopting a child
- Workplace concerns
- Caring for an elderly parent
- Balancing work and your personal life
- Legal and Financial Issues

Value Options' professional staff is available 24 hours a day, seven days a week at **1-800-946-5360**. Counselors will help you define your needs, provide counseling and support, and then carry out an extensive search for information and services compatible with your family's preferences and finances. Their service is free and confidential. If needed, the counselor will assist you in setting up an in-office visit with a Value Options EAP counselor in your area. You, a family member, or a household member may receive up to six free EAP sessions at no cost with the local EAP counselor.

You can also call the EAP for guidance on a number of legal and financial issues, including divorce, domestic violence, estate planning and family budgeting. If you need additional legal or financial assistance, your EAP counselor will refer you to an attorney or financial counselor in your community.

Counselors work hard to find resources that fit your budget requirements. If your Value Options EAP counselor provides a referral for services beyond the six free EAP visits, you are responsible for the cost of the care selected.

Health Savings Account (HSA)

Please see the *"Health Savings Account"* subsection of the **Flexible Benefits Plan** section of the Handbook for information concerning establishing and contributing to a health savings account when you enroll in an HDPPO.

Coordination of Benefits (COB)

If you or your dependents have coverage under another medical plan or program, your benefits under the Plan coordinate with benefits outside the Plan to help eliminate duplicate payments for the same services. See the *"Coordination of Benefits (COB)"* information in the **Benefits Program Overview** section to learn more about the Plan's COB features.

Please Note: If you or your covered dependent becomes entitled to Medicare due to end-stage renal disease, the Plan continues to pay as primary during the first 30 months of dialysis or the first 30 months of treatment in connection with a kidney transplant. Thereafter, Medicare generally becomes the primary payer of benefits. Contact your local Social Security Administration office to get more information about enrolling in Medicare.

Filing a Claim

Generally, in-network providers file claims on your behalf. If so, the Claims Administrator will send payments directly to the provider. You will be sent a statement itemizing what has been paid.

If your provider does not file claims on your behalf, you must file your claims as follows:

- Complete the appropriate claim form. Claim forms can be obtained from the Claims Administrator by phone via MySource for Human Resources at **1-888-640-3320**, or online via the MySource for Human Resources website **www.mysourceforhr.com**.
- Attach copies of all available medical bills that should be considered for Plan benefits. These bills should include:
  - Name of patient;
  - Name and Social Security number of employee;
  - Date of treatment;

  - Type of treatment;
  - Charge for the treatment;
  - Provider of the treatment; and
  - Any other information that clearly indicates the medical expense
- Mail your completed claim form to the address on the back of your benefit plan ID card.
- Submit your claim to the Claims Administrator as soon as possible after you receive the covered service.

The Claims Administrator will process your claim. Generally, claim payments are sent directly to providers. However, there may be situations where payments are sent directly to you (i.e. your provider is not a member of the network). Any claims submitted after 18 months from the date of service generally will not be considered for payment. If you have any questions regarding filing claims, contact MySource for Human Resources at **1-888-640-3320**.

Claim Determination and Appeal Process

For information regarding the Plan's claim determination and appeal process, please see the subsection of the **Benefits Program Overview** entitled *"Claim Determination and Appeal Process – Medical and Dental Plans."*

Continuation of Coverage

General

For information regarding continuation of coverage under the Medical Plan, including COBRA continuation coverage, please see the subsection of the **Benefits Program Overview** entitled *"Continuation of Coverage under the Medical, Dental, Vision and FSA Plans."*

Additional Information

Your Rights Under the Newborn's and Mother's Health Protection Act

Under Federal law, the Plan generally may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a delivery by cesarean section. However, Federal law generally does not prohibit a shorter stay if the attending provider, after consultation with the mother, discharges the mother or newborn earlier than 48 hours (or 96 hours as applicable). In any case, the Plan may not require that the provider obtain authorization from the Plan for prescribing a length of stay that is not in excess of the above periods.

Women's Health and Cancer Rights Act of 1998

Federal law requires the Plan to provide coverage for the following services to an individual receiving Plan benefits in connection with a mastectomy:

- All stages of reconstruction of the breast on which the mastectomy has been performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance;

Prosthesis and treatment of physical complications for all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

General Program Information

Program Name:	NiSource Life and Medical Benefits Program
Benefit Plan Name:	NiSource Consolidated Flex Medical Plan (a component of the NiSource Life and Medical Benefits Program)
Plan Type:	Group Health Plan
Plan Number:	536
Type of Funding:	Self-Funded. Benefits under the Plan are funded through the general assets of the participating employers, through participant contributions and other benefit funding vehicles that may be established from time to time.
Contribution Source:	Employee and Employer
Plan Sponsor:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410
Fiduciary and Plan Administrator:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**
EIN:	35-2108964
Plan Year:	January 1 through December 31
Contributions:	As a condition of participation, participants will be required to contribute toward the cost of the benefit plan coverage they select in an amount determined by the Plan Administrator from time to time. The balance of benefit plan coverage cost will be paid by the participating employers or any other benefit funding vehicle as may be established or maintained from time to time.
Type of Administration:	Claims are administered by the Claims Administrators listed below under a contract between the benefit plan and the Claims Administrator. Benefits will be paid under a benefit plan only if the applicable Plan Administrator, or its delegate (e.g., Claims Administrator), determines that the claimant is entitled to them.
Claims Administrator For Medical and Mental Health and Substance Use Disorders:	Anthem Insurance Companies, Inc. P.O. Box 37010 Louisville, KY 40233 **www.anthem.com** **1-800-228-2891**

Claims Administrator for EAP:	Value Options P.O. Box 1347 Latham, NY 12110-8847 **www.valueoptions.com** **1-800-946-5360**
Claims Administrator for Prescription Drug Service:	Express Scripts, Inc. (PPO) **http://express-scripts.com/** **1-855-846-6774** **1-800-899-2114** (TDD) *Mailing Address for Prescriptions (PPO)* Express Scripts, Inc. PO Box 66558 St. Louis, MO 63166-6558 *For Paper Claims (PPO)*: Express Scripts, Inc. ATTN: Commercial Claims P.O. Box 2872 Clinton, IA 52733-2872 *For Clinical Appeals (PPO):* Express Scripts, Inc. Attn: Pharmacy Appeals - KJJ Mail Route BL0390 6625 West 78th Street Bloomington, MN 55439 Fax (877) 852-4070 The Anthem Prescription Drug Program (HDPPO 1 and HDPPO 2) P.O. Box 746000 Cincinnati, OH 45274-6000 **www.anthem.com** **1-800-228-2891** (mail order) **1-800-228-2891** (customer service)
Agent for Service of Legal Process:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**

Service of legal process may be made upon the Plan Administrator.

Dental Plan

- Preventive Dental
- Dental Plan
- Dental Plus

Your Dental Plan Options

NiSource Inc. (the "Company") offers the NiSource Dental Plan (the "Plan") to eligible employees and their dependents with the following dental coverage options:

- Preventive Dental;
- Dental Plan; and
- Dental Plus;

Both Dental Plan and Dental Plus provide coverage for eligible dental services such as preventive care services, basic services, and major services. The Dental Plus coverage option is an employee contributory option that also provides for orthodontia benefits.

The Preventive Dental coverage option provides preventive care at 100% of applicable charges and covers fillings and routine extractions at 50% of applicable charges after the deductible. Orthodontia is not covered and there is a deductible required. See *"Highlights of the Dental Plan Coverage"* for further details.

All dental coverage options use a network of providers. When you use an in-network provider you receive the added benefit of lower, negotiated fees. In addition, you are not responsible for fees over the negotiated rate. If you use an out-of-network provider, the amount of the claim that is paid is the product of the applicable coinsurance percentage (set forth below) multiplied by the "Maximum Reimbursable Charge," after the application of any deductible. You are responsible to pay any amount your dentist charges that exceeds the applicable percentage of the Maximum Reimbursable Charge. The Maximum Reimbursable Charge is determined based upon guidelines established by the Claims Administrator in its discretion from time to time. If you have a question about the determination of the Maximum Reimbursable Charge, contact the Claims Administrator.

To find a provider in your area, log on to the MySource for Human Resource website at **www.mysourceforhr.com** or call the MySource automated telephone system at **1-888-640-3320**. Customer service associates can then connect you with a provider directly so that you can locate a participating dentist near you.

Eligibility

For information regarding eligibility under the Plan, please see the *"Eligibility under the Medical, Dental and Vision Plans"* subsection of the **Benefits Program Overview**.

Enrollment

For information regarding enrollment in the Plan, please see the subsection of the **Benefits Program Overview** entitled *"Enrollment in the Medical, Dental and Vision Plans"*.

Opt-Out Credit

Please see the subsection of the **Benefits Program Overview** entitled *"Opt-Out Credit"* for information concerning whether you may be entitled to an opt-out credit under the Plan.

Contributions

The employer and employee will contribute to the cost of the Plan in an amount determined on an annual basis or as otherwise required by a collective bargaining agreement. For further questions, please contact MySource for Human Resources at **1-888-640-3320.**

When Coverage Begins and Ends

For information regarding when your coverage begins and ends under the Plan, please see the subsection of the **Benefits Program Overview** entitled *"When Coverage Begins and Ends – Medical, Dental, Vision and FSA Plans"*.

Highlights of the Dental Coverage

Here is a summary of the benefits under each option.

FEATURE	PREVENTIVE DENTAL (IN OR OUT OF NETWORK)		DENTAL PLAN (IN OR OUT-OF-NETWORK)		DENTAL PLUS (IN OR OUT OF NETWORK)	
Annual Deductible	**You Pay**		**You Pay**		**You Pay**	
Covered Member	$75		$50		None	
Covered Member + Spouse	$150		$100		None	
Covered Member + Child(ren)	$75 per covered member up to $225		$50 per covered member up to $150		None	
Covered Member +Family	$75 per covered member up to $225		$50 per covered member up to $150		None	
Coinsurance	**You Pay**	**Plan Pays**	**You Pay**	**Plan Pays**	**You Pay**	**Plan Pays**
Preventive and Diagnostic Treatment	N/A	100%	N/A	100%	N/A	100%
Basic Treatment	50% (after deductible)	50% (after deductible)	20% (after deductible)	80% (after deductible)	20%	80%
Major Treatment (other than oral surgery or anesthesia)	100%	N/A	50% (after deductible)	50% (after deductible)	50%	50%
Major Treatment (oral surgery or anesthesia only)	50% (after deductible)	50% (after deductible)	20% (after deductible)	80% (after deductible)	20%	80%
Orthodontia (adult and child)	100%	N/A	100%	N/A	50% (up to lifetime maximum); 100% thereafter	50% (up to the lifetime maximum)
Maximums	**Plan Pays**		**Plan Pays**		**Plan Pays**	
Annual Maximum	Up to $2,000 per person per year		No annual maximum		Up to $2,000 per person per year	
Annual Maximum - Implants	No Coverage		No annual maximum		Up to $600 per person per year	
Orthodontia Lifetime Maximum	No Coverage		No Coverage		Up to $1,500 per person	

All expenses incurred, whether care is received from a dentist in- or out-of-network, will be applied toward the calendar year deductible and maximum amounts according to the summary above.

For out-of-network providers, after you pay any applicable deductible, the Plan will pay the applicable percentage of Maximum Reimbursable Charges that are covered expenses. In addition to your share of Maximum Reimbursable Charge, you will be required to pay any amount your dentist charges over the Maximum Reimbursable Charge.

Dental Expenses Covered

The Plan pays for certain services and supplies that are considered necessary in terms of generally accepted dental standards, appropriate to properly treat the dental condition, and must be recommended by the participant's dentist.

Covered expenses include, but may not be limited to, the following eligible dental services and supplies up to the maximum allowance and/or applicable percentage of the Maximum Reimbursable Charge:

Preventive Treatment (Covered Under All Options)

Preventive Treatment is treatment designed to prevent dental disease, defect or injury and includes:

- Oral examination;
- Prophylaxis (cleaning and scaling of teeth);
- Periodontal maintenance procedures (following active therapy) and Periodontal prophylaxis;
- Topical application of fluoride solutions;
- Bite-wing x-rays;

Note: The services described above are each limited to twice in a calendar year.

- Topical application of sealant on a posterior tooth for covered persons under age 19 (only one treatment per tooth in any 3 consecutive calendar years);
- Panoramic (Panorex) x-ray once in any 3 consecutive calendar years;
- Full-mouth series of x-rays once in any 3 consecutive calendar years; and
- Space maintainers, fixed unilateral – limited to nonorthodontic treatment, up to age 19.

Basic Treatment (Covered Under All Options)

Basic Treatment is designed to correct dental disease, defect or injury and includes:

- Routine extractions;
- Amalgam and composite/resin restorations;
- Root canal therapy (any x-ray, test, laboratory exam or follow-up care is part of the allowance for root canal therapy and not a separate dental service);
- Osseous surgery (flap entry and closure is part of the allowance for osseous surgery and not a separate dental service);
- Periodontal scaling and root planing – entire mouth
- Adjustments – complete denture
  - any adjustment of or repair to a denture within 6 months of its installation is not a separate dental service.
- Recement bridge
- Surgical removal of erupted tooth requiring elevation of mucoperiosteal flap and removal of bone and/or section of tooth
  - Removal of impacted tooth, soft tissue
  - Removal of impacted tooth, partially bony
  - Removal of impacted tooth, completely bony
- Local anesthetic, analgesic and routine postoperative care for extractions and other oral surgery procedures are not separately reimbursed but are considered as part of the submitted fee for the global surgical procedure.
- General anesthesia – paid as a separate benefit only when medically or dentally necessary, as determined by the Plan Administrator (or its delegate), and when administered in conjunction with complex oral surgical procedures which are covered under the Plan.
- I.V. sedation – paid as a separate benefit only when medically or dentally necessary, as determined by the Plan Administrator (or its delegate), and when administered in conjunction with complex oral surgical procedures which are covered under the Plan.

Major Treatment (Covered Under the Dental Plan and Dental Plus Options)

The Plan pays for Major Treatment, provided you select the Dental Plan or Dental Plus coverage option. If you elect the Preventive Dental Option, the Plan does not pay benefits for Major Treatment.

Major Treatment is designed to correct dental disease, defect or injury and includes:

- Crowns

  Note: Crown restorations are dental services only when the tooth, as a result of extensive caries or fracture, cannot be restored with amalgam, composite/resin, silicate, acrylic or plastic restoration.

  - Porcelain fused to high noble metal
  - Full cast, high noble metal
  - Three-fourths cast, metallic
- Removable Appliances
  - Complete (full) dentures, upper or lower
  - Partial dentures
  - Lower, cast metal base with resin saddles (including any conventional clasps, rests and teeth)
  - Upper, cast metal base with resin saddles (including any conventional clasps rests and teeth)
- Fixed Appliances
  - Bridge pontics - cast high noble metal
  - Bridge pontics - porcelain fused to high noble metal
  - Bridge pontics - resin with high noble metal
  - Retainer crowns - resin with high noble metal
  - Retainer crowns - porcelain fused to high noble metal
  - Retainer crowns - full cast high noble metal
- Prosthesis over implant – a prosthetic device, supported by an implant or implant abutment is a covered expense. Replacement of any type of prosthesis with a prosthesis supported by an implant or implant abutment is only payable if the existing prosthesis is at least 5 calendar years old, is not serviceable and cannot be repaired.
- Implants - covered dental expenses include: the surgical placement of the implant body or framework of any type; any device, index, or surgical template guide used for implant surgery; prefabricated or custom implant abutments; or removal of an existing implant. Implant removal is covered only if the implant is not serviceable and cannot be repaired. Implant coverage has a separate yearly maximum as shown in *Highlights of the Dental Plan Coverage*.
- Treatment of Temporomandibular Joint Dysfunction (TMJ)
  - Office visit – Adjustment to appliance (no more than six (6) adjustments in six (6) consecutive months after seating or placement of appliance)
  - Transcutaneous Electro-neural Stimulation (no more than four (4) treatments in a six (6)-month period)
  - Trigger Point Injection of Local Anesthetic into Muscle Fascia (no more than four (4) treatments in a six (6)-month period)
  - Mandibular Orthopedic Repositioning Appliance (only one appliance per person in any five (5) year period)

Orthodontia Services (Covered Under Dental Plus)

The Plan pays benefits for orthodontia services, provided you select the Dental Plus coverage option and remain covered under such option throughout the course of treatment. If you select the Preventive Dental or Dental Plan coverage option, the Plan does not pay benefits for orthodontia services. The Claims Administrator must determine that the service is necessary, and all orthodontia appliances and treatment must be part of a course of orthodontic treatment that begins while your coverage is in effect.

Subject to the foregoing, the Plan pays benefits for the following orthodontia services:

- Orthodontic work-up including x-rays, diagnostic casts and treatment plan and the first month of active treatment including all active treatment and retention appliances.
- Continued active treatment after the first month.
- Fixed or Removable Appliances - Only one appliance per person for tooth guidance or to control harmful habits.

The total amount payable for all expenses incurred for orthodontics during a person's lifetime will not be more than the orthodontia maximum shown in the *Highlights of the Dental Plan Coverage*.

Benefit payments for comprehensive full-banded orthodontic treatment are made in installments. Benefit payments will be made every 3 months. The first benefit payment is payable when the appliance is installed. Later payments are payable at the end of each 3-month period. The first installment is the lesser of (x) the lifetime maximum for orthodontia services, or (y) the product of (i) 25% of the charge for the entire course of treatment, multiplied by (ii) the applicable covered percentage. The remainder of the charge is prorated over the estimated duration of treatment. Payments are only made for services provided while a person is covered. If coverage ends or treatment ceases, payment for the last 3-month period will be prorated.

Orthodontia Payment Example: If your orthodontia treatment costs $5,000 and is estimated to take three years from installation of the appliance to complete, and if you have not been reimbursed for any orthodontia treatment in the past, your first installment will be $625 [the product of 25% multiplied by $5,000 (total cost of treatment) multiplied by 50% (covered percentage), which product is less than $1,500 (lifetime maximum)]. Assuming you remain covered under the Plan and complete the three-year treatment, the remaining charge will be paid in quarterly installments of $156.25 [calculated as set forth above] until you reach your lifetime maximum [$875 remaining after initial installment].

ORTHODONTIA PAYMENT EXAMPLE

Total Treatment	$5,000.00
Initial Installment	
CIGNA Allowable (25% of total)	1,250.00
CIGNA Payment (50% of Allowable)	625.00
Remaining Installments	
Remaining Balance	$3,750.00
CIGNA Allowable (Remaining Balance/12 quarters)	312.50
CIGNA Quarterly Payment (50% of Allowable)	156.25*

*Subject to Lifetime Maximum

To confirm if an expense is eligible for reimbursement, call the Claims Administrator via MySource for Human Resources at **1-888-640-3320**.

Dental Expenses Not Covered

The Plan pays benefits for a variety of dental services, provided they are necessary according to generally accepted dental standards, appropriate to properly treat the dental condition, and recommended by your dentist. However, some limits and exclusions do apply.

The dental expenses **not** covered include, but are not limited to the following:

- Replacement of teeth that are missing when a person first becomes covered under the Plan;
- Services performed solely for cosmetic reasons;
- Replacement of a lost or stolen appliance;
- Replacement of a bridge, crown or denture within 5 years after the date it was originally installed unless: (a) the replacement is made necessary by the placement of an original opposing full denture or the necessary extraction of natural teeth; or (b) the bridge, crown or denture, while in the mouth, has been damaged beyond repair as a result of an

injury received while a person is insured for these benefits;

- Any replacement of a bridge, crown or denture which is or can be made useable according to common dental standards;
- Procedures, appliances or restorations (except full dentures) whose main purpose is to: (a) change vertical dimension; (b) diagnose or treat conditions or dysfunction of the temporomandibular joint; (c) stabilize periodontally involved teeth; or (d) restore occlusion;
- Porcelain or acrylic veneers of crowns or pontics on, or replacing the upper and lower first, second and third molars;
- Bite registrations; precision or semiprecision attachments; or splinting;
- Instruction for plaque control, oral hygiene and diet;
- Dental services that do not meet common dental standards;
- Services that are deemed to be medical services;
- Services and supplies received from a hospital;
- Services for which benefits are not payable according to the immediately following paragraph.

In addition to the foregoing, no payment will be made for expenses incurred for you or any one of your dependents:

- For or in connection with an injury arising out of, or in the course of, any employment for wage or profit;
- For or in connection with a sickness which is covered under any workers' compensation or similar law;
- For charges made by a hospital owned or operated by or which provides care or performs services for, the United States government, if such charges are directly related to a military-service-connected condition;
- For charges for services provided by the covered person's parent, spouse, brother, sister, son or daughter;
- For services or supplies received as a result of dental disease, defect or injury due to an act of war, declared or undeclared;
- To the extent that payment is unlawful where the person resides when the expenses are incurred;
- For charges which the person is not legally required to pay;
- For charges which would not have been made if the person had no insurance;
- To the extent that billed charges exceed the rate of reimbursement as described in the *Highlights of the Dental Plan Coverage,* including any charge in excess of the Maximum Reimbursable Charge;
- For charges for unnecessary care, treatment or surgery;
- To the extent that you or any of your dependents is in any way paid or entitled to payment for those expenses by or through a public program, other than Medicaid;
- For or in connection with experimental procedures or treatment methods not approved by the American Dental Association or the appropriate dental specialty society.

To confirm if an expense is eligible for reimbursement, call the Claims Administrator via MySource for Human Resources at **1-888-640-3320**.

How Your Health Care Flexible Spending Account Can Help

Remember, you can use your Health Care Flexible Spending Account to pay for eligible dental expenses that are not covered by the Dental Plan. You also can use the Health Care Flexible Spending Account to reimburse yourself for your share of the cost of any dental care that you receive. You must submit eligible expenses to the Health Care Flexible Spending Account by June 15 following the Plan Year in which you incur the expense.

Coordination of Benefits (COB)

If you or your dependents have dental coverage under another dental plan, this Plan coordinates benefits with the other benefits to help eliminate duplicate payments for the same services. See the "*Coordination of Benefits*" section of the **Benefits Program Overview** to learn more about the Plan's COB features.

Filing a Claim

General

Generally, dentists file claims electronically on your behalf provided that the dentist is a participating dentist. If you see a non-participating dentist, you may need to file your own claim. Claims should be submitted to the Claims Administrator.

How to File Claims

If you file your own claim form, follow these steps.

- Complete your portion of the claim form (your form will include step-by-step instructions for completing the correct information). Your dentist will need to complete his or her portion of the form. Forms can be obtained from the Claims Administrator. You can connect with the Claims Administrator online via the MySource for Human Resources website **www.mysourceforhr.com**.
- Attach copies of all available dental bills that should be considered for Plan benefits. These bills should include:
  - Name of patient;
  - Name and Social Security number of employee;
  - Date of treatment;
  - Type of treatment;
  - Charge for the treatment;
  - Provider of the treatment; and
  - Any other information that clearly indicates the dental expense.
- Submit your completed claim form to the Claims Administrator. Claims should be submitted to:

  CIGNA

  P.O. Box 188037
  Chattanooga, TN 37422-8037

Any claims not submitted after 18 months from the date of service generally will not be considered for payment.

If you have a claim inquiry or a question regarding filing claims, call the Claims Administrator via MySource for Human Resources at **1-888-640-3320**.

Claim Determination and Appeal Process

For information regarding the Plan's claim determination and appeal process, please see the subsection of the **Benefits Program Overview** entitled *"Claim Determination and Appeal Process – Medical and Dental Plans."*

Continuation of Coverage

For information regarding continuation of coverage under the Plan, including COBRA continuation coverage, please see the subsection of the **Benefits Program Overview** entitled "*Continuation of Coverage under the Medical, Dental, Vision and FSA Plans.*"

General Program Information

Program Name:	NiSource Welfare Benefits Program
Benefit Plan Name:	NiSource Dental Plan (a component of the NiSource Welfare Benefits Program)
Type of Plan:	Group Health Plan
Plan Number:	537
Type of Funding:	Self-Funded. Benefits under the Plan are funded through the general assets of participating employers, through participant contributions and other benefit funding vehicles that may be established from time to time.
Contribution Source:	Employee and Employer
Plan Sponsor:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410
Fiduciary and Plan Administrator:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**
EIN:	35-2108964
Plan Year:	January 1 through December 31
Contributions:	As a condition of participation, participants will be required to contribute toward the cost of the benefit plan coverage they select in an amount determined by the Plan Administrator from time to time. The balance of benefit plan coverage cost will be paid by the participating employers or any other benefit funding vehicle as may be established or maintained from time to time.
Type of Administration:	Claims are administered by the Claims Administrator listed below under a contract between the benefit plan and the Claims Administrator. Benefits will be paid under a benefit plan only if the applicable Plan Administrator, or its delegate (e.g., Claims Administrator), determines that the claimant is entitled to them.
Claims Administrator:	CIGNA P.O. Box 188037 Chattanooga, TN 37422-8037 **www.cigna.com**
Agent for Service of Legal Process:	NiSource Benefits Committee 801 East 86th Avenue **Merrillville, Indiana 46410** **(219) 647-5571**

Service of legal process may be made upon the Plan Administrator.

Vision Plan

- Vision Plan Option
- Basic Vision Option

Your Vision Plan Options

NiSource Inc. (the "Company") offers the NiSource Vision Plan (the "Plan") to eligible employees and their dependents with the following coverage options:

- Vision Plan option; and
- Basic Vision option.

This Plan is designed to cover certain costs associated with your vision correction. *Please note that any illness or injury to your eyes would be covered under the Medical Plan, subject to any terms, conditions and limitations set forth in the Medical Plan.*

The Plan utilizes a network of VSP doctors. The Plan pays vision benefits for eligible expenses regardless of whether you receive services and/or eyewear from a VSP network doctor or a non-VSP provider. However, if you go to a VSP network provider, the Plan pays a higher level of benefits. You also have the option to receive benefit coverage from non-VSP providers. However, your level of benefit payment will be subject to the non-VSP provider schedule as outlined in the "*Highlights of Your Vision Plan Coverage*".

- **VSP Network Doctor** – offers the convenience of "one-stop shopping" and can provide everything you need (eye exams, and if applicable, prescription glasses, and contacts). As long as you receive care and eyewear from a VSP network provider, you are responsible for the amount in excess of the Plan's allowance, or the cost of any eyewear or service that the Plan does not cover.
- **Non-VSP Providers** – you have the option to receive your services and eyewear outside the network. If you do, you must pay the provider in full at the time of your appointment and submit a claim to VSP. Once you submit an itemized receipt, the Plan then reimburses you for the eligible expense (up to the Plan's allowance).

To find a doctor who participates in the VSP Network, log on to the MySource for Human Resources website at **www.mysourceforhr.com** or call MySource at **1-888-640-3320** to request assistance.

Eligibility

For information regarding eligibility under the Vision Plan, please see the *"Eligibility under the Medical, Dental and Vision Plans"* subsection of the **Benefits Program Overview**.

Enrollment

For information regarding enrollment in the Vision Plan, please see the subsection of the **Benefits Program Overview** entitled *"Enrollment in the Medical, Dental and Vision Plans"*.

Contributions

The employer and employee will contribute to the cost of the Plan in an amount determined on an annual basis or as otherwise required by a collective bargaining agreement. For further questions, please contact MySource for Human Resources at **1-888-640-3320** or log on to the MySource for Human Resources website at **www.mysourceforhr.com**.

When Coverage Begins and Ends

For information regarding when your coverage begins and ends under the Plan, please see the subsection of the **Benefits Program Overview** entitled *"When Coverage Begins and Ends – Medical, Dental, Vision and FSA Plans"*.

Highlights of Your Vision Plan Coverage

Vision Plan Option

The Vision Plan option pays for the following services and materials:

COVERED SERVICES	FREQUENCY	VSP NETWORK PROVIDER	NON-VSP PROVIDER
Exam			
	Once every calendar year	100%	Up to a $35 allowance
Lenses (per pair)			
Regular (single vision)	Once every calendar year	100%	Up to a $25 allowance
Lined Bifocal	Once every calendar year	100%	Up to a $40 allowance
Lined Trifocal	Once every calendar year	100%	Up to a $55 allowance
Lenticular	Once every calendar year	100%	Up to a $80 allowance
Frame			
	One every two consecutive calendar years	100%, Up to a $180 frame allowance	Up to a $45 allowance
Contacts			
Visually necessary	Once every calendar year in place of glasses	100%	Up to a $210 allowance
Elective	Once every calendar year in place of glasses	100% up to a $150 annual allowance	Up to a $105 allowance

If you choose contacts instead of glasses, your $150 allowance applies to the cost of your contacts and contact lens exam (fitting and evaluation). The contact lens exam is in addition to your vision exam to ensure proper fit of contacts.

Basic Vision Option

COVERED SERVICES	FREQUENCY	VSP NETWORK PROVIDER	NON-VSP PROVIDER
Exam			
	Once every calendar year	100%	Up to a $35 allowance

Vision Expenses Covered

The Plan will pay for vision services and materials, as described in the *"Highlights of Your Vision Plan Coverage."*

The services and materials that the Plan covers include, but are not limited to, the following:

- One vision exam in every calendar year.
- Prescription eyeglass lenses, one pair in every calendar year, up to a specified lens allowance.
- Frame, one pair in every two consecutive calendar year period (up to the frame allowance).
- Contacts, one pair in every calendar year, up to a specified allowance. The allowance applies to the cost of your eye exam, contacts and contact lens exam (fitting and evaluation). This exam is in addition to your vision exam to ensure proper fit of your contacts. You can elect to receive an annual allowance toward the cost of contacts in lieu of lenses.

Extra Discounts and Savings

When visiting a VSP network provider, you may receive:

- Up to 20% savings on lens extras such as scratch resistant and anti-reflective coatings and progressives;
- 20% off additional prescription glasses and sunglasses;
- 15% discount off the cost of an elective contact lens exam (fitting and evaluation);
- Polycarbonate lenses are covered in full for dependent children;
- Laser vision correction discounts.

Other Programs/Resources Offered by the VSP

Laser VisionCare℠ Program

If you are considering laser vision correction, the Plan can help you make an informed decision. The Plan contracts with laser surgery facilities and doctors. As a result, you can access laser vision correction surgery for hundreds of dollars less than what you might pay privately. VSP has arranged for members to receive PRK, LASIK and Custom LASIK, at a discounted fee. Visit the Claims Administrator's website at **www.vsp.com** or call **1-800-877-7195** to learn more about this program.

To confirm if an expense is eligible for reimbursement, call the Claims Administrator via MySource for Human Resources at **1-888-640-3320**.

Vision Expenses Not Covered

The Plan pays benefits for many vision care services and eyewear. However, some limits and exclusions do apply. If you want to know if a service or eyewear will be covered under the Plan, or if you have questions regarding your coverage, please ask your VSP provider or call the Claims Administrator.

Patient Options

This Plan is designed to cover visual needs rather than cosmetic eyewear. When a covered member selects any of the following extras, the Plan will pay the basic cost of the allowed lenses, and the covered member will pay the additional costs for the options.

- Optional cosmetic processes;
- Anti-reflective coating;
- Color coating;
- Mirror coating;
- Scratch coating;
- Blended lenses;
- Cosmetic lenses;
- Laminated lenses;
- Oversize lenses;
- Photochromic lenses, tinted lenses except Pink #1 and Pink #2;
- Progressive multifocal lenses;
- UV (ultraviolet) protected lenses; or
- Certain limitations may apply on low vision care.

Not Covered

There are no benefits for professional services or eyewear connected with:

- Orthoptics or vision training and any associated supplemental testing;
- Plano lenses;
- Two pair of glasses in lieu of bifocals;
- Replacement of lenses and frames furnished under the Plan that are lost or broken, except at the normal intervals when services are otherwise available;
- Medical or surgical treatment of the eyes;
- Corrective vision treatment of an experimental nature;
- Costs for services and/or eyewear above Plan benefit allowances; and
- Services and/or eyewear not indicated as covered Plan benefits.

How Your Health Care Flexible Spending Account Can Help

Remember, you can use your Health Care Flexible Spending Account to pay for eligible vision care expenses that are not covered under the Plan. You also can use the Health Care Flexible Spending Account to reimburse yourself for your share of the cost of any vision care services (i.e., any amounts that exceed the Plan's specified allowances). You must incur eligible expenses no later than March 15 following the end of the Plan Year and submit them to the Health Care Flexible Spending Account no later than June 15 following the end of the Plan Year. Please see the "Flexible Benefits Plan" section of this Handbook for additional details about the Health Care Flexible Spending Account.

Coordination of Benefits (COB)

If you or your dependents have vision coverage under another plan, the primary plan is the one under which you are covered as an employee. Eligible dependent children receive primary coverage under their father's plan.

If your secondary plan pays the out-of-pocket expenses you incur under your primary plan, the following rules apply:

- The deductible (if any) under the secondary plan is waived;
- Payment under the secondary plan is made directly to you (according to the secondary plan's non-network provider schedule); and
- Any payment made toward a service or material that is covered under the secondary plan exhausts the secondary plan's coverage for that service for the entire benefit period.

If the primary plan already pays for a service or eyewear within the allowed period and you use a VSP network provider (in-network) under the secondary plan for that same service, the service is provided based on the secondary plan's preferred care provider schedule. In this case, deductible amounts (if any) toward that service apply under the secondary plan.

If you have primary coverage under another carrier, the Plan provides secondary coverage based on the coordination of benefits rules outlined in the *"Coordination of Benefits"* section of the **Benefits Program Overview**.

If you do not use the secondary plan to recover out-of-pocket expenses incurred under the primary plan, you can use the secondary plan for another claim (provided such services have been exhausted under the primary plan).

How to Access the Vision Benefits

Selecting a VSP Network Provider

- Log on to the MySource for Human Resources website at **www.mysourceforhr.com** to find the link to VSP's website that houses the most up-to-date list of VSP network providers; or call MySource for Human Resources at **1-888-640-3320** to locate a VSP network provider near you. Call the VSP network

provider to make an appointment. Identify yourself as a VSP member.

- At the time of the visit, pay any amounts that are in excess of the allowance or the Plan's covered services. The VSP network provider files all necessary claims directly from his or her office. The Claims Administrator takes care of all of the necessary paperwork, and pays the provider directly for the eligible expenses.

If you select a Non-VSP Provider

If you receive care from a non-VSP provider, you are required to submit a claim form. Here are the steps to follow when filing your own claim with the Claims Administrator:

- Complete your portion of the claim form. Forms can be obtained from the Claims Administrator. You can connect with the Claims Administrator via the MySource for Human Resources website **www.mysourceforhr.com** and link to the Claims Administrator's website.
- Attach copies of your itemized bill and paid receipts to your claim form. These bill should include:
  - Name of patient;
  - Patient's relationship to you;
  - Patient's date of birth;
  - Name and Social Security number of employee;
  - Provider's bill; and
  - Copy of your itemized paid receipt (you can forward this to the Claims Administrator without a completed claim form as long as you include your name and social security number, the patient's name and relationship to you, and the patient's date of birth).

Submit your completed claim form to the Claims Administrator. Claims should be submitted to:

VSP
P.O. Box 997105
Sacramento, CA 95899-7105

Be sure to submit your completed claim to the Claims Administrator within six months of the date of your service.

Your claim will be processed upon receipt. The Plan then pays eligible benefits directly to you. Regardless of whether you will receive care from a VSP network provider or a non-VSP provider, you receive a statement that tells you how much the Plan paid. In some cases, the Claims Administrator sends the payment to a designated representative (as in the case of a Qualified Medical Child Support Order).

If you have a claim inquiry or a question regarding filing claims, call the Claims Administrator via MySource for Human Resources at **1-888-640-3320**.

Claim Determination and Appeal Process

For information regarding the Plan's claim determination and appeal process, please see the subsection of the **Benefits Program Overview** entitled *"Claim Determination and Appeal Process – Vision Plan and Health Care FSA."*

Continuation of Coverage

For information regarding continuation of coverage under the Plan, including COBRA continuation coverage, please see the subsection of the **Benefits Program Overview** entitled *"Continuation of Coverage under the Medical, Dental, Vision and FSA Plans."*

General Program Information

Program Name:	NiSource Welfare Benefits Program
Benefit Plan Name:	NiSource Inc. Vision Plan (a component of the NiSource Welfare Benefits Program
Type of Plan:	Group Health Plan
Plan Number:	537
Type of Funding:	Fully Insured
Contribution Source:	Employee and Employer
Plan Sponsor:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410
Fiduciary and Plan Administrator:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**
EIN:	35-2108964
Plan Year:	January 1 through December 31
Contributions:	As a condition of participation, participants will be required to contribute toward the cost of the benefit plan coverage they select in an amount determined by the Plan Administrator from time to time. The balance of benefit plan coverage cost will be paid by the participating employers or any other benefit funding vehicle as may be established or maintained from time to time.
Type of Administration:	Fully Insured. The Plan is insured under a group insurance contract underwritten by the Insurance Company. Claims are administered by the Claims Administrator listed below under the group insurance contract.
Claims Administrator (VSP Providers):	Vision Service Plan Insurance Company 3333 Quality Drive Rancho Cordova, CA 95670 **www.vsp.com**
Claims Administrator (Non-VSP Providers):	Vision Service Plan Insurance Company P.O. Box 997105 Sacramento, CA 95899-7105
Insurance Company:	Vision Service Plan Insurance Company 3333 Quality Drive Rancho Cordova, CA 95670

Agent for Service of Legal Process: NiSource Benefits Committee
801 East 86th Avenue
Merrillville, Indiana 46410
(219) 647-5571

Service of legal process may be made upon the Plan Administrator.

The group insurance contract (the "Group Contract") underwritten by Vision Service Plan Insurance Company provides insured benefits under the Plan. Plan benefits are provided under the terms of the Group Contract and a certificate or evidence of coverage (the "Group Insurance Certificate"). In the event of a conflict between this summary plan description and the Group Contract and Group Insurance Certificate, the terms of the Group Contract and Group Insurance Certificate shall prevail.

Vision Service Plan Insurance Company, as Claims Administrator, has the sole discretion to interpret the terms of the Group Contract, to make factual findings, and to determine eligibility for benefits. The decision of the Claims Administrator shall not be overturned unless arbitrary and capricious. Benefits under the Plan will be paid only if the Claims Administrator decides in its discretion that the applicant is entitled to them.

Flexible Benefits Plan

- Flexible Spending Account Plan
- Health Savings Account

Your Flexible Benefits Plan Options

NiSource Inc. (the "Company") maintains the NiSource Flexible Benefits Plan (the "Plan"), which provides eligible employees with the option to participate in a Flexible Spending Account Plan (an "FSA Plan") and to contribute to a Health Savings Account (an "HSA"); provided, however, that you may not contribute to a Health Care FSA and an HSA at the same time.

Flexible Spending Account

The FSA Plan has two different Flexible Spending Accounts. They are:

- The Health Care FSA; and
- The Dependent Care FSA.

You may participate in one or both of these accounts. The contributions you make to the FSA accounts are not subject to Federal, and in many cases, state and local income tax, which reduces your taxable income.

The Health Care FSA allows you to set aside before-tax money from your paychecks to pay for certain eligible health care expenses that are not covered by the Medical, Dental or Vision Plans. You may set aside up to $2,500 a year (deducted from your pay in equal installments throughout the year) to pay for eligible out-of-pocket expenses such as deductibles, co-payments, or expenses that the Plan limits or excludes.

For reimbursement of health care expenses incurred by your same-sex domestic partner and his or her eligible children, see *"Reimbursement of Health Care Expenses Incurred by Same-Sex Domestic Partners and Their Children"* below.

The Dependent Care FSA works similarly to the Health Care FSA. However, the before-tax money that you can set aside can only be used for reimbursement for dependent care expenses for eligible dependents. You may set aside up to $5,000 per year, or $2,500 per year if you are married and file separate federal income tax returns.

You may not claim any other tax benefit (e.g., the federal dependent care tax credit) for the amount of your before-tax salary reductions under the Dependent Care FSA, although your eligible dependent care expenses in excess of that amount may be eligible for the federal dependent care tax credit. The federal dependent care tax credit is a credit against your federal income tax liability under the Internal Revenue Code. It is a non-refundable tax credit, which means that any portion of it that exceeds your federal income tax liability will be of no value to you. For more information about how the dependent care tax credit works, see IRS Publication No. 503 ("Child and Dependent Care Expenses"). For most individuals, participating in the Dependent Care FSA will produce greater federal tax savings than the dependent care tax credit, but there are some for whom the opposite is true. You should consult a tax advisor to determine what course of action would be best in your situation.

Eligibility

You can elect to participate in the FSA Plan provided you are classified as a regular full-time employee and your collective bargaining agreement provides for your eligibility in the FSA Plan.

For reimbursement under the Health Care FSA of health care expenses incurred by your same-sex domestic partner and his or her eligible children, see *"Reimbursement of Health Care Expenses Incurred by Same-Sex Domestic Partners and Their Children"* below.

For purposes of the Dependent Care FSA, eligible dependents include:

- Any one of the following children or dependents of yours who is under the age of 13, for whom you are entitled to a personal tax exemption, who has the same principal place of abode as you for more than half the year, and who has not provided more than half of his or her own support for such year: a son or daughter, step-son or step-daughter, sibling, step-sibling, half-sibling, sibling-in-law, niece, nephew, grandchild, great-grandchild, or a child adopted or placed for adoption, and, in some cases, a foster child;

- Your spouse who is physically or mentally incapable of caring for himself or herself, provided the spouse has the same principal place of abode as you for more than half the year. In addition, if services are provided outside the home, your spouse must regularly spend at least eight hours each day in your home;
- Any other person, regardless of age, who would qualify as your tax dependent for health coverage purposes under Federal law and who is incapable of self-care, provided the dependent has the same principal place of abode as you for more than half the year. This includes a parent, step-parent, parent-in-law, grandparent, son or daughter, step-son or step–daughter, son- or daughter-in-law, sibling, step-sibling, half-sibling, sibling-in-law, aunt or uncle, niece, nephew, grandchild, great-grandchild, a child adopted or placed for adoption, and, in some cases, a foster child. In addition, if services are provided outside the home, the dependent must regularly spend at least eight hours each day in your home.

For reimbursement of expenses incurred by your same-sex domestic partner and his or her eligible children, see "Reimbursement of Health Care Expenses Incurred by Same-Sex Domestic Partners and Their Children" below.

Enrollment

Provided eligibility requirements are met, as described in the "*Eligibility*" section of the FSA Plan, you can participate in the FSA Plan if you properly enroll. Newly eligible employees must enroll within 31 days of their eligibility date. In general, once you enroll for (or decline) coverage, your elections stay in effect for the entire Plan Year. In addition, participation in the FSA Plan requires annual enrollment at which time you must elect the amount that you want to contribute to the FSA Plan for the year. If there is a qualified life event, you may enroll or change existing elections during the year in certain circumstances. Please see the "*Enrollment*" section and the "*Changing and Continuing Elections*" of the **Benefits Program Overview** for further details.

When Coverage Begins and Ends

For information regarding when your coverage begins and ends under the FSA Plan, please see the subsection of the **Benefits Program Overview** entitled *"When Coverage Begins and Ends – Medical, Dental, Vision and FSA Plans"*.

Highlights of the Flexible Spending Accounts (FSAs)

FSA FEATURES	ELIGIBLE DEPENDENTS	ELIGIBLE EXPENSES
Health Care		
Before-Tax Contributions Minimum Annual Contribution is $60 Maximum Annual Contribution is $2,500	The Health Care FSA can be used to reimburse eligible out-of-pocket expenses incurred by you, your eligible spouse, or any person who is your dependent for federal income tax purposes (as determined without regard to such person's gross income). For reimbursement of expenses incurred by your same-sex domestic partner and his or her eligible children, see "Reimbursement of Health Care Expenses Incurred by Same-Sex Domestic Partners and Their Children" below.	Certain medical, dental, and vision expenses not covered under the Medical, Dental, or Vision Plans, such as deductibles, co-payments and coinsurance amounts. The expense must be considered as one incurred for "medical care," as defined in the Internal Revenue Code. A non-exhaustive list of eligible expenses can be found later in this section.
Dependent Care		
Before-Tax Contributions Minimum Annual Contribution is $60 Maximum Annual Contribution is $5,000; $2,500 if you are married and file separate federal income tax returns.	For purposes of the Dependent Care Flexible Spending Account, eligible dependents are: • Any one of the following children or dependents of yours who is under the age of 13, for whom you are entitled to a personal tax exemption, who has the same principal place of abode as you for more than half the year, and who has not provided more than half of his or her own support for such year: a son or daughter, step-son or step-daughter, sibling, step-sibling, half-sibling, sibling-in-law, niece, nephew, grandchild, great-grandchild, or a child adopted or placed for adoption, and, in some cases, a foster child; • Your spouse who is physically or mentally incapable of caring for himself or herself, provided the spouse has the same principal place of abode as you for more than half the year. In addition, if services are provided outside the home, the spouse must regularly spend at least eight hours each day in your home. • Any one of the following persons, regardless of age, who would qualify as your tax dependent for health coverage purposes under Federal law and who is incapable of self-care, provided the dependent has the same principal place of abode as you for more than half the year: a parent, step-parent, parent-in-law, grandparent, son or daughter, step-son or step-daughter, son- or daughter-in-law, sibling, step-sibling, half-sibling, sibling-in-law, aunt or uncle, niece, nephew, grandchild, great-grandchild, a child adopted or placed for adoption, and, in some cases, a foster child. In addition, if services are provided outside the home, the dependent must regularly spend at least eight hours each day in your home.	Expenses you incur to care for your child or a dependent family member while at work. If you are married, your spouse also must work, be looking for work, be a full-time student for at least five months during the calendar year, or be physically or mentally unable to care for your dependent(s). A non-exhaustive list of eligible expenses can be found later in this section.

Health Care Eligible Expenses

Health care expenses that are eligible for reimbursement from the Health Care FSA are those expenses incurred for "medical care" (as defined under the Internal Revenue Code and regulations issued thereunder) by you, your spouse or persons who qualify under the Code as your tax dependents for health coverage purposes, to the extent such expenses are not reimbursed from any other source, are not taken as a deduction on the your income tax return and are not otherwise excluded from eligibility under the terms of the Plan. Eligible health care expenses include, but may not be limited to the following:

- Expenses covered by an employer-sponsored health care plan, but not reimbursed due to a deductible or co-payment.
- Prescription vision expenses (including eyewear, contact lenses and optometrist), contact lens solution, a guide dog for the blind and special education devices for the blind (such as a special typewriter).
- Expenses that may not be covered by an employer-sponsored health care plan, including (but not limited to):
  - Confinement to a facility primarily for screening tests and physical therapy or hydrotherapy;
  - Cosmetic surgery if it is necessary to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease;
  - Services for chromosome or fertility studies;
  - Treatment (other than surgery, which is covered by the Medical Plan) of corns, bunions, calluses, foot structural disorders, etc.;
  - Services related to sexual dysfunctions or inadequacies;
  - Ace bandages, support hose, or other pressure garments prescribed by a physician;
  - Charges for medical expenses in excess of reasonable and customary expenses;
  - Acupuncture for pain relief as performed by a licensed practitioner;
  - Prescribed drugs and medicines used for medical care, including over the counter medications obtained with a prescription;
  - Insulin;
  - Orthodontic services not covered by a health care plan;
  - Transportation expense to receive medical care, including fares for public transportation and actual out-of-pocket car expense, such as gas and oil. In lieu of out-of-pocket expenses, a standard mileage rate (plus tolls and parking) may be used;
  - Hearing expenses including hearing aids, special instructions or training for the deaf (such as lip reading), the cost of acquiring and training a dog for the deaf, and special telephone and audio display equipment for the deaf;
  - Hypnosis for treatment of an illness;
  - "Halfway house" care to help individuals adjust from life in a mental hospital to community living;
  - Tutoring by a licensed therapist for a child with a severe learning disability and special schooling for handicapped individuals;
  - Lifetime care advance payment to a private institution for lifetime care, treatment, or training of a mentally or physically handicapped patient;
  - Medical information plan fees paid to a plan maintaining an individual's medical information by computer;

- Special car controls for the handicapped; and
- Full or partial reimbursement for certain capital expenditures that are primarily made for health care reasons (e.g., an air conditioner installed in the home of a person with severe allergies may qualify for partial reimbursement, and an exercise swimming pool to aid in the recovery of a stroke victim may qualify for reimbursement).

This list of covered expenses is subject to change. An expense may not be reimbursed if the IRS would not consider the expense to be eligible.

To confirm if an expense is eligible for reimbursement, call the Claims Administrator via MySource for Human Resources at ***1-888-640-3320.***

Health Care Expenses Not Eligible

The health care expenses that are **not** eligible for reimbursement from the Health Care FSA include, but may not be limited to the following:

- Over the counter medications (other than insulin) obtained without a prescription;
- Marriage or family counseling;
- The salary expense of a licensed practical nurse (LPN) incurred in connection with the care of a normal and healthy newborn (even though such care may be required due to the death of the mother in childbirth);
- Funeral and burial expenses;
- Household and domestic help (even though recommended by a qualified physician due to your or dependent's inability to perform physical housework);
- Custodial care in an institution;
- Costs for sending a "problem child" to a special school for benefits the child may receive from a special course of study and disciplinary methods;
- Health club dues, YMCA dues, steam bath, etc.;
- Social activities, such as dance lessons or classes (even if recommended by a qualified physician for general health improvement);
- Membership fees or costs associated with weight loss or smoking cessation programs for general health and well-being purposes;
- Maternity clothes, diaper services, etc.;
- Cosmetics, toiletries, toothpaste, etc.;
- General health care aids purchased without a prescription, such as dietary supplements (e.g., vitamins);
- Premiums for other group or individual insurance coverage;
- The segment of automobile insurance premiums providing medical coverage for persons injured through an accident involving your care;
- Vacation or travel taken for general health purposes, a change in environment, improvement of morale, etc., or taken to relieve physical or mental discomfort not related to a particular disease or physical defect;
- Retin-A when used solely for cosmetic purposes;
- Herbs (even if they are used to treat an illness or injury); and
- Premiums for contact lens replacement insurance.

Reimbursement of Health Care Expenses Incurred by Same-Sex Domestic Partners and Their Children

If your same-sex domestic partner and his or her eligible children qualify as your tax dependents for health coverage purposes under the Internal Revenue Code, then you may pay for eligible health care expenses incurred by them with funds from your Health Care FSA. For a discussion of when your same-sex domestic partner or his or her eligible children may qualify as your tax dependents, see the subsection of the

Benefits Program Overview entitled "Tax Treatment."

If, at some point during the plan year, you terminate your same-sex domestic partner relationship, or your same-sex domestic partner or his or her children otherwise cease to meet eligibility requirements, then your same-sex domestic partner and/or his or her children will not be considered tax dependents for any part of the plan year. In that case, any reimbursement for health care expenses incurred by your same-sex domestic partner or his or her children prior to the termination of your relationship will have been inappropriate and may need to be repaid to your account or offset against future submitted claims. You should consult with a tax advisor if you have any questions about the tax implications of covering your same-sex domestic partner and his or her children under a Health Care FSA.

Filing a Health Care FSA Claim

If your health care-related expenses are eligible for reimbursement from the Program's Medical, Dental, or Vision Plans (or another medical, dental, or vision plan outside the Program), those expenses should be submitted to that plan first. After a payment determination is made, the unreimbursed expenses can then be submitted to your Health Care FSA.

The total annual amount that you can elect to contribute to the Health Care FSA (less any previous reimbursements) is available for reimbursement (regardless of the amount that you have contributed to your FSA to-date). Contributions then continue to be deducted from your paychecks until your annual goal amount is reached.

You may incur eligible health care expenses until December 31. If you do not incur enough expenses to use all of the funds in your Health Care FSA by the end of the year, you may use an additional "grace period" (from January 1 until March 15) to incur expenses for the previous year's balance. You then have until June 15 to submit claims for expenses you incur between January 1 and December 31 plus the grace period.

Example: To show how you might use your Health Care FSA, assume that you elect to put $1,200 in your Health Care FSA for 2013. By December 31 you have incurred only $1,000 in eligible expenses. You have until March 15, 2014 (the end of the grace period) to incur additional expenses, and must submit all claims for your 2013 Health Care FSA by June 15, 2014.

Any health care expense incurred after March 15 will not be considered eligible for reimbursement from the prior year's funding. In addition, all expenses incurred between the previous January 1 and December 31 or during the grace period that follows must be submitted for payment no later than June 15.

Please note: *If you maintain a Health Care FSA during the current Plan Year and you want to participate in a high deductible health plan and contribute to a health savings account (HSA) during the next Plan Year, you must reduce the balance in your Health Care FSA (determined on a cash basis) to zero on or before December 31 of the current Plan Year. Pending claims, claims submitted, claims received, or claims under review that have not been paid as of December 31 are not taken into account in determining whether your Health Care FSA has a zero balance. If you fail to reduce the balance in your Health Care FSA to zero on or before December 31 of the current Plan Year, you may not contribute to an HSA until April 1 of the following year.*

Reimbursement Claims

A form can be obtained online via the MySource for Human Resources website **www.mysourceforhr.com**, or call the Claims Administrator via the MySource for Human Resources toll-free number **1-888-640-3320** to request a form.

Completed forms should be submitted along with the following documentation:

- **The Explanation of Benefits** (EOB): The EOB from the Claims Administrator indicates what expenses were covered by your medical/dental/vision plans. If you have another benefit plan available to you, you must submit your EOB with your

completed health care reimbursement form.

- **A Co-pay Receipt**: This receipt is from the provider, and may be the only documentation if the co-pay is the only expense.
- **An Itemized Bill or Statement**: This is from the provider, and shows what expenses are not covered by the medical/dental/vision plan. It may include the:
  - Name and address of the service provider;
  - Dates of service (not the billing date or the paid date);
  - Dollar amount charged;
  - Patient's name; and
  - Description or type of services rendered.

Please note that canceled checks and balance-forward statements are not acceptable documentation for reimbursement.

Submit the completed form and documentation to (address is also noted on the form):

Your Spending Account
P.O. Box 785040
Orlando, FL 32878-5040
Fax: 1-888-211-9900

Be sure to retain copies. Reimbursement request information cannot be returned.

Debit Cards

In addition, if the total annual amount that you elect to contribute to the Health Care FSA is $60 or greater, you will be issued a debit card for use with your Health Care FSA. The debit card may be used only for eligible health-related expenses. When you use your debit card, you are automatically certifying that you have not been reimbursed for the expense and that you will not seek reimbursement for the expense from any other plan.

You may not use your debit card to obtain reimbursement for over the counter medications, even if you have a prescription for such medications.

The FSA Plan will try to automatically verify any claims you submit through your debit card. However, you should retain documents (such as an EOB, receipt, and itemized bill or statement) to support your claim in case the Claims Administrator requests such information. All expenses you incur must be substantiated in accordance with rules established by the IRS.

If you are paid for an excess or ineligible claim through your debit card, or if you fail to provide requested information to the Claims Administrator regarding substantiation of a claim, your debit card privileges may be suspended and the Plan and Claims Administrator reserve the right to recoup the mistaken payment. If you fail to repay such amount to the Plan, such amount may be withheld from your wages, be offset against other eligible Health Care FSA claims you submit, or be reported on your W-2 as taxable income.

Dependent Care Eligible Expenses

The dependent care expenses that are eligible for reimbursement from the Dependent Care FSA include, but may not be limited to:

- Family day care providers;
- Babysitter;
- Caregivers for a disabled dependent or spouse who resides in the participant's home;
- Housekeeper, maid or cook (provided the services are attributable in part to the care of an eligible dependent);
- Dependent care provided outside your home by an eligible care provider, including care provided in a neighbor's home or in an approved nursery school or dependent day care center. If the care is for a dependent age 13 or over, the dependent must regularly spend at least eight hours each day in your home. For example, day care centers for children and disabled adults qualify, but 24-hour nursing care facilities do not. Also, facilities that care for

seven or more nonresident individuals must comply with all applicable state and local regulations governing day care centers;

- Payments for before- and after-school care for eligible children from kindergarten up to and including age 12;
- Payments in lieu of regular dependent day care to summer day camp or other summer programs (but not overnight camp); and
- Certain expenses for children not yet in the first grade, for example:
  - Nursery school;
  - Pre-school.

To confirm if an expense is eligible, call the Claims Administrator via MySource for Human Resources at **1-888-640-3320**.

Dependent Care Expenses Not Eligible

The dependent care expenses that are **not** eligible for reimbursement from the Dependent Care FSA include, but may not be limited to the following:

- Dependent care expenses that you incur before (or after) your participation in the Dependent Care FSA begins (or ends);
- Any expense that you claim for the dependent care tax credit on your federal income tax return, or any expense that is paid by any other similar reimbursement-type plan or program;
- Any expenses that are reimbursed by your Health Care FSA;
- Expenses for the education of a qualified dependent;
- Expenses paid for food and clothing;
- Dependent care provided by a family member who is under age 19 at the end of the taxable year, or by another dependent for whom you claim a dependent exemption on your tax return;
- Expenses for health care;
- Educational expenses for kindergarten or higher;
- Housekeeping expenses that are not related to dependent care, or payments for services while you are at home from work because of an illness;
- Child or dependent care provided while:
  - You are at work and your spouse is doing volunteer work, even if a nominal fee is paid (or vice versa);
  - You and your spouse are doing volunteer work (even if a nominal fee is paid); or
  - You and your spouse are not working (such as weekend or evening babysitting fees);
- Expenses for food, clothing, health care, or entertainment of a qualified dependent;
- Transportation expenses to and from the dependent care location;
- Expenses for overnight camps;
- Services of a gardener or chauffeur; and
- Care provided by a round-the-clock nursing home.

Filing a Dependent Care FSA Claim

For Dependent Care FSA reimbursements, only the current balance in your Dependent Care FSA is available for reimbursement. This means that you are reimbursed up to the amount that you have actually set aside from each paycheck up to that point (less any previous reimbursements). So, if the reimbursement request that you submit exceeds the amount currently in your Dependent Care FSA, you are reimbursed for the remainder after you contribute more money to your Dependent Care FSA via future paychecks.

To obtain reimbursement for an expense, complete and submit a dependent care reimbursement form. A form can be obtained online via the MySource for Human Resources website **www.mysourceforhr.com**, or by calling the Claims Administrator via the MySource for Human Resources toll-free number **1-888-640-3320** to request a form.

Submit the completed form along with the following documentation:

- **Provider's Bill or Itemized Receipt**:. The provider must sign this documentation, and it must itemize the date(s) of service as well as the amount(s) charged. Canceled checks are not considered acceptable documentation.
- **Dependent Care Provider's Name, Address, and Social Security Number (or Federal Tax Identification Number)**. For tax-reporting purposes, you must include the provider's name and his or her Social Security number (or taxpayer identification number). The taxpayer identification number is not necessary if the provider is a nonprofit, religious, charitable, or educational organization.

If the provider completely fills out the 'Provider Certification' section of the reimbursement form, then you need only submit the completed reimbursement form for your reimbursement request.

Submit the completed form and documentation (if required) to (address is also noted on the form):

Your Spending Account
P.O. Box 785040
Orlando, FL 32878-5040
Fax: 1-888-211-9900

Be sure to retain copies. Reimbursement request information cannot be returned.

FSA Filing Deadlines

You may submit a health care reimbursement claim at any time after you incur an eligible health care expense (provided you meet the minimum expense requirement). You have until June 15 of the following calendar year to submit claims for expenses you incur during the Plan Year (January 1 through December 31), plus the grace period (January 1 through March 15 of the following year). Expenses are considered "incurred" on the date the service was rendered (not when it is billed or charged, or when you actually pay for the service).

Remember: Funds that remain in the Health Care FSA after June 15 will be forfeited.

You may submit a dependent care reimbursement claim at any time after you incur an eligible dependent care expense (provided you meet the minimum expense requirement). You have until June 15 of the following calendar year to submit claims for expenses you incur during the Plan Year (January 1 through December 31). **The "grace period" does not apply to the Dependent Care FSA.** Expenses are considered "incurred" on the date the service was rendered (not when it is billed or charged, or when you actually pay for the service).

Remember: Funds that remain in the Dependent Care FSA after June 15 will be forfeited.

Claim Determination and Appeal Process

For information regarding the Health Care FSA's claim determination and appeal process, please see the subsection of the **Benefits Program Overview** entitled *"Claim Determination and Appeal Process – Vision Plan and Health Care FSA."*

Claim Determination and Appeal Process for the Dependent Care FSA

Consideration of Initial Claim

Within 90 days of receiving the claim, the Claims Administrator will provide you (or your beneficiary) with a written notice of its decision. If, because of special circumstances, the Claims Administrator cannot provide a decision within the 90-day period, the Claims Administrator can extend the period to up to 180 days (the 180-day period begins on the date the written claim is received). The Claims Administrator will provide you with a written notice of the extension before the end of the initial 90-day period. The notice will include the special circumstances requiring the extension. If the Claims Administrator does not respond to your request for review within

the requisite time, your claim will be deemed denied.

If the Claims Administrator denies your claim in whole or in part, you may be provided with written notice of the denial stating: (1) the specific reason or reasons for the denial; (2) reference to the specific Plan provisions on which the denial is based; (3) a description of any additional material or information necessary for you to perfect the claim and an explanation of why such material or information is necessary; and (4) a description of the Plan's review procedures (as set forth below) and the time limits applicable to such procedures.

Appeal to Claims Administrator

If your claim is denied or deemed to have been denied in whole or in part, you have the right to appeal the decision to the Claims Administrator by sending a written request for review within 60 days of the claim denial or deemed denial.

Upon receipt of your request, your claim will be reviewed. You will normally be notified of the results of this review within 60 days. If because of special circumstances, the Claims Administrator cannot provide a decision within the 60-day period, the Claims Administrator can extend the period to up to 120 days (the 120-day period begins on the date the written request for review is received). The Claims Administrator will provide you with a written notice of the extension before the end of the initial 60-day period. The notice will include the special circumstances requiring the extension. If the Claims Administrator does not respond to your claim for benefits within the requisite time, your claim will be deemed denied.

If the Claims Administrator denies your claim in whole or in part, you will be provided with written notice of the denial stating: (1) the specific reason or reasons for the denial; (2) reference to the specific Plan provisions on which the denial is based; and (3) a statement that you are entitled to receive upon request and free of charge reasonable access to, and copies of, all documents, records and other information relevant to your claim for benefits.

Second Appeal to the Plan Administrator

If the Claims Administrator denies all or any portion of your claim on appeal, you or your duly authorized representative may request a review of such denial by the Plan Administrator. Each such request for review must be in writing signed by you or your duly authorized representative, must specify that it is a request for review of a denied claim and must be filed with the Plan Administrator no later than 60 days after receipt of the denial or 90 days after the claim is deemed to be denied because the Claims Administrator did not respond within the requisite time period.

The decision of the Plan Administrator upon a request for review shall be made within 60 days after the request for review is received by the Plan Administrator unless special circumstances require an extension of time for processing such review, in which event you shall be notified in writing prior to the expiration of such 60 days, and the decision of the Plan Administrator shall be rendered within 120 days of the receipt of the request for review. In connection with a request for review, you or your duly authorized representative may submit issues and comments in writing to the Plan Administrator. All communications between the Plan Administrator and you or your duly authorized representative shall be in writing unless you or your duly authorized representative requests otherwise and the Plan Administrator consents thereto. Each decision of the Plan Administrator on a request for review shall be in writing and shall include (1) the specific reason or reasons for the decision; (2) specific reference to the Plan provisions upon which the decision is based; and (3) a statement that you are entitled to receive upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim for benefits.

If, after completing all the steps of the claims procedure process, you decide to take legal action, you must do so within three years of the day the charge or claim is incurred.

Continuation of Coverage

For information regarding continuation of coverage under the FSA Plan, including COBRA continuation coverage under the Health Care FSA, please see the subsection of the **Benefits Program Overview** entitled *"Continuation of Coverage under the Medical, Dental, Vision and FSA Plans."*

Additional Information

Your Rights Under the Newborn's and Mother's Health Protection Act

Under Federal law, the Plan generally may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a delivery by cesarean section. However, Federal law generally does not prohibit a shorter stay if the attending provider, after consultation with the mother, discharges the mother or newborn earlier than 48 hours (or 96 hours as applicable). In any case, the Plan may not require that the provider obtain authorization from the Plan for prescribing a length of stay that is not in excess of the above periods.

Health Savings Account

If you enroll in one of the High Deductible PPO options (HDPPO 1 or HDPPO 2) you may be eligible to contribute to a Health Savings Account (HSA). An HSA is a portable savings account established and maintained outside the Plan that can be used to pay present and future medical and prescription drug expenses. An HSA is not an employer-sponsored employee benefit plan — it is an individual trust or custodial account that you open with a separate HSA trustee/custodian, such as a bank, life insurance company or other financial institution. Your HSA will be subject to the terms of an agreement you enter into with the HSA trustee/custodian. Such agreement may impose fees and restrictions upon how you use your HSA. The Plan merely allows you to contribute to your HSA in an amount up to the IRS statutory limit. Unlike a Health Care FSA, the HSA account balance can roll over from year to year until withdrawn and earnings accumulate tax-free.

The Health Savings Account is administered by Aon Hewitt. The participating employers have no authority or control over the funds deposited in your HSA. As a result, the HSA is not subject to ERISA.

You can use the dollars in your HSA to pay the deductible and coinsurance required under the HDPPOs, along with other qualified medical expenses not covered by the plans. Qualified medical expenses are expenses you pay for medical care (as defined in Section 213(d) of the Internal Revenue Code) for you, your spouse or dependents (as defined in Section 223 of the Internal Revenue Code), to the extent such expenses are not reimbursed by insurance or otherwise.

Funds in the HSA remain in the account until you apply for reimbursement. If you are enrolled in the HDPPO 1, your Employer may make a monthly contribution into your HSA on your behalf. However, you must establish or activate your HSA before the end of the Plan Year in order to receive any Employer contributions. If you fail to do so, you will forfeit any Employer contributions for that Plan Year.

The amount you can contribute to your HSA each year is governed by federal law. Please call MySource for Human Resources at **1-888-640-3320** for more information.

Three Ways to Use Your Health Savings Account

- Pay for current qualified medical expenses, such as deductibles and coinsurance, or eligible expenses not covered by the HDPPOs.
- Pay for qualified medical expenses in future years, even if you are no longer enrolled in the HDPPOs.
- Once you reach age 65 (or become disabled), you can use any remaining money in your HSA to pay for most retiree medical insurance or other qualified medical expenses on a tax-free basis, or you

can take a distribution, subject to income tax.

Please note: *The information above describes the federal tax treatment of an HSA, but the favorable tax treatment described above may be limited or unavailable for state tax purposes. Please consult your tax advisor for more information.*

Eligibility

You can elect to contribute to an HSA if you are a regular full-time employee who is enrolled in either the HDPPO 1 or HDPPO 2 option. Contributions to an HSA can only be made when enrolled in an HDPPO. You cannot contribute to an HSA or receive Employer contributions if you have coverage under any other health plan that is impermissible coverage for purposes of Section 223 of the Internal Revenue Code.

Please note: *You may not contribute to the HSA and the Health Care FSA at the same time.*

If you cover your same-sex domestic partner under HDPPO 1 or HDPPO 2, you are generally entitled to make contributions to your HSA up to the limit established for family coverage.

The special rule that limits the amount of HSA contributions by individuals who are married to each other when one spouse has family coverage does not apply to you and your same-sex domestic partner.

For information regarding reimbursement of qualified medical expenses for your same-sex domestic partner and his or her eligible children, see *"Reimbursement of HSA Qualified Medical Expenses for Same-Sex Domestic Partners and Their Children"* below.

Enrollment

To enroll in an HSA, you must meet the following requirements:

- You must be enrolled in HDPPO 1 or HDPPO 2.
- You cannot be covered by another medical plan (e.g., you cannot be a dependent on anyone else's plan, except for vision and dental coverage) that is not a high deductible health plan.
- You cannot be enrolled for Medicare benefits. (Part A or Part B)
- You cannot be claimed as a dependent on another person's tax return.
- You cannot be covered by a general-purpose Health Care Flexible Spending Account, including the Health Care FSA

Please note: *If you had a Health Care FSA (or any other health flexible spending account with a grace period feature) during the previous Plan Year and the balance in your account was not reduced to zero by December 31 of that Plan Year, you may not contribute to an HSA until April 1 of the following year.*

When Coverage Begins and Ends

Coverage Begins

You may enroll in the Health Savings Account (HSA) at any time provided you have properly enrolled in either the HDPPO 1 or HDPPO 2 option.

Coverage Ends

Your contributions to an HSA through the Plan will terminate as follows:

- The date on which the Plan terminates;
- The date you are no longer eligible;
- The date you are no longer actively at work; or
- The date on which you request that your contributions cease or that the HSA Account be closed.

If you are no longer enrolled in HDPPO 1 or HDPPO 2 or you have terminated employment or retired, you will be required to pay a monthly account fee to the HSA Trustee/Custodian for as long as money remains in your HSA. You will also receive a new HSA debit card that will allow you to continue using the remaining money in your account for qualified medical expenses.

HSA Qualified Medical Expenses

In addition to those services covered under the HDPPOs, you can use your HSA to pay for other qualified medical expenses including,

but not limited to the following expenses, to the extent they are not reimbursed from any other source:

- Laser eye surgery;
- Weight loss programs;
- Prescribed drugs and medicines used for medical care, including over the counter medications obtained with a prescription;
- Insulin;
- Long-term care premiums;
- COBRA premiums;
- Health care plan premiums while receiving unemployment;
- Over age 65, you can use the HSA funds to pay for Medicare Parts A or B; and
- Many other services defined as expenses for medical care under Section 213(d) of the Internal Revenue Code.

If you use your HSA for a non-medical or non-qualified medical expense, you will have to pay tax on the account distribution as well as a 20% penalty. If a distribution is made after age 65, after disability, or after death, the distribution will be subject to tax, but no penalty tax.

If you have a question about what constitutes a qualified medical expense, please consult your tax advisor or Publication 969 that may be found on the IRS website at ***www.irs.gov****.*

Reimbursement of HSA Qualified Medical Expenses for Same-Sex Domestic Partners and Their Children

If your same-sex domestic partner and his or her eligible children qualify as your tax dependents under the Internal Revenue Code, without taking into account their gross income, then you may pay for qualified medical expenses incurred by them with funds from your HSA. Note, however, that the extension of coverage to children until age 26, an important feature of health care reform, does not apply to HSAs; accordingly, reimbursement of such "adult children's" qualified medical expenses from your HSA on a tax-free basis is not permitted.

How to Open an HSA

After you have enrolled in an HDPPO option and agreed to the terms and conditions of the HSA custodial agreement, Aon Hewitt will send you a packet containing basic information on how to use a Health Savings Account.

Paying for Covered Expenses Using the Health Savings Account

The Health Savings Accounts are administered by Aon Hewitt. When you visit a network provider, you typically do not pay at the time of service. Simply show your Anthem ID card and the following steps will be followed:

1. The claim will be sent to Anthem for processing.
2. You will receive an Explanation of Benefits (EOB) statement showing what was paid under the Plan.
3. Your provider will receive the same statement and bill you for the balance not covered under the Plan.
4. You can then either pay the balance with your HSA debit card (if accepted by your provider) or pay out of pocket and reimburse yourself afterward by withdrawing funds from your HSA to your personal checking or savings account.

Please note: *You may not use your HSA debit card to pay for over-the-counter medications, even though you may have a prescription for such medications.*

Paying for prescription drugs works differently. The following steps will be followed:

1. You must show the pharmacist your Anthem ID card (the same one you use for medical services).
2. When you pick up your prescription, you can either pay with your HSA debit card (if accepted by your provider) or pay out of pocket and reimburse yourself afterward by withdrawing funds from your HSA to your personal checking or savings account.

A similar procedure applies for mail-order prescription drug service.

Paying a Provider Who Does Not Participate in the Network

If you visit a provider who is not in the Network, you must either pay the provider at the time of service with your HSA debit card (if accepted by your provider) or pay the provider out of pocket and reimburse yourself afterward by withdrawing funds from your HSA to your personal checking or savings account.

To enroll or to find out more information about the Health Savings Account, please visit MySource for Human Resources website **www.mysourceforhr.com** or call MySource for Human Resources at **1-888-640-3320** to speak with a representative.

General Program Information

Program Name:	NiSource Welfare Benefits Program
Benefit Plan Name:	NiSource Flexible Benefits Plan (a component of the NiSource Welfare Benefits Program)
Plan Type:	Code Section 125 Plan containing group health plan and non-group health plan components and providing for Pre-Tax Payment of Medical Expenses (Health Plan), Pre-Tax Payment of Dependent Care Expenses and Pre-Tax Contributions to Health Savings Accounts
Plan Number:	537
Type of Funding:	Not applicable
Contribution Source:	Employee. In addition, subject to the terms and conditions of the Plan, the Employer may make contributions to HSAs of employees enrolled in HDPPO 1.
Plan Sponsor:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**
Fiduciary and Plan Administrator:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**
EIN:	35-2108964
Plan Year:	January 1 through December 31
Contributions:	As a condition of participation, participants will be required to contribute the entire cost of the benefit plan coverage they select. Provided, however, that subject to the terms and conditions of the Plan, the Employer may make contributions to HSAs of employees enrolled in HDPPO 1.
Type of Administration:	Claims are administered by the Claims Administrator listed below under a contract between the benefit plan and the Claims Administrator. Distributions from HSAs are not administered through the Plan. Questions concerning investments, distributions or other matters pertaining to an HSA should be directed to Aon Hewitt, who administers the HSAs. Benefits will be paid under a benefit plan only if the applicable Plan Administrator, or its delegate (e.g., Claims Administrator), determines that the claimant is entitled to them.
Claims Administrator for Flexible Spending Accounts:	Aon Hewitt 2300 Discovery Drive Orlando, FL 32826 **www.mysourceforhr.com**

Claims Administrator for Health Savings Accounts:	Aon Hewitt 2300 Discovery Drive Orlando, FL 32826 **www.mysourceforhr.com**
Agent for Service of Legal Process:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**

Service of legal process may be made upon the Plan Administrator.

Long-Term Disability Plan

- Basic LTD Coverage
- Supplemental LTD Coverage

Your Long-Term Disability Options

NiSource Inc. (the "Company") offers the NiSource Long-Term Disability Plan (the "Plan") to eligible employees with the following coverage options:

- Basic LTD Coverage Option; and
- Supplemental LTD Coverage Option.

Benefits are provided under a group insurance contract (the "Group Contract") and a group insurance certificate (the "Group Insurance Certificate") issued by The Prudential Insurance Company of America ("Prudential"), who is the Claims Administrator and is wholly responsible for the payment of benefits.

You should refer to the Group Insurance Certificate for a detailed explanation of the benefits offered under the Plan and the limitations upon those benefits, and for an explanation of the various terms and concepts used in this summary plan description. *You may obtain a copy of the Group Insurance Certificate by contacting MySource for Human Resources at* ***1-888-640-3320****.*

The Plan provides financial protection for you by paying a portion of your income while you have a long period of disability. The amount you receive is based on the amount you earned before your disability began. In some cases, you can receive disability payments even if you work while you are disabled. Benefits begin after the elimination period is completed. The elimination period is the period of continuous disability that must be satisfied before you are eligible to receive benefits and is the longest of (i) 180 days; (ii) the length of time for which you receive loss of time benefits, salary continuation or accumulated sick leave; and (iii) the date that you are absent from work for 1040 hours due to your disability.

If you are determined to be disabled, the Basic LTD Coverage Option provides monthly benefits of the lesser of (i) 50% of your monthly earnings, not reduced by any deductible sources of income, (ii) 70% of your monthly earnings, less any deductible sources of income, or (iii) $8,333.00.

If you are determined to be disabled, the Supplemental LTD Coverage Option provides monthly benefits of the lesser of (i) 60% of your monthly earnings, not reduced by any deductible sources of income, (ii) 70% of your monthly earnings, less any deductible sources of income, or (iii) $10,000.00. You pay a portion of the cost of the Supplemental LTD Coverage Option.

Your benefit may be reduced by deductible sources of income and disability earnings. Some disabilities may not be covered or may have limited coverage under the Plan. See *"Taxability of Monthly Benefits"* below for information regarding the taxability of monthly benefits you receive under the Plan. Refer to the Group Insurance Certificate for further details.

See *"Highlights of the Long-Term Disability Plan Coverage"* below for examples illustrating the payment of monthly benefits.

Eligibility

You are eligible to participate in the Plan if you are a regular full-time employee of Columbia Energy Group who is covered by a collective bargaining agreement between Columbia Energy Group and a union and who regularly works 40 or more hours per week. Your eligibility for optional, contributory coverage may be subject to your satisfying other requirements established by Prudential. Refer to the Group Insurance Certificate for more details.

Information regarding eligibility can be accessed through the MySource website at **www.mysourceforhr.com** or by calling the MySource automated telephone system at **1-888-640-3320** to speak to a service representative.

Enrollment

Provided eligibility requirements are met, as described in the *"Eligibility"* section immediately above, you will be automatically enrolled in the Basic LTD Coverage Option, unless you choose to enroll in the Supplemental LTD Coverage Option. Newly eligible employees must enroll in the Supplemental LTD Coverage Option within 31 days of their date of hire or, if later, the date they first become eligible for coverage. If you fail to enroll, you will automatically be covered under the Basic LTD Coverage

Option. In general, once you enroll in (or decline) the Supplemental LTD Coverage Option, your elections stay in effect for the entire Plan Year and can only be changed during annual enrollment. If you do not enroll or elect to change coverage, if applicable, during the annual enrollment period, your current coverage will remain in effect for the upcoming Plan Year, if available, at the applicable rates. However, if you experience a qualified life event, you may enroll or change existing coverages during the Plan Year. (Please see the *"Enrollment"* and the *"Changing and Continuing Elections"* section of the **Benefits Program Overview** for further details.)

Contributions

The Basic LTD Coverage Option is provided at no cost to you. If you elect the Supplemental LTD Coverage Option, you and your employer will contribute to the cost of the Plan in an amount determined on an annual basis or as otherwise required by a collective bargaining agreement. *If you have questions regarding the amount of your required contributions, please contact MySource for Human Resources at* ***1-888-640-3320***.

When Coverage Begins and Ends

Coverage Begins

Coverage under the Basic LTD Coverage Option of the Plan generally may become effective on (1) your first day of active employment, for regular new hires, (2) the day you become a member of a class eligible for coverage under the Plan, (3) the first day of the following Plan Year, for eligible employees who choose not to reenroll in the Supplemental LTD Coverage Option during the annual enrollment period, or (4) the date the Plan approves such enrollment, for employees who disenroll from the Supplemental LTD Coverage Option due to a qualified life event.

Coverage under the Supplemental LTD Coverage Option generally may become effective on the later of (1) your first day of active employment for regular new hires, if you apply within 31 days of such date, (2) the first day of the following Plan Year, for eligible employees who choose to reenroll in the Supplemental LTD Coverage Option during the annual enrollment period, or (3) the date the Plan approves such enrollment due to a qualified life event.

Notwithstanding the foregoing, all employees must be in active employment in order for any coverage initially to become effective and for any subsequent Plan changes to take effect.

Coverage Ends

The coverage will end on the date you lose eligibility.

Your eligibility generally ends on the earliest of the following dates:

- The date as of which the Plan is terminated;
- The date the Group Contract is canceled;
- The date that the Plan is amended to terminate your coverage;
- The date you terminate employment or are no longer eligible for coverage under the Plan;
- The date you are no longer in active employment due to a disability that is not covered under the Plan;
- The date you commence active duty in the armed forces, except to the extent continuation coverage is required pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") and except as provided by the NiSource Military Leave of Absence Policy or any applicable collective bargaining agreement;
- The last date for which any required contribution was made; or
- The date you are no longer in active employment, except as provided below and except to the extent continuation coverage is required by the Family and Medical Leave Act of 1993 ("FMLA").

If you are on a temporary layoff or are working reduced hours for reasons other than disability and the premium is paid, you will be covered to the end of the month following the month in which your temporary layoff or

reduced hours begin. If you are on a leave of absence and the premium is paid, you will be covered to the end of the month in which your leave begins. Neither temporary layoff nor leave of absence includes normal vacation time or any period of disability or absence in connection with any severance or termination agreement. Your FMLA leave also is not considered a temporary layoff.

Highlights of the Long-Term Disability Plan Coverage

The following charts provide examples illustrating how the Plan pays benefits if a participant becomes disabled and is unable to work and when a participant becomes disabled, but continues working. See *"Taxability of Monthly Benefits"* below for information regarding the taxability of monthly benefits you receive under the Plan. The following are provided for illustrative purposes only and shall be construed in manner consistent with the terms of the Group Contract and your Group Insurance Certificate. In the event of a conflict between the following and the Group Contract and Group Insurance Certificate, the terms of the Group Contract and Group Insurance Certificate shall prevail.

If you are Disabled and Not Working

To show how your Monthly Benefit is calculated, let's assume that your monthly pre-disability earnings ("Monthly Earnings") equal $3,000, and that you qualify for a monthly Social Security Disability Benefit of $500. Here is how the Plan calculates your Monthly Benefit under both coverage options.

If you have the Basic LTD Coverage Option, your monthly payment is the lesser of:

- 50% of Monthly Earnings;
- 70% of Monthly Earnings less any deductible sources of income; or
- $8,333.00 per month.

If you have elected the Supplemental LTD Coverage Option, your monthly payment is the lesser of:

- 60% of Monthly Earnings;
- 70% of Monthly Earnings less any deductible sources of income; or
- $10,000.00 per month

For example:

	COMPONENT	BASIC LTD COVERAGE OPTION	SUPPLEMENTAL LTD COVERAGE OPTION
A	Monthly Earnings*	$3,000	$3,000
B	Percentage of Coverage	50%	60%
C	Gross Disability Payment (Monthly Earnings times Percentage of Coverage) (A x B)	$1,500	$1,800
D	70% of your Monthly Earnings Less Deductible Sources of Income	$2,100 - 500 $1,600	$2,100 - 500 $1,600
E	**Monthly Benefit**** (Lesser of C or D)	**$1,500**	**$1,600**

**Your Monthly Earnings are indexed as provided in the Group Insurance Certificate.*

***The minimum monthly payment is the greater of (a) $100 or (b) 10% of your Gross Disability Payment. Prudential may apply this amount toward an outstanding overpayment. See "Taxability of Monthly Benefits" below for information regarding the taxability of monthly benefits you receive under the Plan.*

If You Are Disabled and Working

If your monthly disability earnings ("Disability Earnings") are less than 20% of your indexed monthly earnings ("Indexed Monthly Earnings"), your LTD benefit is the same as it would be if you were not working.

If your Disability Earnings are greater than 80% of your Indexed Monthly Earnings, no benefit is payable to you. If benefits have already commenced, Prudential will stop sending you payments and your claim will end.

If you are disabled and your monthly Disability earnings are at least 20%, but not more than 80%, of your Indexed Monthly Earnings, due to the same sickness or injury, Prudential will figure your payment as follows:

During the first 12 months of payments, while working, your monthly payment will not be reduced as long as Disability Earnings plus the gross disability payment does not exceed 100% of Indexed Monthly Earnings.

1. Add your monthly Disability Earnings to your gross disability payment.

2. Compare the answer in item 1 to your Indexed Monthly Earnings.

If the answer from item 1 is less than or equal to 100% of your Indexed Monthly Earnings, Prudential will not further reduce your monthly payment.

If the answer from item 1 is more than 100% of your Indexed Monthly Earnings, Prudential will subtract the amount over 100% from your monthly payment.

After 12 months of payments, while working, you will receive payments based on the percentage of income you are losing due to your Disability.

1. Subtract your Disability Earnings from your Indexed Monthly Earnings.

2. Divide the answer in item 1 by your Indexed Monthly Earnings. This is your percentage of lost earnings.

3. Multiply your monthly payment by the answer in item 2.

This is the amount Prudential will pay you each month.

The following examples show how your Monthly Benefit is calculated if you are working while you are disabled and your Disability Earnings are equal to or greater than 20% but no more than 80% of your Indexed Monthly Earnings.

First 12 months

To show how your Monthly Benefits are calculated during the first 12 months you are disabled and working and your Disability Earnings are equal to or greater than 20% but no more than 80% of your Indexed Monthly Earnings, assume that your Indexed Monthly Earnings are $3,000. Assume further that your Disability Earnings are $1,000, and that you are not receiving any other deductible sources of income. Here is how the Plan calculates your benefits under both coverage options:

	COMPONENT	BASIC LTD COVERAGE OPTION	SUPPLEMENTAL LTD COVERAGE OPTION
A	Indexed Monthly Earnings	$3,000	$3,000
B	Percentage of Coverage	50%	60%
C	Gross Disability Payment (Monthly Earnings times Percentage of Coverage) (A x B)	$1,500	$1,800
D	Monthly Payment (Gross Disability Payment minus Deductible Sources of Income, if any)*	$1,500 - 0 $1,500	$1,800 - 0 $1,800

	COMPONENT	BASIC LTD COVERAGE OPTION	SUPPLEMENTAL LTD COVERAGE OPTION
E	Add Disability Earnings and Gross Disability Payment to determine if the sum exceeds Indexed Monthly Earnings	$1,000 +1,500 $2,500 (does not exceed $3,000)	$1,000 +1,800 $2,800 (does not exceed $3,000)
F	Subtract the amount that Disability Earnings plus the Gross Disability Payment exceeds Monthly Earnings (E - A, if > 0) from the Monthly Payment in D to determine the Monthly Benefit	$1,500 - 0 $1,500	$1,800 - 0 $1,800
G	**Monthly Benefit****	**$1,500**	**$1,600**

**Deductible sources of income are subtracted only if the Percentage of Coverage is 70%*

***See "Taxability of Monthly Benefits" below for information regarding the taxability of monthly benefits you receive under the Plan.*

After First 12 months

To show how your Monthly Benefit is calculated after the first 12 months you are disabled and working and your Disability Earnings are equal to or greater than 20% but no more than 80% of your Indexed Monthly Earnings, assume that your Indexed Monthly Earnings are $3,000 and your Disability Earnings are $2,000. Assume also that you do not qualify for Social Security Disability Benefits. Here is how the Plan calculates your Monthly Benefit under both coverage options.

	COMPONENT	BASIC LTD COVERAGE OPTION	SUPPLEMENTAL LTD COVERAGE OPTION
A	Indexed Monthly Earnings	$3,000	$3,000
B	Percentage of Coverage	50%	60%
C	Gross Disability Payment(*A x B*)	$1,500	$1,800
D	Your Indexed Monthly Earnings less your Disability Earnings	$3,000 - 2,000 $1,000	$3,000 - 2,000 $1,000
E	Lost earnings percentage calculation	$1,000 = .33 $3,000	$1,000 = .33 $3,000
F	Gross Disability Payment less any Deductible Sources of Income*	$1,500 - 0 $1,500	$1,800 - 0 $1,800
G	**Monthly Benefit *(E x F)*****	**33% x $1,500 = $500**	**33% x $1,800 = $600**

**Deductible sources of income are subtracted only if the Percentage of Coverage is 70%*

***See "Taxability of Monthly Benefits" below for information regarding the taxability of monthly benefits you receive under the Plan.*

Definition of "Disability"

You are "disabled" when Prudential determines that:

- you are unable to perform the material and substantial duties of your regular occupation due to your sickness or injury;
- you have a 20% or more loss in your monthly earnings due to that sickness or injury; and
- you are under the regular care of a doctor.

After 24 months of payments, you are disabled when Prudential determines that due to the same sickness or injury, you are unable to perform the duties of any gainful occupation for which you are reasonably fitted by education, training or experience.

The loss of a professional or occupational license or certification does not, in itself, constitute disability.

Prudential may request that you send proof of continuing disability, satisfactory to Prudential, indicating that you are under the regular care of a doctor. This proof, provided at your expense, must be received by Prudential within 30 days of its request.

Prudential may require you to be examined by doctors, other medical practitioners or vocational experts of its choice. It will pay for these examinations. Prudential can require examinations as often as it is reasonable to do so. It may also require you to be interviewed by an authorized Prudential Representative. Refusal to be examined or interviewed may result in denial or termination of your claim.

Additional Definitions

Active employment means you are classified as working for your Employer for earnings that are paid regularly and you are performing the material and substantial duties of your regular occupation. You must be working at least 40 hours per week. Your worksite must be: your Employer's usual place of business; an alternate worksite at the direction of your Employer other than your home unless clear specific expectations and duties are documented; or a location to which your job requires you to travel. Normal vacation is considered active employment. Individuals who are on layoff or leave of absence or whose employment status is being continued under a severance or termination agreement will not be considered in active employment.

Deductible sources of income means income from deductible sources listed in the Group Insurance Certificate that you receive or are entitled to receive while you are disabled. This income may be subtracted from your gross disability payment. Examples of deductible sources of income include but are not limited to (a) amounts you receive or are entitled to receive as (i) loss of time benefits under a workers' compensation law, an occupational disease law or any other act or law with similar intent; (ii) loss of time disability income payments under any state compulsory benefit act or law, any insurance, health or welfare plan or other group insurance plan where the Employer, directly or indirectly, has paid all or part of the cost or made payroll deductions, or any governmental retirement system as a result of your job with your Employer, or (iii) any loss of time disability payments under the United States Social Security Act or any similar plan or act, (b) any retirement payments you receive under the United States Social Security Act or any similar plan or act, or (c) amounts you receive as disability payments, that you voluntarily elect to receive as retirement or early retirement payments, or that you receive as retirement payments when you reach normal retirement age, under your Employer's retirement plan. Refer to the Group Insurance Certificate for a complete list of these sources.

Disability earnings means the earnings which you receive while you are disabled and working, plus the earnings you could receive if you were working to your greatest extent possible. This would be, based on your restrictions and limitations: (i) during the first 24 months of disability payments, the greatest extent of work you are able to do in your regular occupation, that is reasonably available; and (ii) beyond 24 months of disability payments, the greatest extent of work you are able to do in any occupation, that is reasonably available, for which you are reasonably fitted by education, training or

experience. Salary continuance will not be included as disability earnings since it is not payment for work performed.

Gainful occupation means an occupation, including self employment, that is or can be expected to provide you with an income within 12 months of your return to work that exceeds 80% of your indexed monthly earnings, if you are working, or 50% of your monthly earnings, if you are not working. However, if you enrolled for the Supplemental LTD Coverage Option, it means an occupation, including self employment, that is or can be expected to provide you with an income within 12 months of your return to work that exceeds 80% of your indexed monthly earnings, if you are working, or 60% of your monthly earnings, if you are not working

Gross disability payment means the benefit amount before Prudential subtracts deductible sources of income and disability earnings.

Indexed monthly earnings means your monthly earnings as adjusted on each July 1, provided you were disabled for all of the 12 months before that date. Your monthly earnings will be adjusted on that date by the lesser of 10% or the current annual percentage increase in the Consumer Price Index. Your indexed monthly earnings may increase or remain the same, but will never decrease.

Injury means a bodily injury that is the direct result of an accident, that is not related to any other cause, and that results in immediate disability. Disability must begin while you are covered under the Plan.

Material and substantial duties means duties that:

- are normally required for the performance of your regular occupation; and
- cannot be reasonably omitted or modified, except that if you are required to work on average in excess of 40 hours per week,

Prudential will consider you able to perform that requirement if you are working or have the capacity to work 40 hours per week.

Monthly earnings includes your total annual income before taxes divided by 12. It is determined prior to any deductions made for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account. It includes income actually received from commissions but does not include renewal commissions, bonuses, overtime pay or any other extra compensation, or income received from sources other than your employer. Commissions will be averaged for the lesser of: (a) the 24 full calendar month period of your employment with your participating employer just prior to the date disability begins; or (b) the period of actual employment with your employer.

Regular occupation means the occupation you are routinely performing when your disability occurs. Prudential will look at your occupation as it is normally performed instead of how the work tasks are performed for a specific employer or at a specific location.

Sickness means any disorder of your body or mind, but not an injury; pregnancy including abortion, miscarriage or childbirth. Disability must begin while you are covered under the Plan.

Taxability of Monthly Benefits

Because NiSource pays the entire cost of your Basic LTD Coverage and does not include this cost in your gross-income, and because you pay for any Supplemental LTD Coverage on a pre-tax basis, any monthly benefits you receive under the Plan will be taxable to you pursuant to the Internal Revenue Code and guidance issued thereunder.

Maximum Period of Payments

The longest period of time the Plan will make payments to you for any one period of disability (your "maximum period of payment") is as follows:

YOUR AGE ON DATE DISABILITY BEGINS	YOUR MAXIMUM PERIOD OF PAYMENT
Less than 60	To age 65
Age 60 and over	60 months

Your maximum period of payment will end on the earliest of the following:

- During the first 24 months of payments, when you are able to work in your regular occupation on a "part-time basis" but you choose not to; after 24 months of payments, when you are able to work in any gainful occupation on a part-time basis but you choose not to. "Part-time basis" means the ability to work and earn 20% or more of your indexed monthly earnings.
- The end of the maximum period of payment.
- The date you are no longer disabled under the terms of the Plan.
- The date you fail to submit proof of continuing disability satisfactory to Prudential.
- The date your disability earnings exceed the amount allowable under the Plan.
- The date you retire.
- The date you die.
- The date you decline to participate in a rehabilitation program that Prudential considers appropriate for your situation and that is approved by your doctor.

Notwithstanding the above, disabilities due to a sickness or injury which, as determined by Prudential, are primarily based on self-reported symptoms have a limited pay period during your lifetime. "Self-reported symptoms" means the manifestations of your condition, which you tell your doctor, that are not verifiable using tests, procedures and clinical examinations standardly accepted in the practice of medicine. Examples include, without limitation, headache, pain, fatigue, stiffness, soreness, ringing in ears, dizziness, numbness and loss of energy.

Also, disabilities which, as determined by Prudential, are due in whole or part to mental illness also have a limited pay period during your lifetime. "Mental illness" means a psychiatric or psychological condition regardless of cause and includes, without limitation, schizophrenia, depression, manic depressive, or bipolar illness, anxiety, somatization, substance related disorders, and/or adjustment disorders or other conditions. These conditions are usually treated by a mental health provider or other qualified provider using psychotherapy, psychotropic drugs, or other similar methods of treatment as standardly accepted in the practice of medicine.

The limited pay period for self-reported symptoms and mental illness combined is 24 months during your lifetime. There are exceptions to the limited pay period rules. Refer to the Group Insurance Certificate for a detailed explanation of these exceptions.

Recurrent Disabilities

If you have a "recurrent disability," as determined by Prudential, your disability will be treated as part of your prior claim and you will not have to complete another elimination period if (a) you were continuously insured under the Plan for the period between your prior claim and your current disability; and (b) your recurrent disability occurs within 180 days of the end of your prior claim.

Your recurrent disability will be subject to the same terms of the Plan as your prior claim. Any disability which occurs after 180 days from the date your prior claim ended will be treated as a new claim. The new claim will be subject to all of the Plan provisions.

If you become covered under any other group long term disability plan, you will not be eligible for payments under the Plan.

A "recurrent disability" is a disability that is (a) caused by a worsening in your condition; and (b) due to the same cause(s) as your prior disability for which the Plan made a Long Term Disability payment.

Exclusions from Coverage

The Plan does not cover any disabilities caused by, contributed to by, or resulting from your:

- intentionally self-inflicted injuries;
- active participation in a riot; or
- commission of a crime for which you have been convicted under state or federal law.

The Plan does not cover a disability which is due to a pre-existing condition.

The plan does not cover a disability due to war, declared or undeclared, or any act of war.

You have a pre-existing condition if:

- You received medical treatment, consultation, care or services including diagnostic measures, took prescribed drugs or medicines, or followed treatment recommendation in the 3 months just prior to your effective date of coverage or the date an increase in benefits would otherwise be available; and
- Your disability begins within 12 months of the date your coverage under the Plan becomes effective.

Pre-existing conditions may also affect an increase in your benefits due to an amendment of the Plan or your enrollment in another Plan option. *For further details, refer to the Group Insurance Certificate. You may obtain a copy of the Group Insurance Certificate by contacting MySource for Human Resources at **1-888-640-3320**.*

Survivor Benefits

When Prudential receives proof that you have died, it will pay your spouse, if living; otherwise, your children under age 25 (your "eligible survivors"), a lump sum benefit equal to 3 months of your gross disability payment if, on the date of your death:

- your disability had continued for 180 or more consecutive days; and
- you were receiving or were entitled to receive payments under the plan.

If you have no eligible survivors, payment will be made to your estate. However, Prudential will first apply the survivor benefit to any overpayment which may exist on your claim.

For purposes of this Plan, the term "spouse" includes your same-sex domestic partner, as that term is defined in the **Benefits Program Overview.**

Other Services Provided Under the Plan

As part of your coverage under the Plan, Prudential also provides certain benefits in the nature of a Social Security Claimant Assistance Program, a Rehabilitation Program and a program of reimbursing employers for the cost of certain worksite modifications that are identified by your employer and Prudential as being likely to help you remain at work or return to work. Refer to the Group Insurance Certificate for further details regarding these programs. With respect to the Rehabilitation Program, if at any time you decline to take part in or cooperate in a rehabilitation evaluation/assessment or program that Prudential feels is appropriate for your disability and that has been approved by your doctor, Prudential will cease paying your monthly benefit.

Filing A Claim

General

Written notice of a claim should be sent to Prudential within 30 days after the date your disability begins. However, you must send Prudential written proof of your claim no later than 90 days after your elimination period ends. If it is not possible to give proof within 90 days, it must be given no later than 1 year after the time proof is otherwise required except in the absence of legal capacity. You must notify us immediately when you return to work in any capacity.

*Claim forms can be obtained from Prudential by phone via MySource for Human Resources at **1-888-640-3320**, or online via the MySource for Human Resources website at **www.mysourceforhr.com**. If you do not receive the form from Prudential within 15 days of your request, send Prudential written proof of claim without waiting for the form.*

How to File Claims

You and your employer must fill out your own section of the claim form and then give it to your attending doctor. Your doctor

should fill out his or her section of the form and send it directly to Prudential.

Your proof of claim, provided at your expense, must show:

- That you are under the regular care of a doctor.
- Appropriate documentation of your monthly earnings.
- The date your disability began.
- Appropriate documentation of the disabling disorder.
- The extent of your disability, including restrictions and limitations preventing you from performing your regular occupation or any gainful occupation.
- The name and address of any hospital or institution where you received treatment, including all attending doctors.
- The name and address of any doctor you have seen.

Prudential may request that you send proof of continuing disability, satisfactory to Prudential, indicating that you are under the regular care of a doctor. This proof, provided at your expense, must be received within 30 days of a request by Prudential.

In some cases, you will be required to give Prudential authorization to obtain additional medical information, and to provide non-medical information as part of your proof of claim, or proof of continuing disability. This proof, provided at your expense, must be received within 30 days of a request by Prudential. Prudential will deny your claim or stop sending you payments if the appropriate information is not submitted.

Recovery of Overpayments

Prudential has the right to recover any overpayments due to (i) fraud; (ii) any error Prudential makes in processing a claim, and (iii) your receipt of deductible sources of income.

Claim Determination and Appeal Process

For information regarding the Plan's claim determination and appeal process, please see the subsection of the **Benefits Program Overview** entitled *"Claim Determination and Appeal Process – Long-Term Disability and Life and AD&D Plans."*

Continuation of Other Coverages

Certain coverages provided to you under the NiSource Life and Medical Benefits Program and the NiSource Welfare Benefits Program continue while you are Disabled and receiving Plan benefits, provided your employer under its personnel policies continues to treat you as an employee. Any contributions that you are required to make toward the cost of these coverages will be billed to you. For further information regarding the billing arrangement, contact MySource for Human Resources.

Medical, Prescription Drug, Vision and Dental
Medical, vision and dental coverages for you and your eligible dependents continue while you are receiving Plan benefits, provided your employer under its personnel policies continues to treat you as an employee and so long as premiums are timely paid.

Life and AD&D
Life and AD&D coverages for you and your eligible dependents continue while you are receiving Plan benefits, provided your employer under its personnel policies continues to treat you as an employee and so long as premiums are timely paid.

Health Care Flexible Spending Account
You cannot continue to make contributions to the Health Care FSA while you are receiving Plan benefits. You may use the existing balance in your account to pay for any eligible expense that you incurred prior to the commencement of your Plan benefits. If you return to work, your original contribution election is amortized over the remaining pay periods for the calendar year.

Dependent Care Flexible Spending Account
You cannot continue to make contributions to the Dependent Care FSA while you are receiving Plan benefits. You may use the existing balance in your account to pay for any eligible expense that you incurred prior to the commencement of your Plan benefits.

HSAs
While you are receiving Plan benefits, you are not entitled to receive any employer contributions to an HSA, nor may you contribute to an HSA by means of payroll deduction.

Retirement Plans
While you are receiving Plan benefits, you may continue to earn service under your retirement plans. However, your contributions to the Savings Plan automatically stop. You are eligible to receive the value of your Savings Plan Account due to your disability. Refer to the Savings Plan and your other retirement plans for further information.

Other Programs
The Adoption Assistance and the Tuition Reimbursement Programs are not available to you while you are receiving Plan benefits.

Important Information For Residents Of Certain States

There are state-specific requirements that may change the provisions under the Coverage(s) described in the Group Insurance Certificate and in this summary plan description. If you live in a state that has such requirements, those requirements will apply to your Coverage(s) and are made a part of your Group Insurance Certificate and this summary plan description. Prudential has a website that describes these state-specific requirements. You may access the website at **www.prudential.com/etonline**. When you access the website, you will be asked to enter your state of residence and your Access Code. Your Access Code is 93191.

*If you are unable to access this website, and if you want to receive a printed copy of these requirements or have any questions, call Prudential at **1-866-439-9026**.*

General Program Information

Program Name:	NiSource Welfare Benefits Program
Benefit Plan Name:	NiSource Long-Term Disability Plan (a component of NiSource Welfare Benefits Program)
Type of Plan:	Employee Welfare Benefit Plan providing disability benefits
Plan Number:	537
Contribution Source:	Basic LTD Coverage: Employer Supplemental LTD Coverage: Employee and Employer
Plan Sponsor:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410
Plan Administrator:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**
EIN:	35-2108964
Plan Year:	January 1 through December 31
Type of Administration:	Fully Insured. The Plan is insured under a group insurance contract underwritten by the Insurer.
Insurer:	The Prudential Insurance Company of America 51 Broad Street Newark, New Jersey 07102
Claims Administrator: (if you need to submit a claim)	The Prudential Insurance Company of America Prudential Disability Management Services P.O. Box 13480 Philadelphia, PA 19176
Agent for Service of Legal Process:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 **(219) 647-5571**

Service of legal process may be made upon the Plan Administrator.

The Group Contract underwritten by The Prudential Life Insurance Company of America provides insured benefits under the Plan. Plan benefits are provided under the terms of the Group Contract and the Group Insurance Certificate. ***In the event of a conflict between this summary plan description and the Group Contract and Group Insurance Certificate, the terms of the Group Contract and Group Insurance Certificate shall prevail.*** The Group Insurance Certificate is available upon request by calling the MySource automated telephone system at **1-888-640-3320** and asking to speak to a service representative.

The Prudential Life Insurance Company of America, as Claims Administrator, has the sole discretion to interpret the terms of the Group Contract, to make factual findings, and to determine eligibility for benefits. The decision of the Claims Administrator shall not be overturned unless arbitrary and capricious. Benefits under the Plan will be paid only if the Claims Administrator decides in its discretion that the applicant is entitled to them.

Life Insurance Plan

- Employee Term Life Coverage - Basic and Optional Plans
- Dependents Term Life Coverage
- Employee AD&D Coverage - Basic and Supplemental Plans
- Dependents AD&D Coverage

Your Life Insurance and AD&D Options

NiSource Inc. (the "Company") offers the NiSource Life Insurance Plan (the "Plan") to eligible employees with the following coverage options (each a "Coverage Option"):

- Basic Employee Term Life Coverage Option;
- Optional Employee Term Life Coverage Option;
- Dependents Term Life Coverage Option;
- Basic Employee Accidental Death and Dismemberment ("AD&D") Coverage Option;
- Supplemental Employee AD&D Coverage Option; and
- Dependents AD&D Coverage Option

Benefits are provided under one or more group insurance contracts (collectively, the "Group Contract") and one or more group insurance certificates (collectively, the "Group Insurance Certificate") issued by Minnesota Life Insurance Company ("Minnesota Life"), who is the Claims Administrator and is wholly responsible for the payment of benefits.

If there is a conflict between the Group Contract and Group Insurance Certificate, on the one hand, and this summary plan description, on the other hand, the terms of the Group Contract and the Group Insurance Certificate shall prevail. **You should refer to the Group Insurance Certificate for a detailed explanation of the benefits offered under the Plan and the limitations upon those benefits, and for an explanation of the various terms and concepts used in this summary plan description.** *You may obtain a copy of the Group Insurance Certificate by contacting MySource for Human Resources at* ***1-888-640-3320****.*

The Plan provides life insurance and AD&D coverage on the persons of eligible employees ("Employee Insurance") and, if elected, on the persons of your "eligible dependents" ("Dependents Insurance"). See the individual benefit plan sections below for a summary of the benefits offered under each of the Coverage Options listed above.

Eligibility

Employees

You are eligible to participate in the Plan if you (i) are a regular full-time employee of Columbia Energy Group who is covered by a collective bargaining agreement between Columbia Energy Group and a union, (ii) regularly work 40 or more hours per week or at least the number of hours per week set forth in your collective bargaining agreement as being the minimum necessary to be classified as a full-time employee entitled to benefits under the Plan, and (iii) are actively at work. You are actively at work if you are fully performing your customary duties for your regularly scheduled number of hours at your employer's normal place of business, or at other places your employer's business requires you to travel. Provided your coverage has already commenced, your coverage may be continued if you are not actively at work due to sickness, injury, leave of absence or temporary layoff, subject to your employer's practices and procedures.

Your eligibility for optional, contributory coverage may be subject to your providing evidence of insurability and satisfying other requirements established by Minnesota Life.

See the individual benefit plan sections below and refer to the Group Insurance Certificate for further details.

Eligible Dependents

If you are eligible to participate in the Plan, you may obtain certain coverage for your "eligible dependents." Your "eligible dependents" are:

- Your lawful spouse; and
- Your unmarried children from live birth to the end of the month in which the unmarried child attains age 26; and

For purposes of this Plan, the term "spouse" or "lawful spouse" includes your same-sex domestic partner, as that term is defined in the **Benefits Program Overview**.

Your "children" include: (1) your or your same-sex domestic partner's natural children, legally adopted children and children placed

with you or your same-sex domestic partner for adoption prior to legal adoption; and (2) each of your or your same-sex domestic partner's stepchildren, foster children, children subject to legal guardianship, grandchildren, and other children who are blood relatives who depend on you or your same-sex domestic partner for more than fifty percent of their support and maintenance. A child placed with you or your same-sex domestic partner for adoption prior to legal adoption is considered an eligible dependent from the date of placement for adoption, and is treated as though the child were a newborn child born to you or your or your same-sex domestic partner, as the case may be.

Notwithstanding the foregoing, your or your same-sex domestic partner's unmarried children age 26 or older are also eligible if they are physically or mentally incapable of self-support, were incapable of self-support prior to age 26 and are financially dependent on you for more than 50% of their support and maintenance.

Also notwithstanding the foregoing,

(1) Your spouse is not your "eligible dependent" while on active duty in the armed forces of any country; and

(2) Your child is not your "eligible dependent" while (a) on active duty in the armed forces of any country; or (b) insured under any Employee Insurance.

A child will not be considered the "eligible dependent" of more than one employee. If this would otherwise be the case, the child will be considered the "eligible dependent" of the employee named in a written agreement of all such employees filed with the Company. If there is no written agreement, the child will be considered the "eligible dependent" of:

(1) the employee who became insured under the Plan with respect to the child while the child was an "eligible dependent" of only that employee; and otherwise

(2) the employee who has the longest continuous service with a participating employer, based on the Company's records.

Please Note: It is your responsibility to advise MySource when a person is no longer eligible for coverage as an eligible dependent under the Plan. Any amounts paid on behalf of a person who is no longer an eligible dependent will be required to be repaid to the Plan.

Information regarding eligibility can be accessed through the MySource website at ***www.mysourceforhr.com*** *or by calling the MySource automated telephone system at* ***1-888-640-3320*** *to speak to a service representative.*

Enrollment

Provided eligibility requirements are met, as described in the "*Eligibility*" section above, you will be automatically enrolled in the Basic Employee Term Life Coverage Option and the Basic Employee AD&D Coverage Option. If you desire coverage as a newly eligible employee, you must enroll in the Optional Employee Term Life Coverage Option, the Dependents Term Life Coverage Option, the Supplemental Employee AD&D Coverage Option and the Dependents AD&D Coverage Option (collectively the "Optional Coverages") within 31 days of your date of hire or the date you become newly eligible. If you do not enroll in an Optional Coverage during this initial 31-day period, you may need to provide evidence of insurability if you decide to enroll at a later date. You must enroll using forms approved by Minnesota Life. *You may obtain enrollment forms by contacting MySource for Human Resources at* ***1-888-640-3320***

In general, once you enroll in (or decline) any of the Optional Coverages, your elections stay in effect for the entire Plan Year and can only be changed during annual enrollment. If you do not enroll or elect to change coverage, if applicable, during the annual enrollment period, your current coverage election will remain in effect for the upcoming Plan Year, if available, at the applicable rates. However, if you experience a qualified life event, you may enroll or change existing coverages during the Plan Year. If any change in coverage is subject to evidence of insurability, Minnesota Life must decide that such evidence is satisfactory. (Please see the "*Enrollment*" and the "*Changing and*

Continuing Elections" section of the **Benefits Program Overview** for further details.) *To obtain the necessary forms for enrolling in, or changing, your Optional Coverages, please contact MySource for Human Resources at* ***1-888-640-3320****.*

Contributions

Premium contributions are not required for the Basic Employee Term Life Coverage Option and the Basic Employee AD&D Coverage Option. If you elect any of the Optional Coverages, you will pay for the cost of such coverage. *If you have questions regarding the amount of your required contributions, please contact MySource for Human Resources at* ***1-888-640-3320****.*

When Coverage Begins and Ends

Coverage Begins

Provided you have satisfied the eligibility requirements described above, coverage under the Basic Employee Term Life Coverage Option and the Basic Employee AD&D Coverage Option of the Plan may generally become effective on the first day you are actively at work, if you are a regular new hire, or on the first day you are newly eligible for coverage, provided you are actively at work on such day.

Provided you have satisfied the eligibility requirements described above, coverage under the Employee Optional Coverages may generally become effective on the first day on which each of the following conditions are met: (1) you have enrolled for coverage, including, if required, applying for coverage on forms approved by the Claims Administrator, (2) with respect to Optional Employee Term Life Coverage, the Claims Administrator is satisfied with your evidence of insurability, if evidence is required (provided that coverage will become effective as of the first day of the month following the Claims Administrator's determination that evidence is satisfactory), and (3) the Claims Administrator has received the required premium.

If you are not actively at work on the date coverage would otherwise begin, or on the date an increase in your amount of insurance would otherwise be effective, you will not be eligible for the coverage or increase until you return to active work. However, if the absence is on a non-work day, coverage will not be delayed provided you were actively at work on the work day immediately preceding the non-work day. Except as otherwise provided herein or in the Group Insurance Certificate, you are eligible to continue to be insured only while you remain actively at work.

Provided you have satisfied the eligibility requirements described above, coverage of your "eligible dependents" under the Dependents Term Life Coverage Option and the Dependents AD&D Coverage Option ("Dependents Insurance") generally may become effective on the first day on which each of the following conditions are met: (1) you have enrolled for dependent coverage, including, if required, applying for coverage on forms approved by the Claims Administrator, (2) the person to be covered is your "eligible dependent", (3) you are insured for employee coverage under the particular coverage sought (e.g., for Dependents Term Life Coverage, you are covered under Employee Term Life Coverage, and for Dependents AD&D Coverage, you are covered under Supplemental Employee AD&D Coverage), (4) for Dependents Term Life Coverage, the Claims Administrator is satisfied with your eligible dependent's evidence of insurability, if evidence is required, and (5) the Claims Administrator has received the required premium.

If an eligible dependent (other than a newborn child) is hospitalized or confined because of illness or disease on the date his or her insurance would otherwise become effective, his or her effective date shall be delayed until he or she is released from such hospitalization or confinement.

Evidence of your insurability may be required under certain circumstances if you apply for Optional Employee Term Life Coverage. Evidence of your eligible dependent's insurability may also be required under certain circumstances if you apply for coverage for your eligible dependent under

the Dependents Term Life Coverage option. See the sections below entitled *"Optional Employee Term Life Coverage"* and *"Dependents Term Life Coverage"* for more details concerning evidence of insurability requirements.

If you apply for coverage that requires evidence of insurability, your coverage election will be autocorrected to the greatest amount of coverage, consistent with your election, to which you would otherwise be entitled without evidence of insurability. Once evidence of insurability is approved by Minnesota Life, your coverage will be updated effective the first of the month following approval (or, if later, January 1, in the case of an election made during annual enrollment).

Coverage Ends

Your Employee Insurance or Dependents Insurance under a Coverage Option will end when the first of these occurs:

- The date as of which the Plan is terminated;
- The date the Group Contract is canceled, or with respect to a particular Coverage Option, the date a Coverage Option is terminated;
- The date that the Plan or Group Contract is amended to terminate coverage for you or to make you no longer eligible;
- The last day of the month in which you terminate employment or are otherwise no longer eligible for coverage under the Plan as a regular full-time employee or as a member of another eligible class;
- For Coverage Options that are contributory, 31 days after the due date of any required contribution that is not paid, provided that failure to contribute for Dependents Insurance will not cause your Employee Insurance to end;
- For Dependents Term Life Coverage, the date your Employee Term Life Coverage ends;
- For Dependents AD&D Coverage, the date your Supplemental Employee AD&D Coverage ends;
- For Dependents Insurance, the last day of the month in which your "eligible dependent" ceases to be an "eligible dependent" for the coverage or is no longer covered under the Group Contract.
- For Employee Optional Coverage, the last day for which premium contributions have been made following your written request to end any Employee Optional Coverage.
- For Dependents Insurance, the last day for which premium contributions have been made following your written request to end Dependents Insurance for an "eligible dependent"

You must notify the Claims Administrator when a dependent is no longer eligible for coverage under the Plan so that premiums may be discontinued.

If your Employee Insurance coverage terminates because of non-payment of premiums, your coverage may be reinstated if all premiums due are paid and received by the Claims Administrator within 31 days of the date of termination and during your lifetime.

Provided your coverage has already commenced, your coverage may be continued if you are not actively at work due to sickness, injury, leave of absence or temporary layoff, subject to your employer's practices and procedures.

If you stop active full-time work for any reason, you should contact the Company at once to determine what arrangements, if any, have been made to continue any of your insurance coverage, or whether you belong to another class of employees that may be eligible for coverage under the Plan.

Definition of "Earnings"

For commission paid employees, "Earnings" include your total base income before taxes. Earnings are determined prior to any deductions made for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan or flexible spending account. Earnings include the annualized average commissions earned during the shorter of (i) the 24 month period just prior to your date of loss; or (ii) your period of employment. Bonuses, overtime pay or any other extra compensation, or income received from

sources other than your employer are not included.

For all other employees, "Earnings" include your total base income before taxes. Earnings are determined prior to any deductions made for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan or flexible spending account. Earnings do not include commissions, bonuses, overtime pay or any other extra compensation, or income received from sources other than your employer.

Beneficiaries and Assignments

Refer to the Group Insurance Certificate for details regarding designation of beneficiaries under each Coverage Option. You can obtain a beneficiary form by calling MySource at **1-888-640-3320**. Minnesota Life has prepared information about the modes of settlement that are available. For further information, contact MySource at **1-888-640-3320**.

The Group Insurance Certificate also contains rules regarding the assignment of your insurance under a Coverage Option. Refer to the Group Insurance Certificate for the terms and conditions under which such assignments may be made.

Basic Employee Term Life Coverage

The Basic Employee Term Life Coverage Option provides a benefit to your beneficiary or beneficiaries in an amount up to two times (2x) your annual "Earnings." If this amount is not a multiple of $1,000, it will be rounded to the next higher multiple of $1,000. The maximum benefit (for Basic and Optional Employee Term Life Coverage combined) is $1,500,000. Amounts otherwise payable as benefits will be reduced by the amount of any "Terminal Illness Proceeds" paid under the Option to Accelerate Payment of Death Benefits.

Optional Employee Term Life Coverage

You may enroll in one of the options below for optional term life coverage.

BENEFIT CLASSES	AMOUNT OF INSURANCE (MULTIPLE OF ANNUAL EARNINGS)	
	Sum of Basic + Optional	**Optional**
Option 1	3x annual Earnings	1x annual Earnings
Option 2	4x annual Earnings	2x annual Earnings
Option 3	5x annual Earnings	3x annual Earnings
Option 4	6x annual Earnings	4x annual Earnings
Option 5	7x annual Earnings	5x annual Earnings

If the amount of insurance is not a multiple of $1,000, it will be rounded to the next higher multiple of $1,000. The maximum benefit is $1,500,000 minus the amount of your insurance under the Basic Employee Term Life Coverage Option. Amounts otherwise payable as benefits will be reduced by the amount of any "Terminal Illness Proceeds" paid under the Option to Accelerate Payment of Death Benefits.

Any requested change in coverage (increase or decrease) must be made within 31 days of a qualified life event or in connection with annual enrollment.

Notwithstanding the foregoing, the amount of your coverage may not exceed the "guaranteed issue amount" unless you submit evidence of insurability that is satisfactory to Minnesota Life and you are actively at work. The "guaranteed issue amount" is the lesser of (1) three times (3x) your annual Earnings, and (2) $500,000. Also, you must submit evidence of insurability if you are first applying for Optional Employee Term Life Coverage during annual enrollment and your application is made more than 31 days after

the date you first became eligible for coverage.

Without limiting the generality of the foregoing, you will need to provide evidence of insurability

- If you are a regular new hire or newly eligible for coverage and you apply for Optional Employee Term Life Coverage in an amount greater than three times (3x) your annual Earnings (Basic plus Optional Coverage combined), or if the total amount of your Term Life Coverage after giving effect to your Optional Employee Term Life Coverage exceeds $500,000;
- If you are first applying for Optional Employee Term Life Coverage during annual enrollment and the date you apply during annual enrollment is more than 31 days after your date of hire or the date you newly became eligible for coverage;
- If you are currently enrolled in Optional Employee Term Life Coverage, you want to increase your coverage during annual enrollment, and the amount of your requested increase is greater than one times (1x) your annual Earnings, or the total amount of your Term Life Coverage after giving effect to your requested increase in coverage exceeds $500,000;
- If you request an increase in coverage due to a qualified life event and the amount of your requested increase is greater than one times (1x) your annual Earnings, or the total amount of your Term Life Coverage after giving effect to your requested increase in coverage exceeds $500,000;
- If you desire life insurance coverage and have an individual life insurance contract you obtained by converting your coverage under the Plan;
- The insurance for which you previously enrolled did not go into effect or was terminated because you failed to make a required premium contribution; and
- If you have not met a previous evidence requirement to become insured under any plan a participating employer has with Minnesota Life.

Any new enrollment or requested increase in coverage that is subject to evidence of insurability will become effective when Minnesota Life decides the evidence is satisfactory and you are actively at work; provided, however, that any such new enrollment or requested increase in coverage that is made in connection with annual enrollment will be effective on the later of (1) the following January 1, and (2) the first day of the month following the date Minnesota Life decides the evidence is satisfactory and you are actively at work.

Option to Accelerate Payment of Death Benefits

If you have a Terminal Condition while insured under the Basic Employee Term Life Coverage Option or the Optional Employee Term Life Coverage Option (the "Employee Term Life Insurance"), you may elect to have an Accelerated Death Benefit paid to you in one full sum when Minnesota Life receives proof that you have a Terminal Condition.

Benefits otherwise payable under the Employee Term Life Insurance upon your death and any amount that could otherwise have been converted to an individual contract will be reduced by the Accelerated Death Benefit.

Your right to be paid under this option is subject to the following terms: (1) Your Employee Term Life Insurance must be in force and all premiums due must be fully paid; (2) You must make application in writing and in a form that is satisfactory to the Claims Administrator; (3) Your Employee Term Life Insurance must not be assigned; (4) You must not have designated an irrevocable beneficiary for your Employee Term Life Insurance ; (5) If you are required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise, you are not eligible for this option; and (6) If you are required by a government agency to use this option in order to apply for, get or keep a government benefit or entitlement, you are not eligible for this option.

You have a "Terminal Condition" if you have a condition caused by sickness or accident which directly results in a life expectancy of twelve months or less. "Accelerated Death

Benefit" means the amount of your Employee Term Life Insurance that Minnesota Life will pay if you are eligible under this option. The Accelerated Death Benefit is equal to 100% of the amount in force on your life on the date Minnesota Life receives the proof that you have a Terminal Condition, but not more than $1,000,000. The minimum death benefit eligible for an Accelerated Death Benefit is $10,000. Minnesota Life must be given evidence that is satisfactory to it that your life expectancy, because of sickness or accident, is twelve months or less. That evidence must include a certification by a physician, other than you or a member of your immediate family, who is licensed to practice medicine or treat illness in the state in which treatment is received.

If you elect to accelerate your death benefit and the termination of your coverage causes an eligible dependent to lose coverage, he or she will be allowed to convert any such insurance to a policy of individual life insurance as discussed below under the section entitled "Conversion Privilege for Life Coverage."

If the amount of your Employee Term Life Insurance exceeds the maximum death benefit payable under the Accelerated Death Benefit Option, your Employee Term Life Insurance coverage (reduced by the amount of the Accelerated Death Benefit) will continue after your election of the Accelerated Death Benefit Option and your premiums will be reduced accordingly. The amount of the Accelerated Death Benefit will be applied first to reduce your outstanding Optional Employee Term Life Coverage and then to reduce your outstanding Basic Employee Term Life Coverage.

Please note that any payment made under this option may be taxable. You should consult your tax advisor for assistance with any questions you may have.

Refer to the Group Insurance Certificate for additional details, terms and conditions regarding this option.

Dependents Term Life Coverage

Under the Dependents Term Life Coverage Option, you may enroll your "eligible dependents" for coverage in the amounts shown below.

YOUR SPOUSE WHO IS AN "ELIGIBLE DEPENDENT"	
Benefit Classes	**Amount of Insurance**
Option 1	$10,000
Option 2	$25,000
Option 3	$50,000

YOUR CHILDREN WHO ARE "ELIGIBLE DEPENDENTS"	
Benefit Classes	**Amount of Insurance***
Option 1	$5,000
Option 2	$10,000

You must provide evidence of insurability under the following circumstances:

- If you choose Option 3 spousal coverage (coverage in the amount of $50,000);
- If any dependent's coverage for which you previously enrolled did not go into effect under the Plan or was terminated because you did not pay a required contribution; or
- If your spouse previously did not meet a requirement for evidence of insurability under any Minnesota Life group contract for the participating employer.

Option 3 spousal coverage will become effective on the first day of the month following the date Minnesota Life decides the evidence is satisfactory. No enrollment or increases in coverage may become effective so long as your "eligible dependents" are confined for medical care or treatment, whether at home or elsewhere.

Payment of Death Benefits under Life Coverage

If you or your "eligible dependent" dies while covered under the Plan, the amount of insurance on you or your "eligible dependent" is payable when Minnesota Life's home office receives written proof satisfactory to it that you or your eligible dependent died while covered under the Plan and insured under the Group Insurance Certificate. If you or an "eligible dependent" die within 31 days after ceasing to be covered under the Plan, but while you or your "eligible dependent," as the case may be, are entitled to convert insurance under the Plan to an individual contract, death benefits in the amount of insurance that could have been converted may be payable when Minnesota Life receives written proof as described above.

Death Benefits under the Employee Term Life Coverage are payable according to Minnesota Life's beneficiary and mode of settlement rules. Death benefits under the Dependents Term Life Coverage are payable to you, if you are living. If you are not living, benefits are payable to your estate.

Conversion Privilege for Life Coverage

If all or a part of your Employee Term Life Insurance or Dependents Term Life Coverage terminates because you move from one existing eligible class to another, or you are no longer in an eligible class, you may convert up to the full amount of terminated insurance.

Limited conversion is available if, after you have been insured for at least five years, insurance is terminated because (1) the Group Contract is terminated; or (2) the Group Contract is changed to reduce or terminate your insurance. In such case, you may convert up to the full amount of terminated insurance, but not more than the maximum. The maximum is the lesser of: (a) $10,000; and (b) the amount of life insurance which terminated minus any amount of group life insurance for which you become eligible under any group policy issued or reinstated by Minnesota Life or any other carrier within 31 days of the date the insurance terminated under the Group Contract.

Neither the conversion right nor the limited conversion right is available if your coverage under the Plan or Group Contract terminates due to failure to make, when due, required premium contributions. Under both the conversion right and the limited conversion right, you may convert your insurance to any type of individual policy of life insurance then customarily issued by Minnesota Life for purposes of conversion, except term insurance. The individual policy will not include any supplemental benefits, including, but not limited to, any disability benefits, accidental death and dismemberment benefits, or accelerated benefits.

See the *"Highlights of Conversion and Portability Features"* below for additional details regarding the conversion privilege. Also, refer to the Group Insurance Certificate for additional details, terms and conditions.

AD&D Coverage

Basic Employee AD&D Coverage Option

The Basic Employee AD&D Coverage Option provides a benefit in an amount up to two times (2x) your annual "Earnings." If this amount is not a multiple of $1,000, it will be rounded to the next higher multiple of $1,000. The maximum benefit (for Basic and Supplemental Employee AD&D Coverage combined) is $1,500,000.

Supplemental Employee AD&D Coverage Option

You may enroll for supplemental employee AD&D coverage in any multiple of $10,000 up to the lesser of (1) ten times your annual Earnings, and (2) $1,500,000 minus the amount of your insurance under the Basic Employee AD&D Coverage Option).

Dependents AD&D Coverage Option

You may enroll for AD&D coverage on each of your "eligible dependents" in an amount equal to a percentage of your Supplemental Employee AD&D Coverage, as set forth below:

ELIGIBLE DEPENDENTS	AMOUNT OF INSURANCE ON EACH ELIGIBLE DEPENDENT (AS % OF EMPLOYEE AD&D COVERAGE)
Spouse only	60% on spouse
Child(ren) only	10% on each child
Spouse and child(ren)	50% on spouse; 10% on each child

Additional AD&D Coverage

The Plan provides additional benefits under Basic and Supplemental Employee and Dependents AD&D Coverage for a person's loss of life as a result of a covered accident in an automobile while using a seat belt and as a result of an accident in an automobile while using an air bag. The additional benefit is in an amount equal to the lesser of (1) 10% of your full amount of insurance on the person, and (2) $10,000. The additional benefits are subject to various conditions and limitations. For a description of these conditions and limitations, refer to the Group Insurance Certificate.

Covered Losses under AD&D Coverage

AD&D Coverage pays benefits for death or dismemberment resulting, directly and independently of all other causes, from an accidental injury which is unintended, unexpected and unforeseen.

The injury must occur while your coverage under the Plan and the Group Insurance Certificate is in force. Your death or dismemberment must occur within 365 days after the date of the injury and while your coverage under the Plan and the Group Insurance Certificate is in force.

The amount of the accidental death and dismemberment benefit is described below:

LOSS OF OR BY REASON OF	PERCENT OF PERSON'S AMOUNT OF INSURANCE
Life; both hands; both feet; sight of both eyes; one hand and one foot; one hand and sight of one eye; one foot and sight of one eye; speech and hearing; quadriplegia	100%
Paraplegia	75%
One hand; one foot; sight of one eye; speech; hearing; hemiplegia	50%
Thumb and index finger of one hand	25%

Loss of hands or feet means complete severance at or above the wrist or ankle joints. Loss of sight, speech, or hearing means the entire and irrecoverable loss of sight, speech, or hearing which cannot be corrected by medical or surgical treatment or by artificial means. Loss of thumb and index finger means complete severance of both the thumb and the index finger at or above the metacarpophalangeal joints.

Quadriplegia means total and permanent paralysis of both upper limbs and both lower limbs.

Paraplegia means total and permanent paralysis of both lower limbs. Hemiplegia means total and permanent paralysis of both the upper limb and lower limb on one side of the body.

Benefits may be paid for more than one accidental injury but the total amount of insurance payable under the Plan and the Group Insurance Certificate for all of your losses due to any one accident will never exceed the full amount of insurance described above.

Benefits will be paid upon receipt by Minnesota Life at its home office of written proof satisfactory to it that you or your eligible dependent died or suffered

dismemberment as a result of an accidental injury.

Losses Not Covered

A Loss is not covered if it results from any of the following: (1) Suicide or attempted suicide, while sane or insane; (2) Intentionally self-inflicted Injuries, or any attempt to inflict such Injuries; (3) sickness, whether the loss results directly or indirectly from the sickness; (4) medical or surgical treatment of sickness, whether the Loss results directly or indirectly from the treatment; (5) Any infection (but this does not include (a) a pyogenic infection resulting from an accidental cut or wound; or (b) a bacterial infection resulting from accidental ingestion of a contaminated substance); (6) War, or any act of war ("War" means declared or undeclared war and includes resistance to armed aggression); (7) an accident that occurs while the person is serving on full-time active duty for more than 30 days in any armed forces (not including Reserve or National Guard active duty for training); (8) travel in or descent from any aircraft, except: a) as a fare-paying passenger on a regularly scheduled commercial flight on a licensed passenger aircraft carrier; b) while the employee is performing as a pilot or crew member of an employer owned, leased or operated aircraft; or c) while the employee is riding as a passenger in an aircraft which is owned, leased, or operated by the eligible employee's employer or its affiliate or by a customer of the employer or its affiliate; (9) commission of or attempt to commit an assault or felony; (10) being legally intoxicated or under the influence of any narcotic unless administered or consumed on the advice of a doctor; or (11) participation in these hazardous sports: scuba diving; bungee jumping; skydiving; parachuting; hang gliding; or ballooning.

Portability of Life and AD&D Coverage

If coverage under any of the Coverage Options ceases, you may have the right to apply for coverage for yourself or for your "eligible dependent," as the case may be, under a Portability Plan maintained by Minnesota Life. The terms and conditions (including the amount of coverage) under the Portability Plan will not be the same as those under the Plan.

To continue coverage under the Portability Plan, you must make a written request and make the first premium contribution within 31 days after insurance provided by the Plan or Group Policy would otherwise terminate. Evidence of insurability will not be required. Portability coverage then be deemed effective retroactive to the beginning of the 31-day period. This date is considered to be your portability date and you are then considered to have portability status.

See the table below entitled *"Highlights of Conversion and Portability Features,"* for additional details regarding the portability feature. Also, refer to the Group Insurance Certificate for additional details, terms and conditions.

Portability Coverage in Lieu of Conversion Coverage

The right to elect term life coverage under the Portability Plan is in lieu of the conversion privilege under the Employee Term Life Coverage and Dependents Term Life Coverage, except that you or your "eligible dependent," as the case may be, may convert the amount of insurance under the Employee Term Life Coverage or Dependents Term Life Coverage that exceeds the maximum amount of coverage that may be obtained under the Portability Plan.

Your Eligibility for Portability Coverage

You and your eligible dependents are eligible to continue your Employee Insurance and Dependents Insurance under the terms of the Plan and Group Insurance Certificate if you no longer meet the eligibility requirements for coverage (other than portability coverage) due to any of the following:

(1) you terminate employment, including retirement; or

(2) you are no longer in a class eligible for coverage or you are on a leave or layoff; or

(3) a class or group of employees insured under the Plan is no longer considered eligible and there is no successor plan for that class or group. (Successor plan means an insurance policy or policies provided by Minnesota Life or another insurer that replaces insurance provided under the Plan).

You will not be eligible to request portability coverage if you:

(1) have attained the age of 80; or

(2) with respect to Term Life Coverage, have converted your insurance to an individual life policy as permitted by any conversion rights under the Plan; or

(3) were not actively at work due to sickness or injury on the date immediately preceding your portability date; or

(4) lose eligibility due to termination of the Plan or Group Policy.

Maximum and Minimum Amount of Coverage under the Portability Plan

The maximum amount of insurance that can be continued under the Portability Plan is the amount of insurance that was in force on the insured's portability date, but not more than $1,000,000 for an employee or $50,000 for a spouse or same-sex domestic partner. However, for an insured age 65 or older on his or her portability date, the amount will not be more than 65% of the amount in force on the insured's portability date to a maximum of $650,000 for an employee or $32,500 for a spouse or same-sex domestic partner.

When an insured attains age 65, the amount of insurance on his or her life continued under the Portability Plan will reduce to 65% of the amount of insurance in force on the day prior to attainment of age 65. Insurance terminates at age 80.

The minimum amount of insurance that can be continued under the Portability Plan is $10,000. This minimum does not apply to a dependent.

You may elect to reduce the amount of insurance on your life under the Portability Plan. However, your remaining amount of insurance must be at least $10,000. The amount of insurance continued under the Portability Plan will never increase.

Conversion of Portability Coverage

At any time after insurance has been continued under the Portability Plan, it may be converted to a policy of individual insurance with Minnesota Life. All other conditions and provisions applicable to conversion coverage will apply. See the Group Insurance Certificate for additional details.

Regaining Eligibility Under Plan

If you are continuing coverage under the terms of Portability Plan, and you again meet the eligibility requirements of the Plan and the Group Insurance Certificate (not including the requirements for portability coverage), you shall no longer be considered to have portability status. Insurance may be continued only under the terms of the Plan and the Group Insurance Certificate, unless and until you no longer meet the eligibility requirements thereunder and again return to portability status as provided for herein.

Termination of Portability Coverage

Insurance being continued under the Portability Plan will terminate on the earliest of the following:

(1) the insured attaining age 80; or

(2) the date the insured again meets the eligibility requirements of the Plan and the Group Insurance Certificate; or

(3) in the case of your dependent child or a spouse or same-sex domestic partner who is covered under the Plan, the date your coverage is no longer being continued under the Portability Plan or the date your spouse or same-sex domestic partner or child ceases to be eligible under the Plan; or

(4) 31 days after the due date of any premium contribution which is not made.

Highlights of Conversion and Portability Features

	CONVERSION	PORTABILITY
Can Basic Life, Optional Life, Dependent Life, Dependent Child Life be converted or ported?	Yes	Yes
Can AD&D be converted or ported?	No	Yes
Can a retiree convert or port coverages?	Yes	Yes
Coverage can be converted or ported to:	Individual Life Policy	Participation in Portability Plan
Evidence of Insurability Required	No	No.
Application Deadline	Application and first month premium due 31 days after your coverage termination.	For life coverage, application due 31 days after your coverage termination. Minnesota Life will bill the participant directly. For AD&D coverage, 31 days after your coverage termination.
Minnesota Life Contacts	Minnesota Life Insurance Company 400 North Robert Street St. Paul, MN 55101	Minnesota Life Insurance Company 400 North Robert Street St. Paul, MN 55101

Conformity with State Law

If any provision of this summary plan description or of the Group Insurance Certificates or Group Contracts is in conflict with the laws of the state governing the Group Contracts or Group Insurance Certificates, the provision will be deemed to be amended to conform to such laws.

Filing A Claim

If you have a claim, you should obtain a claim form and follow the instructions on the form. For AD&D claims, Minnesota Life must be given written proof of the loss for which claim is made. This proof must cover the occurrence, character and extent of that loss. It must be furnished within 90 days after the date of the loss. But, if any Coverage provides for periodic payment of benefits at monthly or shorter intervals, the proof of loss for each such period must be furnished within 90 days after its end. A claim will not be considered valid unless the proof is furnished within these time limits. However, it may not be reasonably possible to do so. In that case, the claim will still be considered valid if the proof is furnished as soon as reasonably possible.

Claim forms are available from Minnesota Life. Claim forms can be obtained from Minnesota Life by phone via MySource for Human Resources at ***1-888-640-3320****, or online via the MySource for Human Resources website at* ***www.mysourceforhr.com****. If you do not receive the form from Minnesota Life within 15 days of your request, send Minnesota Life written* proof of claim without waiting for the form.

Claim Determination and Appeal Process

For information regarding the Plan's claim determination and appeal process, please see the subsection of the **Benefits Program Overview** entitled *"Claim Determination and Appeal Process – Long-Term Disability and Life and AD&D Plans."*

General Program Information

Program Name:	NiSource Life and Medical Benefits Program
Benefit Plan Name:	NiSource Life Insurance Plan (a component of NiSource Life and Medical Benefits Program)
Type of Plan:	Employee Welfare Benefit Plan providing life insurance and accidental death and dismemberment benefits
Plan Number:	536
Contribution Source:	Basic Employee Insurance: Employer Optional Employee and Dependents Insurance: Employee and Employer
Plan Sponsor:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410
Plan Administrator:	NiSource Benefits Committee 801 East 86th Avenue Merrillville, Indiana 46410 (219) 647-5571
EIN:	35-2108964
Plan Year:	January 1 through December 31
Type of Administration:	Fully Insured. The Plan is insured under a group insurance contract underwritten by the Insurer.
Insurer:	Minnesota Life Insurance Company 400 North Robert Street St. Paul, MN 55101
Claims Administrator: (if you need to submit a claim)	Minnesota Life Insurance Company 400 North Robert Street St. Paul, MN 55101
Agent for Service of Legal Process:	NiSource Inc. 801 East 86th Avenue Merrillville, Indiana 46410 (219) 647-5571

Service of legal process may be made upon the Plan Administrator.

The Group Contract underwritten by Minnesota Life Insurance Company provides insured benefits under the Plan. Plan benefits are provided under the terms of the Group Contract and the Group Insurance Certificate. In the event of a conflict between this summary plan description and the Group Contract and Group Insurance Certificate, the terms of the Group Contract and Group Insurance Certificate shall prevail. The Group Insurance Certificate is available upon request by calling the MySource automated telephone system at **1-888-640-3320** and asking to speak to a service representative.

Minnesota Life Insurance Company, as Claims Administrator, has the sole discretion to interpret the terms of the Group Contract, to make factual findings, and to determine eligibility for benefits. The decision of the Claims Administrator shall not be overturned unless arbitrary and capricious. Benefits under the Plan will be paid only if the Claims Administrator decides in its discretion that the applicant is entitled to them.

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SUMMARY PLAN DESCRIPTION FOR THE

Columbia Energy Group Pension Plan

A DESCRIPTION OF YOUR RETIREMENT PENSION BENEFITS

For Employees in the AB II Benefit

April 2013

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INTRODUCTION

Retirement can be the most exciting time of your life. Of course, you must work hard and save during your career to achieve the kind of financial security needed to enjoy those years to the fullest. Early on, you will need to ask yourself: "What sources of income will I have for my retirement?" You will likely be relying on (1) your pension benefit from the **Columbia Energy Group Pension Plan** (previously known as the Retirement Plan of Columbia Energy Group Companies, hereinafter referred to as the **"Plan"**), (2) a retirement benefit from Social Security, (3) your own personal savings, and (4) if applicable, savings under the NiSource Inc. Retirement Savings Plan or any other employer-sponsored retirement plan. Your employer, Columbia Energy Group, offers the Plan for the benefit of its employees and their beneficiaries in order to help provide for retirement.

Overview of the Plan

An innovative retirement plan that helps you prepare more effectively for your future, the Plan is a defined benefit pension plan funded entirely by contributions from NiSource Inc. or its affiliates. Its purpose is to provide you with retirement income that is in addition to any other retirement income you have or may be eligible to receive.

As an employee of Columbia Energy Group or any affiliate that adopts the Plan for its employees (collectively, the **"Company"**) satisfying the criteria described in the "Eligibility and Enrollment" section, you are eligible for the **AB II Benefit** of the Plan. Note that if you are a union employee of the Company, you will not participate in the AB II Benefit unless the collective bargaining agreement that covers you provides for your participation.

Introduction to the AB II Benefit

You are covered under the **AB II Benefit** of the Plan. The AB II Benefit (formerly the "Account Balance 2011 Option Benefit") is a "cash balance" option that makes it easy to understand your retirement benefit under the Plan. This option is unique because it offers you both a visible and a portable benefit.

Once you become a participant in the Plan, the Company sets up a bookkeeping account in your name. Each year, the Company adds *pay credits* equal to a percentage of your pay to your account. Your account also grows with interest in the form of annual *interest credits* throughout your career. The total of these pay credits and interest credits, plus, if applicable, any "opening balance" reflecting the benefit you earned prior to becoming an AB II Benefit participant make up your account balance. Periodically (in general, annually), you will receive personalized statements showing your current account balance. Because you will always see your account balance, you can easily monitor the growth of your retirement benefit – so your benefit is *visible*. When you retire, you can choose to receive your account balance in one of several payment methods (also explained in more detail later in this Summary). What's more, you are entitled to receive the "vested" portion of your account balance if you leave the Company prior to retirement, so your benefit is also *portable*.

Again, it costs you nothing to participate because the Company makes all contributions necessary to fund your AB II Benefit under the Plan on your behalf.

About this Plan Summary and Plan Administration

This handbook serves as a Summary Plan Description ("SPD" or "Summary") of the Plan, prepared in accordance with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The information enclosed has been prepared to summarize the benefits in an easy to understand format and is not intended to replace or supersede the official Plan document. The official Plan document is the governing document in the event that questions arise or if there is a conflict between the SPD and the official Plan document. Your rights and benefits under the Plan are determined by the actual provisions of the Plan. This SPD does not extend or change the Plan in any way.

The NiSource Benefits Committee (the "Committee") serves as business manager and administrator for the Plan (the "Plan Administrator"). The Plan Administrator utilizes the NiSource Human Resources Department and other specified individuals to carry out a number of administrative tasks for the Plan. See "Administrative Information" found later in this Summary. A trust fund has been established for the purpose of holding funds contributed to the Plan. The trust fund is administered by a trustee (the "Trustee") appointed by the Committee.

While the Committee intends to continue the Plan described in this handbook, the Committee reserves the right to change, modify, or discontinue the Plan and any of its terms at its discretion, subject to any applicable collective bargaining agreement.

HIGHLIGHTS: AB II BENEFIT

ARE THERE EMPLOYEE CONTRIBUTIONS?	No, all contributions are made by the Company
ARE THERE COMPANY CONTRIBUTIONS?	Yes; the Company makes contributions to fund your AB II Benefit, which is based on: • Your age • Your years of service • Your Eligible Pay, taking into consideration the Social Security Taxable Wage Base; and • The Plan's interest credit rate (currently the greater of the 30-year Treasury Securities, but no less than 4%)
WHEN AM I VESTED IN MY BENEFIT?	You are fully vested after 3 years of service (if you terminated prior to January 1, 2008, you generally were vested after 5 years of service).
WHAT IS ELIGIBLE PAY FOR PURPOSES OF DETERMINING MY BENEFIT?	In order to calculate your pay credits under the Plan, Eligible Pay includes your base salary and commissions, plus your performance based pay (such as bonuses or annual incentives) paid in or prior to the month of your termination of service, any salary reduction contributions made for a Company cafeteria or 401(k) plan, any "banked" vacation paid under the NiSource Vacation Policy, and effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay). However, the Plan does not consider certain items to be Eligible Pay. These excluded items include, but are not limited to, overtime, shift differential pay, amounts deferred to a nonqualified plan, and other special forms of pay such as call-out, standby, upgrades, temporary reclassifications/promotions, relocation allowances, sign-on bonuses, retention premiums, payments for waiving certain benefits including health care and dental benefits (referred to as "flex credits"), attendance bonuses and awards, and imputed income. In addition, the Plan also excludes from Eligible Pay any unused and accrued vacation paid on or after your termination of service. Note again, Eligible Pay excludes any incentive-based pay (such as payments from the corporate annual incentive plan or any plan created in lieu of the corporate annual incentive plan, commissions, spot awards, discretionary awards, lump-sum merit pay, and performance based pay) when paid in any month following your termination of service.
WHEN IS MY BENEFIT PAID?	Provided you are vested, you can be paid: • When you terminate employment; • When you retire; • When you reach age 70-1/2 and are a terminated employee (payments must begin at this time); or • In the event of your death
HOW CAN I RECEIVE MY BENEFIT?	You may elect to receive your benefit in the form of: • One of several Monthly Annuity Options • A Lump Sum • A Rollover

PARTICIPATING IN THE PLAN

Eligibility and Enrollment

You must be a "Pension Eligible Employee" of the Company to actively participate in the Plan. Generally, you are eligible to participate in the AB II Benefit of the Plan (*i.e.*, you are a "Pension Eligible Employee" who is an "AB II Participant") if you are a regular full-time or part-time employee and fall within one of the categories described in the box below. A Pension Eligible Employee is any of the following: (1) an "exempt employee" (as classified by the Company) whose most recent hire date is on or before January 1, 2010; (2) a non-union "non-exempt employee" (as classified by the Company) whose most recent hire date is on or before January 1, 2013; or (3) a union employee whose most recent hire date is on or before January 1, 2013. In other words, if you are an exempt employee hired or rehired on or after January 1, 2010 or a non-exempt or union employee hired or rehired on or after January 1, 2013, you are not a Pension Eligible Employee and not eligible to participate in the Plan. In addition, you are not eligible to participate if you are an intern, an independent contractor, or a leased employee of the Company, or if you are a union employee whose collective bargaining agreement does not provide for Plan participation.

More specifically, an AB II Participant is:

- All *exempt* employees (except exempt employees hired or rehired on or after January 1, 2010), including:
  - Any exempt employee newly hired or rehired on or after October 1, 2005 but before January 1, 2010;
  - Any exempt employee who elected to participate in the AB II Benefit effective January 1, 2006*;
  - Any exempt employee on long-term disability as of October 1, 2005 who returned to active employment and who elected to participate in the AB II Benefit or who automatically transitioned to the AB II Benefit effective upon return to employment; and
  - All other exempt employees who are participating in the Plan and transitioned to the AB II Benefit effective January 1, 2011 (January 1, 2012 for Disabled exempt employees).
- All *non-exempt* employees (union and non-union) (except non-exempt employees hired or rehired on or after January 1, 2013), including:
  - Any non-exempt (union or non-union) employee newly hired or rehired on or after January 1, 2008 but before January 1, 2013.
  - All other non-exempt (union and non-union, active and Disabled) employees who are participating in the Plan and transitioned to the AB II Benefit effective January 1, 2013.
- Certain other persons who are allowed to elect to participate in the AB II Benefit pursuant to terms of the Plan.

***Note:** Each non-union exempt employee who participated in the FAP Benefit or the AB I Benefit of the Plan had the opportunity to make an irrevocable Plan choice in December 2005 to stay in his or her current option or switch to the AB II Benefit ("Choice"). If no Choice was made, the employee remained in his or her option under the Plan. The 2005 Choice elections were made and documented in a manner specified by the Plan.

When Your Participation Begins

If you meet the eligibility requirements, your participation starts on your first day of work with the Company. Once you start to participate in the Plan, you will continue to participate as long as you are a Pension Eligible Employee of the Company. Note again that if you terminate employment and are rehired as an "exempt employee" on or after January 1, 2010, as a "non-exempt employee" on or after January 1, 2013, or as a union employee on or after January 1, 2013, you are not a Pension Eligible Employee and you are no longer eligible to earn additional benefits under the Plan.

When Your Participation Ends

Your participation in the Plan ends when:

- You are no longer a Pension Eligible Employee (i.e., you terminate employment or your employment status changes to one that is not eligible to participate in the Plan);*
- Your employer terminates its participation in the Plan;
- The Plan ends; or
- You die.

* Note that once you are no longer a Pension Eligible Employee, you will remain an inactive Plan participant (continuing to earn interest credits on your vested account) until you take a full distribution of your vested benefit from the Plan.

Service

Your Service with the Company and its predecessors, and also any breaks in your Service, have an effect on your participation in and benefits under the Plan. As explained in the following paragraphs, your Service with the Company is used as a component to calculate your benefit under the Plan. Also, the Plan uses Service to determine when you are entitled to (or "vested" in) your benefit under the Plan. Note that if you terminate and return to work as an ineligible employee (*i.e.*, you are no longer a Pension Eligible Employee), you no longer earn Point Service under the Plan. However, you will earn additional Vesting Service as described below.

Point Service

"Point Service" is the number of your years and partial years (*i.e.*, months) of Service as an employee of the Company (or any affiliate of the Company) from the first day of the month in which your employment began through the last day of the year in which your termination of employment, for any reason, occurs. Notwithstanding the foregoing, if you were a FAP Participant who voluntarily elected to become an AB II Participant, your Point Service for the period prior to your conversion to the AB II Benefit is equal to the amount of credited service you earned prior to your conversion. Point Service is used to determine, in part, the amount of pay credits that are added to your Account. Please see the "How the Plan Works" section later in this Summary for a complete explanation of how your pay credits are calculated.

Vesting Service

"Vesting Service" is the number of your years of Service as an employee of the Company (or any affiliate) from your date of employment through the date of your termination of employment for any reason. To be "vested" means you have a non-forfeitable right to your Plan benefit. You are fully vested in your pension benefit after completing three years of Vesting Service with the

Company and/or an affiliate. Note that if you terminated prior to January 1, 2008, you generally had to complete five years of Vesting Service before becoming fully vested in your benefit (unless you terminated at a time when an even higher vesting requirement applied, in which case the terms of the Plan in effect at your termination will control).

Special rules may apply if you experience a break in service, become disabled, or if you were previously a leased employee of the Company or an affiliate.

Break in Service

A break in employment (called a "Break in Service") may affect how you are credited with Service under the Plan. A Break in Service occurs if you terminate employment with the Company and are not employed for a period of 12 consecutive months. If you incur a Break in Service, the effect on your Vesting Service and Point Service will depend on the following: (1) the length of your Break in Service; (2) whether you were vested in your pension benefit prior to the Break in Service; and (3) whether you received a distribution of your benefit under the Plan. Note again that if you are not a Pension Eligible Employee at your rehire, these Break in Service provisions will not apply for purposes of accruing any future Point Service. If you experience a transfer of employment within the Company or from/to an affiliate of the Company, see the section entitled "Changes in Employment Status" later in this Summary for an explanation of the impact on your benefit and Service crediting under the Plan.

Break in Service Less Than 1 Year

If you terminate employment and are reemployed by the Company within 12 consecutive months, you are not considered to have a Break in Service. In this case, the Plan will consider your period of absence as part of your Vesting Service and Point Service under the Plan. However, as noted below, if you receive a distribution of your benefit, then your Point Service will start at zero upon your return to employment.

Break in Service of 1 to 5 Years

If you terminate employment and your Break in Service lasts more than 1 year but less than 5 years, the Service you earned before your termination will be added to the Service you earn after you return to work for all purposes under the Plan. If you are re-employed, the period of your absence will not count as part of your Service for any purpose.

Break in Service More Than 5 Years

If you are not vested in your pension benefit prior to your Break in Service, and your Break in Service lasts for 5 or more years, you will lose credit for all of your prior Service. If you are later re-employed, the Company will treat you as a new participant under the Plan.

If you are vested when you terminate employment and you are later re-employed after a Break in Service of 5 or more years, the Service you earned before your termination will be added to the Service you earn after you return to work for all purposes under the Plan. However, the Company does not count the period of your absence as part of your Service.

If You Received a Distribution

If you experience a Break in Service *and* receive or begin to receive a distribution of your vested benefit under the Plan before your return to work, you will receive credit for your Service prior to the break for purposes of counting Vesting Service only. For purposes of earning pay credits and interest credits (explained later in the "How the Plan Works" section), if you were a Pension Eligible Employee at the time of your rehire, then you were treated as a new participant (*i.e.*, your Point Service started at zero upon your return to employment).

Effect of Leaves on Break in Service

If you are on an "Authorized Leave of Absence" as discussed below, the Break in Service rules do not apply to the extent you continue to earn Service during the authorized leave. If the authorized leave provisions don't apply and you are absent from work due to pregnancy, birth of a child, placement of an adopted child or caring for a child immediately after such birth or placement, then

different rules apply when determining if a Break in Service has occurred. In general, if you are absent from work for one of the foregoing reasons beyond the first anniversary of the first date of your absence, you will not be considered to have a severance from Service until the second anniversary of the first date of your absence. In addition, you will not have a Break in Service if you are on an Authorized Leave of Absence pursuant to the Family and Medical Leave Act, or if you are absent from employment due to service in the "uniformed services" (as that term is defined by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA")) and if you return to work at the end of your Authorized Leave of Absence.

Other Circumstances Impacting Service

Authorized Leaves of Absence—If you are on a leave of absence that is approved by the Company in accordance with its procedures and the Plan (an "Authorized Leave of Absence"), you will continue to earn Vesting Service and Point Service while the authorized leave continues for a period of up to 12 months. Service crediting will cease as of the expiration of the 12 month period or, if earlier, the date the Authorized Leave of Absence ends (unless you return to work at that time).

Disability—Vesting Service and Point Service are also impacted if you become Disabled (as defined in the Plan). To learn how a Disability affects your benefit and the Service you earn under the Plan, see "If You Become Disabled" found later in this Summary.

HOW THE PLAN WORKS

As explained at the beginning of this Summary, the AB II Benefit of the Plan is a "cash balance" pension plan. A cash balance pension plan is just like other pension plans in that it can provide you with a guaranteed monthly pension benefit for life after you retire. A cash balance plan is different from other pension plans in how it defines what your benefit will be. "Traditional" pension plans use a formula, often based on your years of service and average pay leading up to retirement, to define how much your monthly pension will be. Under this kind of plan, it is hard to know the value of what you will ultimately receive when you retire until you near or reach retirement.

A cash balance plan is designed to help you better understand the value of your benefit. Instead of using a formula to define your monthly retirement pension, a cash balance plan provides an accounting of the value of your benefit (the value of your **AB II Benefit**, also known as your "**Account**"). Your benefit is based on the value of the Account kept for you. As you work, credits are made to your Account. When you retire, you will receive the value of your Account in one of the payment forms available under the Plan (these are explained in detail later in this Summary).

Also, while most traditional pension plans only let you receive your benefit as a monthly payment (*i.e.*, an annuity), the AB II Benefit gives you the option of receiving a single lump sum cash payment. In addition, while many traditional defined benefit plans provide your benefit as a monthly annuity that ends at your death or your surviving spouse's death, with the AB II Benefit you can name any beneficiary to receive your benefit in the event of your death, such as a child or unrelated beneficiary, provided the consent requirements explained later in this Summary are satisfied.

Your Account

The Company sets up an account in your name (your "Account") once you become a participant in the Plan. Your Account is a bookkeeping account maintained for plan administration to keep track of your pay credits and interest credits and any distributions made to you from the Plan. *The dollar amount in your Account generally tells you the current cash value of the benefits payable to you at your retirement (subject also to any Protected Benefit calculation described later in this Summary).*

Opening Balance

Transition from the FAP Benefit to the AB II Benefit—If you participated in the Final Average Pay Benefit ("FAP Benefit") under the Plan before becoming an AB II Benefit participant, your accrued FAP Benefit was converted to a lump sum "Opening Balance" and credited to your Account as of the date you converted to the AB II Benefit (your "Conversion Date"). The Opening Balance is calculated by following these steps:

1. The value of your accrued FAP Benefit is determined as of your Conversion Date;
2. If you became an AB II Benefit participant *on or after* the first day of the month following (or coincident with) your "Calculation Date" (defined below), then your Opening Balance will reflect an unreduced benefit;
3. If you became an AB II Benefit participant *before* the first day of the month following (or coincident with) your Calculation Date, then an early retirement reduction factor (0.25% per month) is applied based on the number of months between your Calculation Date and the later of (a) the Conversion Date or (b) the first day of the month following the date you reach age 60; and
4. The present value of the lump sum benefit is calculated using standard mortality and interest rate assumptions as provided in the Plan.

For purposes of the above Opening Balance calculation, your "*Calculation Date*" is generally the date that is three years before your Normal Retirement Date. Your "Normal Retirement Date" is defined later in this Summary as the first day of the month following the later of (1) your full "Social Security Retirement Age" (age 65 to 67, depending on when you were born), or (2) the fifth anniversary of your participation in the Plan. (Note that if you first became a participant before January 1, 1989, then solely for calculating the minimum benefit amount earned prior to January 1, 1989, your Calculation Date is modified as follows: (1) if you first became a participant between January 1, 1976 and January 1, 1989, your Calculation Date is the first day of the month coincident with or next following your 62nd birthday; (2) if you first became a participant prior to January 1, 1976, your Calculation Date is the first day of the month coincident with or next following your 65th birthday.)

Transition from the AB I Benefit to the AB II Benefit—If you participated in the AB I Benefit under the Plan before becoming an AB II Benefit participant, your Opening Balance simply equals the balance of your AB I Benefit account as of your Conversion Date, including any Pay Credits or Interest Credits (described below) earned up to that date.

Determining Your Eligible Pay

As described below, your Pay Credits are based upon your **Eligible Pay**, which is a technical term under the Plan referring to the compensation on which your Pay Credits are calculated. Your Eligible Pay generally equals:

- Your annual base pay received from the Company, including
- Salary reduction contributions made for you under a cafeteria plan or a 401(k) plan, plus
- Commissions, if you are compensated in whole or in part on a commission basis, plus
- Performance-based pay such as bonuses or annual incentive payments (provided such amounts are paid in or prior to the month of your termination of service), plus
- Any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay) (included effective September 1, 2009), plus
- Any amounts attributable to "banked" vacation and paid to you under the NiSource Vacation Policy.

However, Eligible Pay does not include all types of compensation you might receive from the Company. Specifically, items excluded from Eligible Pay include, but are not limited to the following:

- Overtime pay,
- Shift differential pay,
- Amounts deferred to a nonqualified plan,
- Any unused and accrued vacation paid on or after termination of service,
- Any portion of performance-based pay (such as payments from the corporate annual incentive plan or any plan created in lieu of the corporate annual incentive plan, commissions, spot awards, discretionary awards, lump-sum merit pay, and performance based pay) that is paid in any month following your termination of service, and
- Other special forms of compensation, such as call-out, standby, upgrades, temporary reclassifications/promotions, relocation allowances, sign-on bonuses, retention premiums, payments for waiving certain benefits including health care and dental benefits (referred to as "flex credits"), attendance bonuses and awards, and imputed income.

In general, Eligible Pay shall be determined on a monthly basis. If you are a full-time employee paid on a monthly, semi-monthly, biweekly, or weekly basis, your monthly Eligible Pay equals one-twelfth of your annual base rate of pay last in effect for the month, plus pay inclusions described above such as actual commissions paid in the month. If you are a part-time employee, your monthly

Eligible Pay equals the sum of your actual Eligible Pay, plus pay inclusions described above (such as commissions) paid to you for each pay period during the month. For purposes of determining your Pay-Based Credits (described below), Eligible Pay means the sum of the monthly Eligible Pay for each month during the Plan Year in which you are an AB II Participant, including actual bonuses received by the Employee while actively employed in the month.

The IRS imposes a limit on the amount of Eligible Pay that may be taken into account by the Plan. As a result, Eligible Pay above $255,000 for 2013 (as adjusted annually by the IRS for cost-of-living increases) does not count for purposes of determining Pay Credits under the Plan.

Impact of Disability Leave, an Authorized Leave of Absence, or Other Absence on Your Eligible Pay—If you are participating in the Plan, and you are on a leave due to Disability (as defined in the Plan and as further described later in this Summary) or on an Authorized Leave of Absence or other absence approved by the Company, you will be deemed to receive Eligible Pay for purposes of calculating your Plan benefit during your period of leave. However, similar to service crediting described earlier, if on an Authorized Leave of Absence or other approved (non-Disability) leave, you will only receive Eligible Pay crediting for up to 12 months. Your Eligible Pay for each month during the period of pay crediting for Disability, Authorized Leave of Absence, or other approved absence (as applicable) generally shall equal one-twelfth of your annual base rate of pay last in effect for the month in which the employment absence occurred. In addition, solely for the month in which the Disability, Authorized Leave of Absence, or other approved absence begins, your Eligible Pay will include any other items that are generally included in Eligible Pay that you receive in the month the absence begins (but such amounts will not otherwise affect the rate of Eligible Compensation crediting during the absence). For more specific information on how Eligible Pay is calculated during any of the above-described absences from employment, please contact the NiSource Human Resource Department.

Pay Credits

The Plan provides for two types of Pay Credits: Basic Pay Credits and Excess Pay Credits. You are eligible to receive Basic Pay Credits and, if applicable, Excess Pay Credits effective generally as of the date you become an AB II Participant and up until the time you terminate service or otherwise stop accruing a benefit under the AB II Benefit provisions of the Plan.

The Company allocates Basic Pay Credits to your Account as of December 31 of each year. These Basic Pay Credits are equal to a percentage of your annual Eligible Pay. The total age and years of Point Service you accumulate each year, as measured on December 31, determines the annual Basic Pay Credit percentage. If you leave the Company mid-year, you will receive prorated Basic Pay Credits through your termination date.

The Company also allocates Excess Pay Credits as of December 31 of each year to qualifying participants' Accounts. Excess Pay Credits are available if you earn more than one-half of the Social Security Wage Base for that year. If you qualify, the Excess Pay Credit is 1% of your Eligible Pay that exceeds one-half of the Social Security Wage Base.

The table below shows how Basic Pay Credits and Excess Pay Credits are calculated:

AB II PAY CREDITS			
If your age plus years of Point Service at the end of the year total...	Less than 50	50-69	70+
Your Basic Pay Credit for that year will be equal to this percentage of your Eligible Pay...	4 %	5 %	6 %
Your Excess Pay Credit will be equal to an additional percentage of your Eligible Pay over one-half of the Social Security Wage Base* in effect that year...	1 %		

**The Social Security Wage Base (SSWB) is the maximum amount of eligible pay on which you and the Company pay Social Security (or OASDI) taxes each year. For 2013, the SSWB is $113,700. Because you do not pay Social Security taxes on eligible pay in excess of the SSWB, you also do not earn Social Security benefits on eligible pay in excess of the SSWB. To help compensate affected employees, the AB II Benefit provides additional credit on pay over one-half the SSWB, which is $56,850 in 2013 ($113,700 divided by two).*

Example

Assume that on December 31, 2013, a participant has attained age 40 years and 6 months and has earned Point Service of 8 years and 10 months. Because the participant will have a total age plus Point Service of 49 years and 4 months, he/she will be eligible for a Basic Pay Credit of 4%. Let's assume the participant earns $40,000 for the year. The participant would receive a Basic Pay Credit to his Account of $1,600 for 2013 (4% of $40,000). The participant would not be eligible for the Excess Pay Credit because his Eligible Pay is not in excess of one-half of the SSWB for the year. However, if the same participant's Eligible Pay were $60,000 for 2013, he would receive a Basic Pay Credit of $2,400 (4% of $60,000), plus an Excess Pay Credit of $31.50 (1% of $3,150, which is the excess of Eligible Pay over one-half of the SSWB).

Interest Credits

Interest is credited to your Account each Plan Year effective as of December 31 up until the time you commence retirement benefits. Interest Credits are based on the 30-year Treasury Securities Rate for September of the preceding year (but not less than 4%) and are applied to your Account based on the value of your Account as of the last day of the prior Plan Year.

Your Account will continue to receive Interest Credits until you commence your retirement benefit payments under the Plan, regardless of whether you have stopped working for the Company as a Pension Eligible Employee. However, if you terminate employment with the Company before you are vested in your benefit, you will not receive Interest Credits after your termination. If you are subsequently reemployed, you will receive Interest Credits effective as of the date of your reemployment. In the year you begin receiving benefits, you will receive prorated Interest Credits for the portion of the year before the benefit starts. If you become a participant in the Plan mid-year, you will receive prorated Interest Credits from the date your participation began.

Example

Assume that on January 1, 2013, your Account is $50,000, and that the Interest Credit rate for the Plan Year is 4% (*i.e.*, the greater of the 30-year Treasury Securities rate for September 2012 or 4%). On December 31, 2013, your Account would receive an Interest Credit of $2,000 (or $50,000 × 4%).

Summing it Up: How Your Account Grows

Altogether, taking into account the Pay Credit (both Basic and Excess) and Interest Credit components, your Account is thus the sum of:

- **Your Opening Balance**, if any, under the Plan as of the beginning of the year; plus
- **Pay Credits** allocated to your Account as an annual percentage of eligible pay based on age plus Point Service as outlined in the table above; plus
- **Interest Credits** allocated to your Account based on the annual interest rate on 30-year Treasury Securities for the September immediately preceding the first day of the Plan Year (but no less than 4%).

Example

With the addition of both Interest and Pay Credits each year, you can see your Account balance grow. Here is an example of how your Account can grow in one year, using the assumptions set forth below.

First, calculate the Basic and Excess Pay Credit:

If you are 49 years old, have eligible earnings of $60,000 and have completed 17 years of Point Service at the end of 2013, your 2013 Pay Credit would be calculated as follows:

Basic Pay Credit

Your 2013 Eligible Pay	$60,000
Your Basic Pay Credit % (49 + 17 = 66 points = 5%)	x 5%
Your Basic Pay Credit amount on December 31, 2013	**$3,000**

Excess Pay Credit

Your 2013 Eligible Pay over ½ SSWB ($60,000 – $56,850)	$3,150
Your Excess Pay Credit %	x 1%
Your Excess Pay Credit amount on December 31, 2013	**$31.50**

Your total Pay Credit on December 31, 2013 is the sum of $3,000 + $31.50 or a total of $3,031.50 for the year.

Second, add the Interest Credit:

If the interest rate is at 4% for the Plan Year, your Interest Credit would be 4% of your Account balance as of the beginning of the Plan Year. Assuming your Account balance as of January 1, 2013 was $50,000, then you received an Interest Credit effective as of December 31, 2013 equal to $2,000.

Finally, total the Pay Credits and Interest Credit, and add to the Account balance at the beginning of the year:

January 1 Account Balance (includes your "Opening Balance," if any)	$50,000
	+
December 31 Interest Credit (4%)	$2,000
	+
December 31 Basic Pay Credit (5%)	$3,000
	+
December 31 Excess Pay Credit (1%)	$31.50
December 31 Account Balance	**$55,031.50**

Remember, how your Account grows over time depends on the actual Eligible Pay you receive and the Interest Credits allocated to your Account. In other words, items impacting Eligible Pay, such as base pay increases and performance-based pay (*e.g.*, bonuses or annual incentive payments paid before employment termination) will impact how your Account will grow.

Monitoring the Growth of Your Account

To help you track the growth of your Account, you will receive personalized statements (generally on an annual basis) that will keep you up-to-date on your Account activity. These statements show your:

- Account;
- Pay Credits since the last statement;
- Any applicable Interest Credits since the last statement.

You can also obtain information on the value of your Account any time by contacting MySource for Human Resources at **1-888-640-3320** or by visiting the Web site **www.mysourceforhr.com**.

Benefits From Your Account

Although your Account is communicated to you as a lump-sum amount, when you leave the Company and commence benefits, as previously mentioned, your Account can provide a monthly annuity based on prevailing interest rates at the time you commence benefits. See the "Payment Options Under the Plan" section later in this Summary for details on how you may receive your benefit, and see the "Designation of Beneficiary" section for details on how you may designate your spouse or another individual to receive your benefit in the event of your death.

For example, if your Account balance on the date you commence benefits is $200,000 and the annuity factor (to convert your Account to an annual benefit) at that time is 11, you would receive either a lump sum of $200,000 (minus applicable withholding taxes) or a monthly benefit for life of approximately $1,515, as follows:

CALCULATING ANNUITY EXAMPLE	
Account Balance:	$200,000
Annuity Factor:	÷ 11
Annual Benefit:	$ 18,182
	÷ 12
Monthly Benefit:	$ 1,515

Protected Benefit

In addition to your Account, the Plan may also consider a "Protected Benefit" in calculating your retirement benefit.

Former FAP Benefit Participants

If you previously participated in the FAP Benefit of the Plan, your Plan benefit under the AB II Benefit is guaranteed to be no less than the sum of (1) the lump sum actuarial equivalent of your accrued benefit under the FAP Benefit (which does not include any supplemental benefit) using eligible pay and Service through your Conversion Date (your **"Protected Benefit"**), plus (2) your Pay Credits (and Interest Credits earned on those Pay Credits) under the AB II Benefit from your Conversion Date (*i.e.*, the date of conversion to your AB II Benefit) through your termination of employment.

If you are eligible for this Protected Benefit, the Protected Benefit component of your benefit could be reduced if you elect to receive it prior to your "Normal Retirement Date" to reflect early commencement of payment. Because your Protected Benefit is derived from a traditional pension plan formula, you would generally not be able to receive your benefit until you retired. As noted earlier though, one benefit of the Plan's cash balance status is that you may receive your benefits anytime after your termination of employment. However, for purposes of valuing *only* the Protected Benefit portion of your Plan benefit, the Plan will consider whether you begin to receive benefits before your "Normal Retirement Date." The following subsections describe how the calculation of your Protected Benefit may be affected by when you choose to receive your benefit.

As a reminder, your AB II Benefit is calculated as described in the preceding portions of the "How the Plan Works" section. The following subsections apply *only* for any Protected Benefit portion of your Plan benefit and *do not* apply to the calculation of your AB II Benefit. For additional information regarding your FAP Benefit (if applicable), which is the basis of your Protected Benefit, please refer to the Summary Plan Description that you received for your FAP Benefit.

Normal Retirement

If you retire on or after your "Normal Retirement Date," your Protected Benefit will be not be impacted. Your **"Normal Retirement Date"** is the first day of the month following the later of (1) your full "Social Security Retirement Age" (age 65 to 67, depending on when you were born) (your **"Normal Retirement Age"**); or (2) the fifth anniversary of the date you began participation in the Plan. (Note that if you first became a participant before January 1, 1989, then solely for calculating the minimum benefit amount earned prior to January 1, 1989, your Normal Retirement Date is the first day of the month following your 65th birthday.) If you retire on or after your Normal

Retirement Date, the amount of your Protected Benefit will be based on the full amount of your Protected Benefit up to your Conversion Date (*i.e.*, your benefit will not be reduced for early commencement of payment.)

Early Retirement

If you retire on or after reaching your "Early Retirement Age" (*i.e.*, on your "Early Retirement Date") but before your Normal Retirement Date and elect to receive your Plan benefit, the Protected Benefit portion will be reduced to reflect the early commencement of your benefit. Your "**Early Retirement Date**" is the first day of the month following your employment termination on or after the date that you have (1) both attained age 60 or older and completed at least five years of Service; or (2) both attained age 55 (or older) and completed 10 years of Service. If you reach your Early Retirement Date, you may elect to receive your benefits immediately or defer the commencement of your benefits until you reach your Normal Retirement Date.

If you retire and elect to receive benefits at or after your Early Retirement Date, the amount of your Protected Benefit would be reduced by 0.25% for each month by which your Early Retirement Date precedes the first day of the month following the date that is three years prior to your Social Security Retirement Age.

If you defer the receipt of your benefits until your Normal Retirement Date, the amount of your Protected Benefit will be unreduced.

Distribution Prior to Early Retirement

If you terminate prior to your Early Retirement Date and elect to receive your Plan benefit, the Protected Benefit portion will be reduced to reflect the early commencement of your benefit. If you elect to receive your benefit prior to your Early Retirement Date, the amount of your Protected Benefit will be reduced actuarially using the interest rate and mortality factors specified in the Plan.

Former AB I Benefit Participants

As indicated earlier under the "Your Account" portion of this Summary, if you previously participated in the AB I Benefit under the Plan, your Plan benefit under the AB II Benefit will be no less than the sum of (1) the balance of your AB I Benefit account as of your Conversion Date, plus (2) your Pay Credits (and Interest Credits earned on those Pay Credits) under the AB II Benefit from your Conversion Date. If you participated in the FAP Benefit prior to transitioning to the AB I Benefit, then your Plan benefit under the AB II Benefit shall also be no less than your FAP Benefit when it was converted to the AB I Benefit.

Calculating Your Benefit

The calculation of your benefit under the Plan depends on how and when you wish to receive your benefit. Of course, if you terminate employment and elect to begin receiving your Plan benefit right away, your Account will have a smaller balance than if you had worked longer or waited to receive your benefits until a later date. Remember, you stop accruing Pay Credits when you terminate employment, and you no longer earn Interest Credits once you begin receiving your benefit. In addition, if you begin payment of your benefits prior to your Normal Retirement Age, your Protected Benefit (if applicable) would be reduced as explained above.

Your total benefit under the Plan is your Accrued Benefit. Your "**Accrued Benefit**" is the value of your benefit under the Plan as of any date before you reach your Normal Retirement Date. Your Accrued Benefit is generally the current value of your entire Account. However, if you have a Protected Benefit as described above, your Accrued Benefit is generally equal to the greater of:

Your entire Account (reflecting all Pay Credits, Interest Credits, and any Opening Balance); **or**

Your benefit you earned under the FAP Benefit as of your Conversion Date (*i.e.*, your Protected Benefit, which does not include any supplemental benefit), PLUS the portion of your AB II Benefit Account reflecting Pay Credits and Interest Credits earned from conversion to the AB II Benefit until termination of service (with Interest Credits continuing until commencement of benefits). In other words, the calculation under this subparagraph 2 considers your Protected Benefit plus your Account, but without consideration of any Opening Balance (or interest thereon) (*i.e.*, under this calculation, your prior FAP Benefit is considered as your Protected Benefit rather than as your Opening Balance).

If you are interested in finding out your benefit under the Plan, you may have your benefit calculated by visiting the Web site **www.mysourceforhr.com**.

Funding: Who Pays For Your Benefit

The Plan is funded with contributions made by the Company. On an annual basis, the Plan Administrator actuarially determines the amount that the Company must contribute in order to fund the pension benefits for you and your fellow co-workers that participate in the Plan.

Vesting: When Do You Own Your Benefit

As discussed earlier in this Summary, to be vested means you have a permanent right to your Plan benefit and are entitled to receive that benefit whenever you stop working for the Company. You become fully vested in your Plan benefit once you have completed 3 years of Vesting Service (5 years of Vesting Service for employees terminating prior to January 1, 2008) (see "Service" section described earlier in this Summary). There is no partial vesting in your Plan benefit. You are not vested until you reach 3 years of Vesting Service, and you become fully vested once you reach 3 years of Vesting Service (5 years for employees terminating prior to January 1, 2008).

Thus, for example, if you terminate employment with only 2 years of Vesting Service, then you will receive no benefit under the Plan. That is, you are not vested in your benefit because you have less than 3 years of Vesting Service. If you terminate employment with 3 or more years of Vesting Service, you are fully vested in your benefit.

Notwithstanding the foregoing, if you terminated employment between January 1, 1999 and December 31, 2001, you are 100% vested in your Plan benefit, regardless of the number of years of Vesting Service you completed as of your termination of employment.

RECEIVING YOUR BENEFIT

When Is Your Benefit Paid?

Provided you are vested in your benefit as described above, you (or your beneficiary) may receive or begin to receive your benefit under the Plan as soon as possible following: (1) your termination of Service with the Company or an affiliate; or (2) your death (see "Death Benefits" found later in this Summary).

If you are vested in your benefit and terminate employment with the Company, you may receive your benefit at any time after your termination. If your benefit is $5,000 or less, you will automatically be paid a single lump sum as soon as practicable after your termination. Alternatively, if your vested benefit amount is more than $5,000, once you have terminated employment, you may elect to begin receiving your Plan benefit or you may defer receipt of your benefit until a later time, such as the date you would have reached Early Retirement or Normal Retirement. By law, you must begin to receive payment of your Plan benefit by April 1 of the calendar year following the later of either (1) the year you turn age 70½, or (2) the year in which you retire.

The amount you would be eligible to receive would be the amount of your Account (subject also to any Protected Benefit provisions). Remember, if you leave the Company before you are vested in your benefit, you are not entitled to a benefit under the Plan.

How Is Your Account Paid?

Regardless of *when* you receive your benefits, generally you will need to elect the *form* of your benefit. You can elect to receive your Plan benefit in an immediate single lump-sum payment or in an annuity form. Once you terminate employment, you can request a distribution of your benefit at any time in any of the forms available under the Plan (described below).

A Note on "Actuarially Equivalent" Benefits

The various benefit form options are considered to be *"actuarially equivalent"* meaning that, statistically, they should produce the same total benefit amount even though they provide very different monthly benefit payments or the benefit may be paid in a lump sum. To calculate actuarial equivalence, the Plan uses specified interest rate and mortality factors or other stated factors as set forth in the Plan. For instance, to calculate the lump sum present value for your Protected Benefit (if applicable), the Plan uses as its interest rate the rate for 30-year Treasury Securities for September of the prior year (or a minimum interest rate prescribed by the IRS if it produces a larger benefit).

Note that to receive the current year's interest rate for certain calculations, such as calculating the Protected Benefit, the last day worked must be November 30 (*i.e.*, a December 1 benefits commencement date). A December 1 benefits commencement date requires a retirement date of December 1 and filing proper paperwork (described below) with MySource for Human Resources on or before November 30 requesting commencement of pension distribution.

Applying for Benefits

If you are retiring, you must call MySource for Human Resources at **1-888-640-3320** or visit the Web site **www.mysourceforhr.com** to request a pension benefit commencement kit. If you contact by phone, please ask to speak with a Retirement Specialist.

You should request the kit 30 to 90 days before you want your pension benefit to begin. In the kit, you will find further information regarding your pension benefit and payment options. In addition,

all the appropriate forms are included along with instructions on what you need to do to commence your pension benefit. You may change your payment option at any time before your first payment is processed. However, once your payments begin, you may not change the form of payment you have elected. Generally, all forms must be returned by the 10th of the month preceding the date your benefits are calculated to commence (your "**Benefit Commencement Date**"). The actual payment(s) will be made as soon as practicable following your Benefit Commencement Date.

If you leave the Company before retirement age and have a vested benefit, a notice will automatically be sent to you as soon as administratively practicable after your termination. The notice will provide information regarding your pension benefit and the payment options available to you.

Payment Options Under the Plan

When you retire or leave the Company, you may elect to receive your vested benefit under the Plan in any of the payment forms outlined below. As previously stated, various benefit forms are "actuarially equivalent."

Automatic Form of Payment

If you do not make a payment election, your benefit will be paid in the form of a "Single Life Annuity" if you are not married, or as a "50% Pop-Up Annuity" if you are married. If you are married, you may elect a different form of payment only with your spouse's notarized consent.

Lump-Sum Payment

You may receive your Account balance in a single lump-sum payment. If you select this distribution option, no further benefits would be payable from the Plan. If you are married at the time you want your pension benefit to be paid, your spouse must provide notarized written consent to the lump-sum form of payment, unless the benefit is $5,000 or less. Again, if your vested Plan benefit is $5,000 or less, the Plan automatically pays this amount as a lump sum distribution (*i.e.*, annuity payments are not available).

Rollovers—If you receive your Account balance under the Plan in the form of a single lump sum, you may elect to roll over all or a portion of the distribution into an individual retirement account annuity ("IRA") or to another eligible retirement plan that accepts rollovers. Note that if you do not make a payment election (direct payment vs. rollover) and your benefit is greater than $1,000 but less than or equal to $5,000, then the Plan Administrator will roll over your benefit to an IRA designated by the Plan Administrator. If your benefit is $1,000 or less when you leave the Company, and you do not elect whether to receive this benefit directly or to roll it over, then the Plan automatically pays this single lump-sum amount directly to you.

Annuity Payment Forms

If the value of your Account is over $5,000, you may choose to receive a monthly benefit for your lifetime (also called an annuity) from the Plan. If you elect this option, the value of your Account is converted to an annuity. To determine your monthly benefit, your Account balance is divided by an actuarial factor based on your age when benefits start. In calculating your benefit amount, the Plan considers the type of annuity you elect and, if applicable, your beneficiary's age. The following annuity options are available to you:

- **Single Life Annuity**—As stated above, if you are single, the single life annuity option is the automatic form of payment. This means that, unless you elect to receive your benefit in a different form of payment, you will receive it as a single life annuity. With a single life annuity, you receive monthly payments for your lifetime. When you die, payments end. If you are married, you may not elect this form of payment without your spouse's notarized consent.
- **50% Pop-Up Annuity**—As stated above, if you are married, the 50% Pop-Up Annuity (with no reduction for the value of the pop-up feature), with your spouse as the contingent

annuitant, is the automatic form of payment under the Plan. This means that you will receive your benefit in this form of payment unless you elect a different form.

If you are married, you may choose the 50% Pop-Up Annuity distribution option, naming a beneficiary other than your spouse (and with a reduction for the value of the pop-up feature), provided your spouse consents to the alternate beneficiary. Your spouse's consent must be notarized.

If you are single, you may choose the 50% Pop-Up Annuity distribution option (also reduced for the value of the pop-up feature) naming a beneficiary of your choice.

Under the 50% Pop-Up Annuity distribution option, you receive reduced benefits monthly for your lifetime. If you die before your beneficiary, he or she receives monthly payments equal to 50% of your benefit for his or her lifetime.

If your beneficiary dies within 60 months after your Benefit Commencement Date and before you die, your monthly payment is increased to the amount you would have received under the single life annuity option. In that case, all benefits would stop at your death.

If your beneficiary dies more than 60 months after your Benefit Commencement Date and before you die, your monthly payment will remain the same as when your beneficiary was living and all payments will stop at your death.

- **33-1/3% Annuity**—Under this option, you receive reduced benefits monthly for your lifetime. After your death, if your beneficiary lives longer than you do, he or she receives monthly payments equal to 33-1/3% of your benefit for his or her lifetime. If you are married, you may not elect this form of payment without your spouse's notarized consent.
- **66-2/3% Annuity**—Under this option, you receive reduced benefits monthly for your lifetime. After your death, if your beneficiary lives longer than you do, he or she receives monthly payments equal to 66-2/3% of your benefit for his or her lifetime. If you are married, you may not name a non-spouse beneficiary to receive this form of payment without your spouse's notarized consent.
- **75% Annuity** — Under this option, you receive reduced benefits monthly for your lifetime. After your death, if your beneficiary lives longer than you do, he or she receives monthly payments equal to 75% of your benefits for his or her lifetime. This option is available effective January 1, 2008. If you are married, you may not name a non-spouse beneficiary to receive this form of payment without your spouse's notarized consent.
- **100% Annuity**—Under this option, you receive reduced benefits monthly for your lifetime. After your death, if your beneficiary lives longer than you do, he or she receives monthly payments equal to the benefit you were receiving for his or her lifetime. If you are married, you may not name a non-spouse beneficiary to receive this form of payment without your spouse's notarized consent.
- **Five or Ten Year Certain and Life Annuity Option**—Under this option, you will receive a benefit for the rest of your life. However, your payments are guaranteed for a minimum of either five or ten years (whichever you select). If you die within five (or ten) years after you retire, your beneficiary will receive the same benefit you were receiving for the balance of the five (or ten) year period. If you select this option, the benefit paid to you during your life will be reduced to provide the five (or ten) year guaranteed benefit. If you are married, you may not elect this form of payment without your spouse's notarized consent.

Payments under any of these options will be based on your Account (as well as any Protected Benefit, if applicable). Subject to the spousal consent requirements noted above, you may choose any form of distribution as well as choose any beneficiary as your joint annuitant. If you die before an elected form of distribution begins, your (or your beneficiary's) benefit will be determined as provided in the "Death Benefits" section of this Summary.

A Comparison of Payment Options

If you choose to receive your benefit as a lump sum, you will receive the total vested value of your Account (or, if greater, the benefit calculated under the Protected Benefit provisions described previously). If you choose to receive your benefit as an annuity, the total vested value of your benefit will be converted into an annuity form of payment. To determine how much any annuity option would pay, your benefit is first defined as a single life annuity. If you choose a different annuity payment option providing benefits for a beneficiary after your death, your actual payment will be reduced to reflect the cost or value of guaranteeing payments over the lives of two people. For example, assume you are married and retiring when both you and your spouse are age 55. Assume also that your Account is valued at $200,000 and the applicable interest rate is 3.77% at the time you retire (note that the applicable interest rate fluctuates from year to year). See below for examples of estimated monthly amounts under some of the payment options that you could choose, and the amounts your surviving spouse could receive if you die after payments begin. Note that these examples do not incorporate any Protected Benefit you may have.

PAYMENT OPTIONS	YOUR MONTHLY BENEFIT FOR LIFE	YOUR SPOUSE'S MONTHLY BENEFIT FOR LIFE AFTER YOUR DEATH
Lump Sum Payment ($200,000)	None	None
Single Life Annuity	$996.36	$0.00
50% Pop-Up Annuity (unreduced for pop-up feature with spouse as beneficiary)	$952.52	$476.26
33-1/3 % Annuity	$967.46	$322.16
66-2/3% Annuity	$939.56	$626.69
75% Annuity	$932.59	$699.44
100% Annuity	$912.66	$912.66
5 Year Certain and Life Annuity	$992.37	$992.37 (paid until the end of 5-year period if participant dies before such date)
10 Year Certain and Life Annuity	$981.71	$981.71 (paid until the end of 10-year period if participant dies before such date)

Situations Affecting Your Plan Benefit

The Plan is designed to provide you with income during your retirement years, but some situations could affect Plan benefits.

Several situations are summarized here:

- If your employment terminates before you have completed three years of vesting service (five years of vesting service if you terminated prior to January 1, 2008) you will not be entitled to a pension benefit and your pension benefit is forfeited.
- If you do not make the proper application for benefits, do not provide necessary information, or do not provide your current address, your pension benefits could be delayed.
- If you die before your pension benefits begin and are unmarried, your pension benefit is payable to your beneficiary, estate, or trust. See "Death Benefits" below.
- If required by a qualified domestic relations order, all or a portion of your pension benefit may be assigned to someone other than you or your designated beneficiary to meet payments for child support, alimony, or marital property rights. See "In the Event of Divorce or Dissolution" below.
- If there is a mistake or misstatement about eligibility, participation, or service, or if the amount of payment made to you or your beneficiary is incorrect, the Plan Administrator has the authority to correct the situation. This may be done by withholding, accelerating or adjusting payments as necessary to ensure the proper payment from the Plan is made. In addition, in the event that an overpayment is made from the Plan and no additional payments are due to be paid, the Plan Administrator has the authority to seek reimbursement of such overpaid amounts from the Participant (plus interest calculated in accordance with IRS guidance).
- If you are a highly paid employee, the law limits the annual benefit from the retirement and tax-deferred investment plans that can be distributed to you. The amount of annual compensation, which may be considered in determining pension benefits from the Plan, is also limited by law. You will be notified if this affects you.

A Note on Social Security Benefits

In addition to your benefits from the Plan, you can receive benefits from Social Security. Currently, if you were born before 1938, your full Social Security retirement benefits are payable at age 65. If you were born after 1937, your full Social Security benefits will be payable between ages 65 and 67, depending on your year of birth. You may elect to receive Social Security benefits as early as age 62, but the monthly amount will be reduced because you will be expected to receive it over a longer period of time.

Social Security benefits are not paid automatically. You should apply at the Social Security office nearest your home approximately three months before you want your benefits to begin. The Social Security office can advise you on the documents you will need in order to apply for this benefit.

DEATH BENEFITS

Death After Pension Payments Begin

If you die after you have begun receiving your pension benefit, additional payments to a named beneficiary will depend on the form of benefit payment you selected (see "Payment Options Under the Plan" above).

Death Before Pension Payments Begin

If you die before you begin receiving your pension benefit and you were vested under the Plan at the time of your death (see "Vesting: When Do You Own Your Benefit" above), the Plan will provide pre-retirement death benefits to your spouse or other beneficiary.

The death benefit payable will equal the full value of your vested Account. If you were married on the date of your death, your surviving spouse will be entitled to a Pre-retirement Survivor Annuity equal to the value of your vested Account (or if greater, equal to the survivor annuity portion of a joint and 50% survivor annuity calculated as if you terminated employment on the date of your death and considering any Protected Benefit calculation). Generally, a "**Pre-retirement Survivor Annuity**" provides your surviving spouse with a single life annuity benefit for his or her remaining lifetime. If you do not wish for your surviving spouse to receive a Pre-retirement Survivor Annuity in the event of your death, or if you wish to name a beneficiary other than your surviving spouse to receive benefits at your death, you may, with your spouse's written consent, waive the Pre-retirement Survivor Annuity and/or elect another beneficiary.

Even if you do not elect a different form of payment, your surviving spouse may elect to receive the death benefit as follows:

- **Single Life Annuity**—A monthly benefit payable for the life of your spouse, commencing as of the first day of the month following your death. Alternatively, your spouse can elect to delay beginning payment of this annuity up to the date you would have attained age 65, but no later.
- **Single Lump Sum**—Payment in the form of a single lump sum payable as soon as practicable after your death.

If your beneficiary is someone other than your spouse, your Account will be paid out as a lump sum. Note that if the present value of the death benefit payable to your spouse or other beneficiary is $5,000 or less, the Trustee will automatically distribute your death benefit to your surviving spouse or other beneficiary in a single lump sum payment.

Death Benefit Rollovers

Your beneficiary (whether spouse or non-spouse) may elect to rollover a lump sum death benefit to an individual retirement account/annuity (IRA) or, for a spouse beneficiary, to some other qualifying retirement plan. Note that non-spouse beneficiaries must request that the Plan make a "direct rollover" to the applicable IRA (*i.e.*, the Plan pays the lump sum death benefit directly to the IRA). A non-spouse beneficiary may not receive a distribution and then try to deposit it into an IRA as a rollover. For further information, see "Rollovers" below.

Designation of Beneficiary

In anticipation of receiving your AB II Benefit, if you have not already done so, you will need to name a beneficiary of your AB II Benefit. On your beneficiary designation form, you indicate the person(s) who will receive the remaining payments of your Plan benefit, if any, in the event of your death. You may change your beneficiary at any time prior to commencing benefit payment(s) by completing and returning a new form. Contact MySource for Human Resources at **1-888-640-3320** or **www.mysourceforhr.com** to change your beneficiary.

If you are married—By law, you must name your spouse as your beneficiary. If you wish to designate someone other than your spouse, your spouse must consent to your election in writing. The consent must be witnessed by a Notary Public and returned to MySource for Human Resources.

If you are single—You may name anyone as your beneficiary.

Some points on naming a beneficiary:

- If you marry, **your spouse automatically becomes your beneficiary** regardless of your previous designation, unless your new spouse consents in writing to another designation. You should notify MySource for Human Resources of any changes in your marital status. See "In the Event of Divorce or Dissolution" (the following section) for an explanation of how a divorce may affect your beneficiary designation under the Plan.
- If you designate more than one beneficiary, payment of your Plan benefit will be divided evenly among your beneficiaries unless you designate otherwise.

Failure of Beneficiary Designation

If you do not designate a beneficiary, or if your beneficiary designation is for any reason illegal or ineffective, or if none of the beneficiaries that you have designated survives you, your Plan benefit will be paid in the following order of priority:

- your surviving spouse;
- your descendants, per stirpes; or
- to the legal representative of your estate.

Duty to Report Participant's Death

If you die while receiving pension payments, the Plan Administrator must be notified of your death so that appropriate action may be taken concerning your benefits (*e.g.,* beginning payments to a designated beneficiary; stopping payments; etc.). It is illegal for any person or entity to continue to receive after your death benefit payments that are supposed to be made only for the duration of your life. Accordingly, please advise those persons who may ultimately represent your estate, or who may be in a position to receive your benefit payments, of this legal duty to contact the Plan Administrator upon your death.

IN THE EVENT OF DIVORCE OR DISSOLUTION

If you are married and you go through a divorce or dissolution, such proceedings may affect your Plan benefit or your beneficiary designation under the Plan, as explained below. You must inform the Plan Administrator if you are divorced by contacting MySource for Human Resource at **1-888-640-3320.**

Beneficiary Designations After Divorce/Dissolution

If you are married and your marriage terminates by reason of divorce, dissolution, or other similar operation of domestic relations law, any beneficiary designation you have previously made will remain unchanged. Note that while some state laws may invalidate a spousal beneficiary designation upon divorce, that is not the case under the Plan. Upon divorce, if you had named your former spouse as your beneficiary under the Plan, your beneficiary designation will not change unless you make a new beneficiary designation that revokes your prior beneficiary designation, or you remarry.

If you subsequently re-marry a different spouse, your previous beneficiary designation is *automatically* revoked and your new spouse becomes your beneficiary, unless a valid "qualified domestic relations order" provides otherwise. As explained below, a qualified domestic relations order may limit your ability to name another beneficiary in the event of a divorce or dissolution.

Qualified Domestic Relations Order (QDRO)

If you become divorced or legally separated, a specific type of court order could require that part of your benefit be paid to someone else – your former spouse, for example. This is known as a "qualified domestic relations order" ("QDRO"). By federal law, the Plan must comply with a QDRO. A QDRO is a legal judgment or decree that recognizes the rights of or support obligation toward a spouse, former spouse, child, or other dependent. A domestic relations order must satisfy specific requirements to be "qualified," and it must be recognized by the Plan Administrator.

If required by a QDRO, all or a portion of your benefit may be assigned to your former spouse or a dependent rather than you or your designated beneficiary to meet payments for child support, alimony, or marital property rights. A QDRO may require that your former spouse be treated as your surviving spouse for all or any part of the survivor benefits payable after your death. This means that if you re-marry, your subsequent spouse may not be treated as your surviving spouse for the portion of your benefit assigned to your former spouse if a valid QDRO so provides.

You and your beneficiaries may obtain, free of charge, a copy of the procedures used to determine the "qualified" status of a domestic relations order from MySource for Human Resources at **1-888-640-3320** or **www.mysourceforhr.com**. You or your spouse should submit a draft version of a domestic relations order to the Plan Administrator for review and approval before such order is finalized under domestic relations law.

As soon as you are aware of any court proceedings that may affect your Account, contact MySource for Human Resources at **1-888-640-3320**. When the Plan Administrator receives notice of a pending QDRO, a hold will be placed on your Account that will prevent you from making any withdrawals until the QDRO is processed.

CHANGES IN EMPLOYMENT STATUS

Rehired Employees

If You Are Rehired in the Future

If you terminate employment after becoming a Plan participant and later return to employment, you are no longer considered a Pension Eligible Employee (see the "Eligibility and Enrollment" section of this Summary). Accordingly, upon your reemployment, you will not accrue any additional benefit under the Plan. You will remain an inactive Plan participant as long as you maintain a benefit under the Plan, but you will no longer receive any additional Pay Credits to your Account. You will, however, continue to earn Interest Credits on your Account until you take a full distribution of your vested benefit from the Plan

If You Previously Were Rehired

If you previously terminated employment after becoming a Plan participant and previously returned to employment as a Pension Eligible Employee, you generally participated in the Plan immediately upon your rehire. If your benefit was not already determined under the AB II Benefit, and you returned to employment as a Pension Eligible Employee between January 1, 2008 and December 31, 2012, you were covered under the AB II Benefit at your reemployment. The Plan created an Opening Balance for you as described earlier in this Summary if you had not received a distribution of your benefit. If you had received a lump sum distribution of your prior benefit, then at your reemployment, you began participating in the AB II Benefit as a new employee (*i.e.*, with a $0 Opening Balance and 0 years of Point Service, though your prior Service counts for vesting purposes).

Additional Impacts of Rehire

Regardless of whether you are rehired as a non-Pension Eligible Employee or previously were hired as a Pension Eligible Employee, if you are/were receiving your benefits in the form of an annuity at the time of your return to employment, your annuity payments will be (or were) suspended. The unpaid portion of your prior benefit will be (or were) treated as follows:

If you are or were rehired as a non-Pension Eligible Employee, on your subsequent Benefit Commencement Date, your benefit (if any) will be reduced by the amount of annuity benefits you received. For purposes of calculating your Pay Credits (described earlier), you are not credited with Point Service for your period of absence or for your period of reemployment.

If you were rehired as a Pension Eligible Employee, the unpaid portion of your prior benefit was converted to an AB II Benefit Opening Balance as of the date of your reemployment. On your subsequent Benefit Commencement Date, your Protected Benefit (if any) will be reduced by the amount of annuity benefits you received. For purposes of calculating your Pay Credits (described earlier), you are credited with Point Service both before and after your absence from employment.

In either case, your prior Service (as well as your Service earned after your reemployment) counts for vesting purposes. Note that the suspension of benefits and any conversion to an Opening Balance may be impacted if you return to work after your Normal Retirement Age and you return to employment working less than 40 hours per month. In such instances, contact the Plan Administrator for additional details regarding the effect of reemployment on your retirement benefit.

Transfers Within the Plan

If you are a Pension Eligible Employee who is participating in the AB II Benefit (see "Eligibility and Enrollment" section earlier in this Summary) and you transfer between employment positions with the Company that are both covered under the Plan (*e.g.*, non-exempt to exempt (or vice versa); union to non-union (or vice versa); or between exempt, non-exempt, or union positions with different divisions covered under the Plan), you will continue to participate in the AB II Benefit after your transfer, subject to the exception in the following sentence. If you were hired or rehired as a Pension Eligible Employee in either a *non-exempt* position or a *union* position on or after January 1, 2010, and then transferred to an *exempt* position on or after January 1, 2010, you will no longer be a Pension Eligible Employee on and after the date of your transfer. If you fall into this category, any additional accruals to your AB II Benefit Account will cease as of the date of transfer, but you will continue to earn Interest Credits until you commence distribution of your benefit and your service following transfer shall be counted solely for purposes of vesting and determining eligibility for an early retirement benefit under the Plan (*i.e.*, for your Protected Benefit, if applicable).

If you were not a Pension Eligible Employee at your hire date, you will not become a Pension Eligible Employee through a transfer within the Plan.

Transfers to/from Affiliates

From an Affiliate

The following chart generally describes the impact on your pension benefit if you transfer *from* a particular employment position providing coverage under an affiliate's pension plan *to* an employment position with the Company that is otherwise considered a Pension Eligible Employee position providing coverage under the Plan (see "Eligibility and Enrollment" found earlier in this Summary). Unless specific provisions in the Plan or an affiliate's plan provides otherwise, your benefit will be determined as set forth below. See the NiSource Human Resources Department for further information.

IF YOU TRANSFER FROM AN AFFILIATE IN THE FOLLOWING POSITION:	TO THE COMPANY IN THE FOLLOWING POSITION:	THE IMPACT ON PLAN BENEFITS WILL BE AS FOLLOWS:*
Non-union (exempt or non-exempt)	Non-union (exempt or non-exempt)	You will remain in the affiliate's plan and will accrue no benefit under the Plan. In accordance with the terms of the affiliate's plan, you will remain subject to your plan benefit terms in effect prior to your transfer.
Union	Non-union (exempt or non-exempt)	Your benefit under the affiliate's plan will be frozen as of your transfer date and you will begin to participate in the AB II Benefit of the Plan. Your prior benefit will remain in the affiliate's plan and you will begin participation in this Plan with a $0 Opening Balance. You will receive credit for Vesting Service and Point Service for your Service both before and after the transfer. With respect to your benefit under the affiliate's plan, you generally will cease to earn service for benefit accrual as of the date of transfer. However, service following transfer shall be counted for purposes of vesting and determining eligibility for an early retirement benefit under such plan.
Non-union (exempt or non-exempt)	Union	
Union	Union	

*With respect to the above chart, please note the following exception: In order to accrue a benefit after a transfer to the Company (whether accruing under the affiliate's plan or the Plan), you must be a Pension Eligible Employee as described under "Eligibility and Enrollment." Thus, you will continue to accrue a benefit only if your most recent hire date with the affiliate is prior to the hire/rehire date needed to be considered a Pension Eligible Employee under the Plan (i.e., prior to January 1, 2010 for transfers to an exempt position or prior to January 1, 2013 for transfers to a non-exempt or union position). For example, if you were hired/rehired in a non-exempt position with an affiliate on or after January 1, 2010 and participate in the affiliate's plan, and then you transfer to an exempt position with the Company, you will not be considered a Pension Eligible Employee and will not participate in the Plan (or the affiliate's plan). If you are actively accruing a benefit in the affiliate's plan and after your transfer you are not considered a Pension Eligible Employee, your benefit will be frozen as of the date of transfer.

Note also that if an employee is not considered a "Pension Eligible Employee" under an affiliate's plan and he/she transfers to the Company, the employee will not become a Pension Eligible Employee through a transfer to the Plan.

To an Affiliate

The following chart generally describes the impact on your pension benefit if you are a Pension Eligible Employee and you transfer *from* a particular employment position providing coverage under the Plan *to* an employment position with an affiliate that does not sponsor the Plan (because the affiliate offers a different plan or no plan). Unless specific provisions in the Plan or an affiliate's plan provides otherwise, your benefit will be determined as set forth below. See the NiSource Human Resources Department for further information.

IF YOU TRANSFER FROM THE COMPANY IN THE FOLLOWING POSITION:	TO AN AFFILIATE IN THE FOLLOWING POSITION:	THE IMPACT ON PLAN BENEFITS WILL BE AS FOLLOWS:*
Non-union (exempt or non-exempt)	Non-union (exempt or non-exempt)	You will remain in the AB II Benefit of the Plan and will continue to earn Vesting Service and Point Service under the Plan after the transfer.
Union	Non-union (exempt or non-exempt)	Your AB II Benefit Account in the Plan will be frozen as of the date of your transfer, but will continue to earn Interest Credits until you commence distribution of your benefit. With respect to your benefit under the Plan, you generally will cease to earn service for benefit accrual as of the date of transfer. However, service following transfer shall be counted for purposes of vesting and determining eligibility for an early retirement benefit under the Plan (*i.e.*, for your Protected Benefit, if applicable). You will begin participating in the affiliate's plan as a new participant (assuming you are classified as a "Pension Eligible Employee" under that plan). If the affiliate's plan provides for your participation in an AB I or AB II Benefit option, you shall begin participation in such option with a $0 opening balance, though you will receive credit for vesting service and point service both before and after the transfer. If the affiliate's plan provides for your participation in a FAP Benefit option, you shall begin participation in such option with zero credited service.
Non-union (exempt or non-exempt)	Union	
Union	Union	

IF YOU TRANSFER FROM THE COMPANY IN THE FOLLOWING POSITION:	TO AN AFFILIATE IN THE FOLLOWING POSITION:	THE IMPACT ON PLAN BENEFITS WILL BE AS FOLLOWS:*
Union	NiSource Corporate Services	You will remain in the AB II Benefit of the Plan and will continue to earn Vesting Service and Point Service under the Plan after the transfer.
Non-union (exempt or non-exempt)	NiSource Corporate Services	

*With respect to the above chart, please note the following exception: If you transfer to a position with an affiliate that does not consider you to be a "Pension Eligible Employee" under the affiliate's plan (due to your most recent hire date with the Company), you will not be eligible to participate in the affiliate's plan nor continue to participate in the Plan. Thus, for example, if you were hired or rehired as a Pension Eligible Employee in a non-exempt position under the Plan on or after January 1, 2010, and then transfer to an exempt position with an affiliate, you will no longer be a Pension Eligible Employee under the Plan or the affiliate's plan on and after the date of your transfer. If you are actively accruing a benefit in the Plan, that benefit will be frozen as of the date of transfer, but will continue to earn Interest Credits until you commence distribution of your benefit and your service following transfer shall be counted solely for purposes of vesting and determining eligibility for an early retirement benefit under the Plan.

If you are a Pension Eligible Employee and transfer from employment providing coverage under the Plan to a union or a non-union position with an affiliate that does sponsor the Plan, then you will remain in the AB II Benefit of the Plan (assuming you continue to be considered a Pension Eligible Employee).

If You Continue to Work After Normal Retirement Age

If you choose to work beyond your Normal Retirement Age, you will continue to earn Pay Credits and Interest Credits until you retire. If you work 40 or more hours per month on and after reaching Normal Retirement Age, you may not begin receiving your pension benefit from the Plan. If you work fewer than 40 hours per month on and after reaching Normal Retirement Age, you may begin receiving your pension benefit from the Plan.

If You Become Disabled

If you become Disabled while working for the Company, the calculation of your Plan benefit will be impacted as described in this section. In general, "**Disability**" or "**Disabled**" under the Plan means any physical or mental condition that constitutes a disability under the long-term disability plan (the "LTD Plan") maintained by the Company. A Disability commences when you first qualify for benefits under the Company's LTD Plan and ceases when you no longer qualify for benefits under such LTD Plan.

If you are considered Disabled under the Plan and later return to active employment as a Pension Eligible Employee, you will continue to be covered under the AB II Benefit once you return to active work. Note that if not already considered an AB II Participant, any Disabled exempt Pension Eligible

Employee became an AB II Participant effective January 1, 2012 and any Disabled non-exempt or union Pension Eligible Employee became an AB II Participant effective January 1, 2013. Note that you will only continue to accrue benefits under the Plan if prior to the commencement of your Disability you were a Pension Eligible Employee and you remain a Pension Eligible Employee after your return to active to employment.

Service Crediting—If you are considered Disabled under the Plan, you will continue to earn Vesting Service and Point Service while the Disability continues without regard to whether the Disability lasts beyond one year and could thus constitute a "Severance from Service" (as defined in the Plan). Point Service under the Disability provision shall cease to be credited as of the earliest of (1) the date on which your Disability ends pursuant to the Company LTD Plan (which shall be deemed your "Termination of Service" (as defined in the Plan) unless you return to employment with the Company or unless the Company determines a different "Termination of Service" date), (2) the date on which you return to employment, or (3) the date your benefit under the Plan commences. Note that if your Disability under the Company LTD Plan commenced prior to January 1, 2000, you earned Point Service during the period of your Disability prior to January 1, 2000 only if you were both Disabled under the Plan and eligible for disability benefits under the Social Security Act.

Your Account—You will continue to receive Pay Credits and Interest Credits to your Account while you are Disabled. For these purposes, you will be deemed to receive Eligible Pay at the same level of Eligible Pay in effect for the month when you became Disabled (but excluding any performance-based components of Eligible Pay). See the "How the Plan Works" section earlier this summary for an explanation of what compensation counts as Eligible Pay.

You may elect to start your Plan benefit payments at any time once you are considered to have terminated employment by the Company. You may receive your benefit under any of the payment options described in "Payment Options Under the Plan" above. Note that if you elect to begin benefit payments, you will stop earning Pay Credits and Interest Credits. In addition, commencing your Plan benefit might mean that your LTD benefits would no longer be payable. For more information about electing payment of your Plan benefit and whether such an election would impact your LTD payments, contact MySource for Human Resources and consult your LTD Plan.

CLAIMS FOR BENEFITS

Applying for Your Plan Benefit

As stated above, to request your Plan benefits you must obtain a pension benefit commencement kit from MySource for Human Resources (**1-888-640-3320**; **www.mysourceforhr.com**).

Claim Denial and Appeal Process

If you disagree with any decision the Plan Administrator may make regarding your interest in the Plan, the Plan contains the administrative review procedure you must follow. If you think benefits owed to you are not paid, or are too low, or are paid at a time other than when you think they should be, you can make a "claim" for benefits to the Plan Administrator.

If your claim for a pension benefit is denied in whole or in part, you have the right to request a review of the denial. You (or your beneficiary) will be notified of a denial of your claim in writing by the Plan Administrator within 90 days of the receipt of your claim (180 days if special circumstances apply). This written notice of the denial will include:

- The specific reason(s) for the denial;
- References to the Plan provision(s) on which the denial is based;
- A description of any additional material or information that is necessary to complete the claim; and
- The procedures for appealing the decision.

You or your authorized representative may review all documents related to any denial of a pension benefit. If you disagree with the Plan Administrator's decision, you have 60 days from the receipt of the original denial to request a review. This request should be in writing and sent to the NiSource Benefits Committee at the following address:

NiSource Inc.
Attn: NiSource Benefits Committee
801 East 86th Avenue
Merrillville, IN 46410

Your appeal will be reviewed and you will receive written notification of a decision within 60 days. If special circumstances require more time for this process, you will be notified in writing no later than 120 days after the receipt of your request. Notwithstanding the foregoing, if the NiSource Benefits Committee's meeting schedule is such that it holds regularly scheduled meetings at least quarterly, the final determination may be made within the period outlined in Department of Labor Regulations Section 2560.503-1(i)(1)(ii) in lieu of the 60-day period (120-day period if extended due to special circumstances) described above.

If your appeal is denied, you will be told why and which Plan provisions support that decision. If the final determination is made in your favor, the determination shall be binding and conclusive. If the final determination is not made in your favor, the determination shall be binding and conclusive unless you notify the NiSource Benefits Committee within 90 days after the mailing or delivery of the determination that you intend to institute legal proceedings under Section 502(a) of ERISA challenging the determination, and you actually institute such legal proceedings within 180 days after such mailing or delivery. All questions arising with respect to the Plan during any such legal proceedings shall be governed by Indiana law, except to the extent superseded by federal law.

TAX CONSEQUENCES

How and When Your Plan Benefits are Taxed

Generally, federal and state income tax laws do not require you to pay tax on your Plan benefits until you actually receive distributions under the Plan. Once you begin to receive benefit payments, you will have taxable income on these payments in the year that you receive them. In the year(s) of any distribution from the Plan, you will receive a tax form that will provide you with the information you need to file your taxes. You may be able to defer federal income taxes and avoid any penalty taxes if you transfer or "roll over" your distribution (see the Rollover section below). You should consult your tax advisor concerning any distribution you receive from the Plan.

Withholding Requirements

The Company is required by law to withhold taxes on payments from the Plan according to federal and state withholding rules in effect at the time of distribution. Under IRS rules, if you receive a lump-sum payment from the Plan, the Company is required to automatically withhold 20% of the amount payable toward your federal tax liability for that year. You can avoid the 20% withholding by having the money directly transferred to the NiSource Inc. Retirement Savings Plan, a 403(b) plan, a governmental 457 plan, another employer's qualified plan or to an IRA, including a Roth IRA (see the Rollover section below). You should consult with your personal tax adviser regarding this matter.

Rollovers

If you receive your benefit under the plan in the form of a single lump-sum, you may elect to roll over all or a portion of the distribution to an Individual Retirement Account/Annuity (an "IRA") or into another retirement plan that accepts rollovers from qualified plans. If you directly roll over your distribution from the Plan into a traditional IRA or another retirement plan, no income tax will be due on the amount rolled over and earnings thereon until you begin withdrawing the funds from the traditional IRA or retirement plan. If you roll over your distribution to a Roth IRA, the amount rolled over *is* subject to income tax in the year of the rollover. Under certain circumstances, all or a portion of a distribution may not qualify for rollover treatment.

As stated above, if you elect to have your benefit paid directly to you in a lump-sum payment, rather than rolled over, 20% of your distribution will be withheld and paid to the IRS. Even if you elect to have your benefit paid directly to you, you may still decide to roll over all or a portion of your distribution to an IRA or another retirement plan. If you decide to roll over your distribution, you must make the rollover within 60 days after you receive the distribution. If you choose to roll over 100% of your distribution, you must replace the 20% that has been withheld with other money available to you within the 60-day period. If you do not replace the 20% that has been withheld and you roll over only the 80% that you actually received, you will be taxed on the 20% that was withheld.

Note that in contrast to a single lump-sum payment, you cannot roll over monthly benefit payments into an IRA or another retirement plan.

Distributions Prior to Age 59 ½

In addition to being taxed as ordinary income, the taxable portion of a distribution taken prior to age 59 ½ (an early distribution) may be subject to a nondeductible federal penalty tax of 10%. Additional penalties may exist under state tax law. Early distributions are exempt from federal penalty taxes if the distribution was made for one of the following reasons:

- Distribution to your named beneficiary due to your death;
- Distribution that is made in the form of annuity payments over your life expectancy or over the life expectancy of you and your beneficiary;
- Distribution is made after termination of employment if you terminate after you reach age 55;
- Distribution that is made because you are totally and permanently disabled;
- For deductible medical expenses;
- Payment to an alternate payee under a qualified domestic relations order upon dissolution of a marriage; or
- To roll over to an IRA or other retirement plan within 60 days of receipt.

Please contact your Plan Administrator to receive a copy of the Special Tax Notice regarding payments from the Plan. This notice contains important information that you need to know before making a payment/withholding election.

AMENDMENT OR PLAN TERMINATION

The Committee expects to continue the Plan, but reserves the right to suspend, amend, modify, or terminate the Plan in whole or in part at any time. If the Plan is amended, the amendments will not decrease your Accrued Benefit as of the time an amendment is adopted.

The Committee may only amend the Plan in writing. Any amendment shall be duly authorized if approved or ratified by the Committee. Thus, the Plan may not be modified or amended simply by representations, oral or otherwise, that may be made to you concerning the Plan. Accordingly, you should not consider the Plan to have been amended based on assertions made by a supervisor or human resources representative, for instance. If you believe you have received information that is contrary to the terms of the Plan or this Summary, please contact the Plan Administrator for clarification or confirmation.

If the Plan is terminated, or if there is a partial termination affecting you, you immediately will be fully vested as of the date of the termination. Benefits will be paid, according to law, as described in the following paragraph. Any money left in the trust will be returned to the Company after all required benefit obligations have been met. Trust fund assets would be used first to provide benefits to retirees, beneficiaries and active participants.

Before terminating the Plan, the Company would be required to notify the Pension Benefit Guaranty Corporation, a federal government agency. You also would receive notice of this termination. Once approval has been received, Plan assets would be used to pay benefits to retirees, beneficiaries, and active participants, up to the total amount of assets in the Plan's trust. If for any reason the funds are insufficient to pay full benefits to all participants, payments would be made in the following order of priority: (1) benefits that are being paid or that will begin to be paid within three years; (2) benefits guaranteed by the Pension Benefit Guaranty Corporation; (3) benefits that were already vested before the Plan's termination; and (4) all other benefits.

Benefits for certain highly paid employees may be limited when the Plan terminates. If this applies to you, you will be provided with details.

Your Benefits are Insured

Your pension benefits, under the Plan, are insured by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers:

- Normal and early retirement benefits;
- Disability benefits if you become disabled before the Plan terminates; and
- Certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates;
- Some or all of benefit increases and new benefits based on Plan provisions that have been in place for less than five years at the time the Plan terminates;
- Benefits that are not vested because you have not worked long enough for the Company;
- Benefits for which you have not met all of the requirements at the time the Plan terminates;

- Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if a portion of your benefits is not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the Plan has and on how much the PBGC collects from the Company.

For more information about the PBGC and the benefits it guarantees, contact MySource for Human Resources at **1-888-640-3320** or contact the PBGC's Technical Assistance Division, 1200 K Street NW, Suite 930, Washington D.C. 20005-4026 or call **1-202-326-4000** (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at **1-800-877-8339** and ask to be connected to **1-202-326-4000**.

Additional information about the PBGC's pension insurance program is available through the PBGC's Web site on the Internet at **www.pbgc.gov**.

ADMINISTRATIVE / LEGAL OVERVIEW

Administrative Information

Plan Sponsor

The Plan Sponsor is Columbia Energy Group.

Plan Administrator

The Plan Administrator is the NiSource Benefits Committee (the "Committee"). In its discretion, the Committee may designate members of the NiSource Human Resources Department or other individuals to act on its behalf with respect to the administration of the Plan. The Committee has the sole authority to interpret the terms of the Plan. You may contact the Committee/Plan Administrator at:

NiSource Inc.
Attn: NiSource Benefits Committee
801 East 86th Avenue
Merrillville, IN 46410
1-219-647-5571

Employer Identification Number

The Employer Identification Number ("EIN") assigned by the IRS for Columbia Energy Group is 13-1594808.

Plan Type, Name and Number

The Plan is classified as a defined benefit plan generally providing pension benefits to eligible retirees and their survivors, and has been assigned Plan number 001. The AB II Benefit is a cash balance plan. The official Plan name is the Columbia Energy Group Pension Plan.

Plan Year

The official Plan year is the calendar year, January 1 through December 31.

Plan Trustee

The Plan Trustee is The Northern Trust Company. The Plan Trustee is responsible for holding the assets of the trust fund according to the Committee's directions, and for distributing Plan payments. The money in the trust fund is set aside for the exclusive benefit of Plan participants and their beneficiaries.

You may contact the Plan Trustee at:

The Northern Trust Company
50 South LaSalle Street
Chicago, IL 60675

Legal Information/Issues

Employment Rights

The Plan is neither a contract for employment nor consideration for employment. Participation in the Plan is not a guarantee of or contract for new or continued employment. All employees remain subject to termination, layoff, or discipline as if the Plan had never been put into effect.

If the Plan Becomes "Top-Heavy"; A Legal Limitation

As required by law, alternate Plan provisions go into effect if the Plan becomes top-heavy. The Plan is "top-heavy" if more than 60% of accumulated account balances or benefits are payable to certain "key employees." Key employees are officers with annual compensation of more than $165,000

(indexed for 2013), and employees who are 1 percent owners of the Company with annual compensation of more than $150,000 (not indexed), 5 percent owners of the Company, and beneficiaries of the above. You will be notified if this affects you.

Agent for Service of Legal Process

The agent for service of legal process is:

NiSource Inc.
Senior Vice President of Human Resources
801 East 86th Avenue
Merrillville, IN 46410

Legal process may also be served on the Plan Administrator or the Plan Trustee.

State Law

Indiana law shall determine all questions arising with respect to the provisions of the Plan, except to the extent superseded by federal law.

No Guarantee

All benefits provided under the Plan will be paid solely from the assets of the trust associated with the Plan. Except to the extent provided by law, nothing in the Plan or the trust will constitute a guarantee by the Company that the assets of the trust will be sufficient to pay any pension benefits to any person. Nothing in the Plan will give you or your beneficiary an interest in any specific part of the assets of the trust, or any other interest, except the right to receive pension benefits out of the assets of the trust as provided for in the Plan.

Collective Bargaining Agreements

As stated earlier in this SPD, employees who are covered by a collective bargaining agreement are not eligible for the Plan unless the applicable collective bargaining agreement provides for participation in the Plan. For those employees who are covered by a collective bargaining agreement providing for participation in the Plan, the Plan is maintained pursuant to a collective bargaining agreement.

Assignment of Benefits

Your pension benefit belongs to you and may not be sold, assigned, transferred, pledged, or garnished, except under a Qualified Domestic Relations Order or as otherwise required under applicable law.

If you (or your beneficiary) are unable to care for your own affairs, any payments due may be paid to someone who is authorized to manage your affairs. This may be a relative, a friend, or a court-appointed guardian.

Mergers, Consolidations or Transfers

If the Plan is merged or consolidated with another plan, or if Plan assets are transferred to another plan, your accrued benefit will be protected. Your accrued benefit under the new plan would, immediately after the change, at least equal the amount you would be entitled to immediately before the merger if the Plan had terminated just before the change.

Your ERISA Rights

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ERISA provides that all Plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

- Examine (without charge) at the Plan Administrator's office and at other specified locations—such as work sites and union halls—all documents governing the Plan, including

insurance contracts and collective bargaining agreements and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this Summary Annual Report.
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (Social Security retirement age) and, if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored—in whole or in part—you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce your ERISA rights. For instance:

- If you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials—unless the materials were not sent because of reasons beyond the control of the Administrator.
- If you have a claim for benefits that is denied or ignored—in whole or in part—you may file suit in a state or federal court.
- If you disagree with the Plan's decision or lack thereof concerning the qualified status of a QDRO, you may file suit in federal court.
- If Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your ERISA rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.
- If you file suit against the Plan, the court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees—for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the

Employee Benefits Security Administration ("EBSA"), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the "Publications Hotline" of the EBSA.

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SUMMARY PLAN DESCRIPTION AND PROSPECTUS FOR THE

NiSource Inc. Retirement Savings Plan

Specifically designated portions of this document constitute part of a prospectus covering securities that have been registered under the Securities Act of 1933. This document covers NiSource Inc. common stock offered through the NiSource Inc. Retirement Savings Plan. These securities have not been approved or disapproved by the Securities Exchange Commission, nor has the Commission passed upon the adequacy of this Summary Plan Description and Prospectus. Any contrary representation is a criminal offense.

Distributed: December 2013

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INTRODUCTION

Retirement can be the most exciting time of your life. Of course, you must work hard and save during your career to achieve the kind of financial security needed to enjoy those years to the fullest. Early on, you will need to ask yourself: "What sources of income will I have for my retirement?" No doubt you will be relying on (1) your retirement benefit from the **NiSource Inc. Retirement Savings Plan** (the "**Plan**")[1],* (2) a retirement benefit from Social Security and (3) your personal savings. In addition, if you are (or were) eligible to participate in one of the pension plans sponsored by NiSource Inc. or an affiliate, you will also rely on any retirement benefit that you receive under your pension plan.

NiSource Inc., Columbia Energy Group, Bay State Gas Company ("Bay State"), Northern Indiana Public Service Company ("NIPSCO") [2] or any affiliated companies that have adopted the Plan (collectively or individually, as the context requires, referred to as the "**Company**"), offer the Plan in order to help its Eligible Employees to financially prepare for their retirement years. Accordingly, the Plan is designed to provide you with retirement benefits when you terminate employment with the Company.

Why save through the Plan?

Automatic Payroll Deductions: Often, the most difficult part about saving is doing it regularly and consistently. With the Plan, you decide how much to contribute. You can contribute from 1% to 50% of your eligible compensation on a pre-tax or Roth basis and up to 25% on an after-tax basis (subject to IRS limitation). That amount is *automatically* deducted from your paycheck. In addition, you can make "catch-up" contributions commencing in the year you turn age 50. You are always 100% vested in your own contributions to your account.

Company Matching Contributions: The Company matches a portion of your contributions every payroll period (catch-up contributions are not matched). You are always 100% vested in your Company matching contributions.

Tax Advantages: The Plan offers the option of saving on a before-tax basis -- meaning your contributions are deducted from your pay before most taxes have been withheld, effectively lowering your taxes today. In addition, the investment earnings of your Plan account are not taxed until you withdraw them from your account.

A Variety of Investments: Regardless of your goals or investment preferences, the funds offered through the Plan fit a wide range of "comfort" levels (*i.e.*, different investment risk levels). You decide how your contributions are invested among a variety of investment options.

Flexibility: With the Plan, you are never locked into just one way of saving or investing. Recognizing that your needs change over time, the Plan allows you to frequently change your investment elections and contribution amounts.

Access Before Retirement: Although the goal of the Plan is to help you save for retirement through long-term investment, there may be times before retirement when you need your money. Depending on your circumstances, you may be able to borrow from part of your account for those needs. You may request a withdrawal from your rollover or after-tax contributions at any time, which may be subject to tax consequences.

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[1] Prior to December 31, 2008, rather than the NiSource Inc. Retirement Savings Plan, certain Eligible Employees participated in the Northern Indiana Public Service Company Bargaining Unit Tax Deferred Savings Plan or the Bay State Gas Company Savings Plan for Operating Employees. On and after December 31, 2008, all Eligible Employees participate in the Plan, which includes these former plans (merged into the Plan on that date).

[2] Effective as of July 1, 2011, Kokomo Gas and Fuel Company ("Kokomo") and Northern Indiana Fuel & Light Company ("NIFL") merged with and into NIPSCO. If you were an employee of Kokomo or NIFL, references to NIPSCO in this Summary or its schedules will generally apply to you, unless otherwise noted.

Benefit Payment Options: If you leave the Company, you generally can elect the following benefit payment options: defer payment (until no later than age 70½), take a lump sum distribution, receive installment payments, or roll over your account. If you die, your designated beneficiary or beneficiaries will be eligible to receive your Plan account.

Benefit Information Access: You can call Fidelity Benefits Service Center at **1-800-305-401k** (4015) for your Account information, 24 hours a day, seven days a week. You can also visit NetBenefits at **www.401k.com** to view your account online.

Plan Overview

The Plan is a "**401(k)**" plan. The term "401(k)" refers to a specific section of the Internal Revenue Code that authorizes this type of plan. This term describes the feature of the Plan that permits you to elect to have the Company contribute a portion of your pay from the Company to the Plan. These payments to your Account are called "**Elective Deferral Contributions**" or "**Catch-Up Contributions**." The Plan also allows you to make "**After-Tax Contributions**" to your Account. The Company makes "**Matching Contributions**" to encourage employees to participate in the 401(k) savings program and may make certain other contributions as described on the attached applicable Schedule (collectively, "**Company Contributions**"). The Plan also permits you to make "**Rollover Contributions**" to the Plan from another qualified retirement plan. (See "Rollover Contributions" section).

As a participant in the Plan, you will have a separate account (an "**Account**") established which will hold your share of contributions to the Plan. Under the Plan, you will not receive a fixed dollar amount of retirement benefits. Instead, your actual distribution of funds will depend on the amount of your Account at the time you receive your benefit. At your retirement or termination of your employment, you are entitled to receive a distribution equal to the value of your Account. The balance of your Account will reflect the amount of the contributions that you made to your Account and contributions made by the Company, plus the return on your investments for the period of time you participated in the Plan.

The NiSource Benefits Committee (the "**Committee**") serves as administrator for the Plan (the **"Plan Administrator"**). The Plan Administrator utilizes Fidelity Investments ("**Fidelity**") to carry out a number of administrative tasks for the Plan. In addition, the Plan Administrator in its discretion may also delegate other administrative tasks to the Company's Human Resource Department or other designated individuals. See "Administrative Information" found later in this Summary. A trust fund ("**Trust Fund**") has been established for the purpose of holding funds contributed to the Plan. The Trust Fund is administered by a trustee (the "**Trustee**") appointed by the Committee. The Committee oversees all investment options offered under the Plan. You are permitted to direct the investment of the money in your Account.

About This Plan Summary

This handbook (including the attached applicable Schedule of Benefit Information, the "**Schedule**") serves as a Summary Plan Description ("**SPD**" or "**Summary**") of the Plan, prepared in accordance with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). It is not intended to be a complete description of the Plan, but merely a brief summary of Plan highlights. This Summary is based on official documents that may include policies, contracts, plans and trust agreements. Note that this Summary is not an invitation to participate in the Plan nor is it an offer to buy or sell securities. Your rights and benefits under the Plan are determined by the actual provisions of the Plan. Although every effort has been made to ensure that this explanation of the Plan is accurate, the official Plan document will always govern if there is any conflict between that document and this Summary. Likewise, any confusion about the Plan that arises from reading

this Summary should be resolved by referring to the Plan document (and separate trust agreement, if applicable). This Summary does not interpret, extend or change the Plan in any way.

Note that when you see this arrow symbol, you should be aware that an applicable Schedule at the end of this Summary more fully describes specific provisions of the Plan as it applies to you. Please refer to your specific Schedule as you review this Summary.

This Summary describes the Plan as it operates effective as of May 2013. **We strongly urge you to read this Summary (including the attached applicable Schedule) in its entirety.** If you have further questions, or if you would like to read the Plan document (and/or trust agreement, if applicable), copies of the documents are available from the Company for a nominal charge.

The following designated sections of this Summary constitute part of a prospectus covering NiSource stock in the Plan: Plan Overview, Amendment or Termination of the Plan, Administrative Information, Your Investment Options, Available Stock Information, Eligibility and Enrollment, Additional Information Relating to Investment Options, Employee Contributions, Company Contributions, Plan Statements, Tax Consequences, Receiving Your Plan Benefit, In-Service Withdrawals, Benefits Paid to Other Parties, Situations Affecting Your Plan Benefits and Appendix 1. Further, with respect to the Available Stock Information section and Appendix 1, these portions of the document are included solely to satisfy certain prospectus disclosure requirements under Securities and Exchange Commission rules and are not considered to be parts of the Plan's SPD.

While the Committee intends to continue the Plan described in this Summary, the Committee reserves the right to change, modify or discontinue the Plan and any of its terms at its discretion.

Highlights of the Plan

	ELECTIVE DEFERRAL CONTRIBUTIONS	AFTER-TAX CONTRIBUTIONS
VESTING	100% vested in your Elective Deferral Contributions, Catch-Up Contributions & the Company Contributions made to your Account and earnings	100% vested in your After-Tax Contributions and earnings
EMPLOYEE CONTRIBUTION (See "Employee Contribution" Section)	Can choose to contribute from 1% to 50% of your compensation. The maximum Elective Deferral Contribution under IRS limits for 2013 is $17,500	Can choose to contribute up to 25% of your compensation, subject to annual IRS limits (your combined Elective Deferral (including Catch-Ups) & After-Tax Contributions cannot exceed 75%)
"CATCH-UP" CONTRIBUTIONS AT AND AFTER AGE 50 (See "Catch-Up Contributions" Section)	$5,500 in 2013 Catch-Up contributions are not eligible for match	N/A
COMPANY CONTRIBUTIONS	See "Company Contributions" and attached applicable Schedule	See "Company Contributions" and attached applicable Schedule
ELIGIBLE COMPENSATION	See "Compensation" as referenced under the "Contributions" section and described in the attached applicable Schedule	See "Compensation" as referenced under the "Contributions" section and described in the attached applicable Schedule

	ELECTIVE DEFERRAL CONTRIBUTIONS	AFTER-TAX CONTRIBUTIONS
TAX ADVANTAGES	For pre-tax contributions -- Your contributions *and* earnings are not taxed until distribution For Roth contributions – You pay taxes on your own contributions, but all earnings are tax free, even at distribution.	You pay taxes on your own contributions, but earnings are not taxed until distribution.
LOANS	Loans are available, subject to IRS rules and Plan restrictions	Loans are available, subject to IRS rules and Plan restrictions
IN-SERVICE WITHDRAWALS	• After age 59-1/2 • Company Contributions, under certain circumstances • Hardships	• Withdrawals of After-Tax Contributions can be made for any reason
DISTRIBUTION OPTIONS	• Lump Sum • Installments	• Lump Sum • Installments
SURVIVOR BENEFIT	Yes	Yes

PARTICIPATING IN THE PLAN

Eligibility and Enrollment

You must be an "**Eligible Employee**" to actively participate in the Plan (*i.e.*, to become a "**Participant**" in the Plan). Generally, if you are a regular full-time or part-time employee of the Company, you are eligible to participate in the Plan as described in the attached applicable Schedule. Leased employees, interns, independent contractors and union employees who are not covered by a collective bargaining agreement providing for participation in the Plan are not Eligible Employees.

See the attached applicable Schedule for a description of when you become eligible to participate in the Plan.

How to Enroll

If you would like enroll in the Plan, or adjust the automatic Pre-Tax Contribution amount (see below), you may do so through the Fidelity Benefits Service Center. As a newly eligible Participant, you will receive an enrollment packet with the enrollment, beneficiary designation and investment option forms. You may enroll in the Plan online at NetBenefits at **www.401k.com** or contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015). To enroll, you will need to:

- Set up a Personal Identification Number (PIN);
- Elect what percentage of your Compensation you want to contribute to the Plan;
- Elect if your contributions should be deducted from your pay on a pre-tax, Roth (see "Contributions" section) or after-tax basis; and
- Elect the funds in which you want your contributions to be invested.

You will receive a written confirmation of the elections you make when you enroll in the Plan within 7 to 10 business days after enrolling. Alternatively, if you have elected to receive electronic communications regarding the Plan, you will receive a confirmation via email of your elections within 48 hours after enrolling.

Your actual payroll deductions will begin as soon as administratively possible.

Automatic Enrollment and Opting Out

Although participation in the Plan is voluntary, if the Plan's automatic enrollments provisions apply to you as described in the attached applicable Schedule, you will be deemed to defer three percent (3%) of your Compensation (an "automatic Pre-Tax Contribution") unless you direct otherwise. You may elect not to participate in the Plan (and avoid automatic enrollment) by contacting Fidelity Benefits Service Center at **1-800-305-401k** (4015) or online at **www.401k.com** and completing the necessary forms to "opt out" of automatic enrollment in the Plan. Provided you have returned any required forms or completed the online process, your opt out election will be effective as soon as administratively practicable following your Plan eligibility date or any following monthly date.

See the attached applicable Schedule to confirm whether the Plan's automatic enrollment provisions apply to you.

When Participation Begins

As an Eligible Employee, you can elect to be automatically enrolled in the Plan as described above (if the automatic enrollment provisions apply to you as described in the attached applicable Schedule). Alternatively, you can enroll in the Plan and become a Participant on the first pay period

after you meet any participation requirements as described in the applicable Schedule (or as soon as administratively feasible thereafter). To enroll in the Plan (or change deferral elections if you were automatically enrolled in the Plan), you can log on to NetBenefits at **www.401k.com** or contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015). Typically, you can expect your deductions to begin one or two pay periods after enrollment. **Please note:** there are no retroactive deductions for pay periods that occurred prior to your enrollment being processed.

When Participation Ends

Your participation in the Plan ends when:

- You are no longer an Eligible Employee;
- The Company terminates its participation in the Plan;
- The Plan ends; or
- You die.

Participation Upon Re-employment

Once you become a Participant in the Plan, you will continue to participate in the Plan as long as you are an Eligible Employee of the Company. If you terminate employment with the Company, your participation in the Plan (*i.e.*, additional contributions going into your Account) stops automatically on your date of termination. If you terminate employment after becoming a Participant and later return to employment, you are eligible to participate in the Plan as soon as administratively practicable following the date on which you are re-employed. You must re-enroll in the Plan to begin participating after your re-employment. Alternatively, if applicable and if you do not re-enroll in the Plan after your re-employment, you may participate in the Plan again pursuant to the automatic enrollment and opt out provisions described above.

CONTRIBUTIONS

Your retirement benefits from the Plan will be funded from contributions you and the Company make to your Account and from your Account's earnings on these contributions. A number of different types of contributions may be made, and different rules and conditions apply to each type of contribution. Some of the different types of contributions are based on or affected by your "Compensation" from the Company (as defined in the attached applicable Schedule). For all employees, Compensation shall include any differential wage payments made by the Company while an employee is on active duty in the uniformed services for a period of more than 30 days, and any one-time payments in lieu of salary increases. The Internal Revenue Service ("IRS") limits the amount of your Compensation that can be considered under the Plan. The limit is $255,000 for 2013.

See the attached applicable Schedule for a description of how the Plan calculates your Compensation.

Employee Contributions

Elective Deferral Contributions and After-Tax Contributions

You may elect to have the Company make Elective Deferral Contributions (explained below) and After-Tax Contributions to your Account by electing to reduce the Compensation otherwise payable to you. As a Participant, you can elect to contribute by payroll deductions from 1 percent to 50 percent of your eligible Compensation on a combined pre-tax or Roth basis ("**Elective Deferral Contributions**") and up to 25 percent on an after-tax basis ("**After-Tax Contributions**"). Your combined Elective Deferral (including Catch-Up Contributions explained further below) and After-Tax Contributions cannot exceed 75 percent of your Compensation (subject to annual IRS limits).

The maximum amount you may contribute annually to the Plan as an Elective Deferral Contribution for 2013 is $17,500 (unless you are eligible to make additional Elective Deferral Contributions known as "**Catch-Up Contributions**," explained below). Periodically, this limit will be further adjusted by the IRS to reflect changes in the cost of living.

Under the Plan, there are two types of Elective Deferral Contributions:

Pre-Tax Contributions. Currently, you may make Elective Deferral Contributions to the Plan by reducing your Compensation on a pre-tax basis in a specified percentage ("**Pre-Tax Contributions**"). All of your Pre-Tax Contributions are generally made before taxes are withheld. This means that you generally pay no federal or state income tax on the amount you defer until it is later withdrawn or paid to you as a retirement benefit.

Roth Contributions: Starting in 2010, you may also elect to have all or a portion of your Elective Deferral Contributions under the Plan treated as designated Roth contributions ("**Roth Contributions**"). Roth Contributions are still considered Elective Deferral Contributions, but unlike Pre-Tax Contributions, Roth Contributions are included in your gross income and are taxed at the time they are contributed to the Plan. Qualified distributions of Roth Contributions and earnings will be tax free.[3]

[3] In order to be a qualified distribution, the distribution must occur after one of the following: (1) your attainment of age 59½, (2) your disability (as defined by the Internal Revenue Code), or (3) your death. In addition, the distribution must occur after the expiration of a 5-year participation period beginning in the year in which you first make a Roth Contribution to the Plan (or to another plan if such amount was rolled over into the Plan) and ending 5 years later. If a distribution is not a qualified distribution, the earnings will be taxable income (though the distribution of associated Roth Contributions will still be tax-free).

Accordingly, you can elect to make Pre-Tax Contributions, Roth Contributions, or both, subject to the limitations stated above ($17,500 for 2013 or, if less, 50% of your Compensation). As noted above, in addition to these Elective Deferral Contributions, you may also elect to make After-Tax Contributions to your Account. While After-Tax Contributions and Roth Contributions are both contributed on an after-tax basis, these two kinds of contributions are different under the Plan and subject to different rules and restrictions. Please consider them separately when making your Plan contribution decisions.

Automatic Contributions

If the Plan's automatic enrollment provisions apply to you (as described in the applicable Schedule and discussed above), unless you elect otherwise, you will be automatically enrolled in the Plan as of the first pay period that is 30 days from the date you are notified of the automatic enrollment. This means that amounts will be taken from your Compensation and contributed to the Plan by the Company on your behalf. These automatic contributions (also considered "Elective Deferral Contributions") will be made on a pre-tax basis and will be in the amount of 3% of your Compensation each pay period. You can elect to make more or less than this percentage amount as described below (see "Changing Your Contributions").

See the attached applicable Schedule to confirm whether the Plan's automatic enrollment provisions apply to you.

Catch-Up Contributions

If you reach age 50 during the calendar year and you are making the maximum Elective Deferral Contribution allowed by the Plan or the Internal Revenue Code, you may make an additional Elective Deferral Contribution (either as a Pre-Tax or Roth Contribution or a combination of both) in the form of a Catch-Up Contribution each pay period. The maximum annual Catch-Up Contribution for 2013 is $5,500.

Catch-Up Contributions are a part of your Elective Deferral Contributions in your Account and they are fully vested and nonforfeitable at all times. Please note that these Catch-Up Contributions are not matched by the Company.

Changing Your Contributions

You may change the amount you are contributing at any time during the year, subject to any IRS limits that may apply. To increase or decrease the amount you are contributing or to suspend your contributions, go online to NetBenefits at **www.401k.com** or contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

Transactions are processed the same business day for transactions made by the time the market closes and the end of the next business day if you make a transaction after such time, or on the weekend or a holiday. You will receive a written confirmation of your transaction from Fidelity within 7 to 10 business days, or, if you have elected to receive electronic communications regarding the Plan, you will receive an email confirmation of your transaction within 48 hours. It can take up to two payroll checks for your contribution change to be processed.

Automatic Increase Program

If you would like to contribute a smaller percentage of your Compensation and automatically increase that amount over time, the Plan offers an "Automatic Increase Program" in which you can elect to participate. Under this program, you can elect to contribute 1% of your Compensation which will automatically increase in 1% increments up to the limits imposed by the Plan. In other words, unless you change your election to participate in the program, the automatic increases stop once you reach a deferral of 50% of Compensation or reach the deferral dollar limit imposed by the IRS. Under the program, you choose the date and frequency that the increases go into effect. Note that the Automatic Increase Program applies only to Pre-Tax Contributions you elect to make, and

does not apply to Roth Contributions. For more information or to enroll, go online to NetBenefits at **www.401k.com** or contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

Rollover Contributions

You are permitted to roll over into the Plan pre-tax contributions from other qualified plans such as:

- Qualified retirement plans;
- Individual Retirement Account (IRAs);
- 403(b) plans; or
- Governmental 457(b) retirement plans.

By rolling over money into the Plan, you can continue to defer federal and state income tax on the money until you ultimately receive it. Rollovers are deposited into a Rollover Contribution Account within your Plan Account. You will not receive a matching contribution on any rollover you make to the Plan.

You may also be able to roll over Roth contributions from another qualified retirement plan. Note that with respect to Roth Contributions, you must satisfy a 5-year-taxable period before a distribution of Roth Contributions will be afforded the full taxation benefits available. This 5-year-taxable period will be treated as beginning with the earlier of (1) the first taxable year for which you made a Roth Contribution to the Plan, or (2) in the case of a rollover of Roth contributions from another plan, the first taxable year for which you made a Roth contribution to such plan. For more information on the rollover or distribution of Roth Contributions, see the "Contributions" and "Rollovers" portions of the "Tax Consequences" section later in this Summary.

If you want to arrange a rollover, call Fidelity Benefits Service Center at **1-800-305-401k** (4015) for more information. Note that you must specifically designate how rollover funds will be invested (i.e., rollover funds are not automatically invested in the manner you have chosen for the rest of your Account). Thus, if you arrange for a rollover contribution but fail to designate how those funds will be initially invested, the rollover amount will be invested in a default investment fund or funds established by the Committee.

Company Contributions

In addition to the contributions noted above that you can make to the Plan, you will also receive certain contributions made by the Company as described in the attached applicable Schedule.

Company "**Matching Contributions**" are additional contributions made by the Company to your Account based on the amount of Elective Deferral Contributions (but excluding Catch-Up Contributions) that you elect to contribute to your Account. In addition, as described in the attached applicable Schedule, the Company may also make Matching Contributions based on your After-Tax Contributions, if any.

All Company Matching Contributions will be made to the Company Stock Fund (unless provided otherwise in the attached applicable Schedule). Once the Matching Contributions are in your Account, you may diversify them among any of the investment options available under the Plan.

The Company makes Matching Contributions each pay period. Once you reach the IRS limit on Elective Deferral Contributions and/or the combined Plan limit of Elective Deferral and After-Tax Contributions, you will no longer receive a Company Matching Contribution for Elective Deferrals and After-Tax Contributions (if applicable) contributed for the remainder of that calendar year.

There may be circumstances (e.g., participation for only part of the year or changes in your deferral percentage during the year) when, at the end of the year, your total Company Matching Contributions do not total at least the percentage specified on the attached Schedule that is

applicable to you. If this happens to you, the Company will make an additional Company Matching Contribution (called a "true-up" contribution) to your Account, so that you receive the maximum Company Matching Contribution for the year, when considering your total Elective Deferrals (and After-Tax Contributions if applicable) and total Compensation for the year.

See the attached applicable Schedule for details on the Matching Contributions that you may receive.

In addition to Company Matching Contributions, you may also receive certain contributions from the Company that are not dependent on the amount of Elective Deferral Contributions you make to the Plan. Please see the attached Schedule that is applicable to you for an explanation of these additional Company Contributions.

INVESTMENT OF ACCOUNT BALANCES

All contributions are deposited in the Plan's Trust Fund. The Plan generally permits you to direct the investment of your Account balance as described below. Your investment elections and the various investment options under the Plan are managed by the Plan's Trustee who is appointed by the Committee. The Committee may also employ professional investment advisors to assist in carrying out investment responsibilities. The Committee reserves the right to change investment procedures. In addition, the Committee may change the type and number of investment options which are available to you from time to time.

Note that the Trustee may invest Plan assets in short-term, interest-bearing investments or maintain in cash certain portions of the available funds during periods prior to distribution or investment, or when money is being transferred from one investment option to another. The Trustee selects the short-term investment vehicles to be used for this purpose.

Your Investment Options

The Plan offers a variety of investment options, each with a different objective. At the time of your enrollment, you must make your investment choices in whole 1% increments. For more complete information on the Plan's investment options, including historical fund performance, fees and expenses visit Fidelity NetBenefits at **www.401k.com,** log in and click on the plan name (NiSource Inc. RSP) and click on Investment Performance and Research,, or visit the interactive tools on NetBenefits at **www.401k.com**. Additional help is available by calling the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

For a brief description of the investment options available under the Plan, please refer to the Appendix at the end of this document. Periodically, you will receive information about changes in the investment options available to you. Please refer to this information and the information on Fidelity's website (see above) for the most up-to-date information on your investment options.

Investment Options for Automatic Pre-Tax Contributions

If you are automatically enrolled in the Plan (under the automatic enrollment process explained above), your automatic Pre-Tax Contributions will initially be invested in a default investment fund or funds established by the Committee in compliance with applicable rules and regulations established by the Department of Labor. Currently, the Committee has designated the Fidelity Freedom K Funds as the default investment option for automatic contributions (see attached Appendix for further information). Unless you elect otherwise, your automatic contributions will be invested in the appropriate Fidelity Freedom K Fund based on your age and anticipated date of retirement. You may subsequently change this default investment by following the procedures explained in the "*Changing Your Investment Election*" section.

Investment Options for Company Contributions

The Company Contributions you receive are automatically invested in the NiSource Stock Fund (unless provided otherwise in the attached applicable Schedule). You can redirect that money into any of the other investment options available under the Plan.

You can elect whether to reinvest your dividend from the NiSource Stock Fund or receive it in cash. However, if the dividend is less than $10, it will automatically be reinvested. If you do not make an election, your dividend will automatically be reinvested.

If you elect to receive your dividend in cash, it will be subject to income taxes in the year you receive it. However, it is not subject to the 10% penalty tax that applies to premature distributions from your Plan. No taxes will be withheld from your dividend check. You will be responsible for making all tax payments when you file your income tax return. Applicable tax forms will be provided to you by Fidelity.

To make an election, contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

Changing Your Investment Election

You may make investment transfers (reallocations) at any time. You can move in percentages, dollar amounts, or number of shares among investment options. To make transfers in your Account, log on to NetBenefits at **www.401k.com**, or contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

There is generally no limit to the number of times you may change your investment elections per year, but you can make only one change per day. There may, however, be short-term trading and excessive trading restrictions as outlined in the prospectus for each investment option. Transactions are processed the same business day for transactions made by the time the market closes and the end of the next business day if you make a transaction after such time, or on the weekend or a holiday. You will receive a written confirmation of your transaction from Fidelity within 7 to 10 business days.

Additional Information Relating to the Investment Options

Investment Funds

The value of Plan accounts invested in a fund other than the NiSource Stock Fund will be net of any investment manager fees that may be charged with respect to that particular fund. The prospectus for each fund describes the fees and expenses associated with investing in that fund. You will not be charged any fees or expenses with respect to investments in the NiSource Stock Fund.

Equity securities in the funds, except for the NiSource Stock Fund, will be voted by the Trustee. If you have invested in the NiSource Stock Fund, you are entitled to exercise any voting, tender or similar rights attributable to the shares of Company stock that are allocated to your Account. The Company will furnish the Trustee with notices and information statements when voting, tender and similar rights are to be exercised. The Trustee will notify you of each occasion for the exercise of voting, tender and similar rights and will forward copies of any proxy material within a reasonable time after it is secured from the Company. You may elect to exercise your right by filing written voting or tender instructions with the Trustee at the time and in the form specified by the Trustee. Any instructions that you submit to the Trustee will be held in the strictest confidence and will not be divulged or released to any person including officers, directors or employees of the Company. The Plan Administrator will establish procedures designed to safeguard the confidentiality of information as to your purchase, holding and sale of interests in the NiSource Stock Fund, and your exercise of voting, tender and similar rights with respect to common stock held therein (except to the extent necessary to comply with federal laws or with state laws that are not preempted by ERISA). The Trustee will not tender shares of Company stock allocated to your Account if it does not receive your instructions by the specified deadline. With respect to voting of shares, if you do not provide instructions by a deadline specified for a voting matter, the Trustee shall vote shares of Company stock allocated to your Account in the same proportion as it votes shares for which the Trustee did receive instructions.

If you exercise your tender rights, the proceeds obtained when your shares of Company stock are sold will be invested in the investment funds, other than the NiSource Stock Fund, in the same proportions as are included in your investment election on file with the Plan.

Accounting Methods Used for Record Keeping

The Plan uses units rather than shares to account for contributions to the NiSource Stock Fund. This means that your investment in these funds is maintained in units, not actual shares. Each unit has a value that is calculated by dividing the total market value of the fund by the total number of units held in the fund. The number of units you hold in the fund increases or decreases as you make contributions, withdrawals, or transfers into or out of the fund. The value of your Account in the

fund at any time is equal to the unit value multiplied by the number of units you hold. To find out the approximate number of actual shares of stock represented in the NiSource Stock Fund, divide the fund value by the current share price of Company stock.

The other investment funds are subject to share accounting, which means that your investment in these funds is maintained in actual shares of the fund. Thus, shares are bought and sold to cover your contributions, withdrawals or transfers into or out of the fund.

Purchase and Sale of NiSource Stock

NiSource stock is listed on the New York Stock Exchange. The Plan generally purchases or sells NiSource stock as soon as administratively possible after it receives any election by a participant to transfer amounts into or out of this investment option. Each such purchase or sale will be made at the market price for the stock on the New York Stock Exchange at the time of the purchase or sale.

Section 16 of the Securities Exchange Act of 1934

If you are subject to the short-swing profit provisions of Section 16 of the Securities Exchange Act of 1934 (an "insider"), you may be limited in your ability to purchase and sell NiSource stock under the Plan. Further information covering the operation of Section 16 to insiders will be provided by the Company.

Resale Restrictions

Although the Company has registered the sale of NiSource stock pursuant to the Plan, special restrictions may apply to the resale of the shares distributed to you from the Plan if you are an "affiliate" of the Company at the time of the resale, as such term is used in Rules 144 and 405 of the Securities Act of 1933. An affiliate may not reoffer or resell such shares without further registration under the Securities Act of 1933 unless the reoffer or resale is pursuant to an applicable exemption, such as Rule 144. Generally, only the Company's executive officers would be considered affiliates of the Company. Any person who may be an affiliate may wish to consult with legal counsel before transferring any NiSource stock.

For More Information About Plan Investments

Additional information about the investment options offered by the Plan is available upon request. You may request information regarding each investment option (*e.g.*, annual operating expenses, prospectus documents, financial statements, reports and other materials) by contacting the Fidelity Benefits Service Center at **1-800-305-401k** (4015) or visit the interactive tools on NetBenefits at **www.401k.com**.

Results of Recent Performance of the Investment Options

The Appendix found at the end of this document includes certain information about the relative historical performance of each of the currently available investment funds. Participants are advised that past performance is not necessarily indicative of the future performance of these funds. As previously stated, periodically, you will receive materials that update the information found in the attached Appendix. Contact the Fidelity Benefits Service Center if you have questions about the investment options.

Limiting Investment Liability

The Plan is intended to meet the provisions of Section 404(c) under ERISA. This means that Plan fiduciaries (those responsible for administering the Plan) may be relieved of liability for losses resulting from your investment instructions.

As a Plan participant, you may request (and the Plan fiduciary must provide):

A description of the annual operating expenses of each investment option (*e.g.*, investment management fees, administrative fees and transaction costs) which reduce the rate of return to participants, and the total amount of such expenses expressed as a percentage of the investment option's average net assets.

Copies of any annual reports, financial statements and reports, and any other materials relating to the investment options available under the Plan, to the extent such information is provided to the Plan.

A list of the assets in the portfolio of each investment option; the value of each asset (or the proportion of the investment option which it comprises); and the fixed-rate investment contracts, the name of the bank, savings and loan association, or insurance company issuing the contract, the term of the contract and the rate of return of the contract.

Information concerning the value of shares or units in the available investment options, as well as the past and current investment performance determined, net of expenses, on a reasonable and consistent basis.

Information concerning the value of shares or units in the investment options held in your Account.

Available Stock Information

The Company is offering a maximum of 10,500,000 shares and an indeterminate number of participation interests in connection with the NiSource Stock Fund of the Plan. These shares were registered on the Company's Form S-8 filed on November 19, 2010 (File No. 333-170706) (the "Registration Statement").

The Company and the Plan are required to file documents with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities and Exchange Act of 1934. All such documents filed by NiSource or the Plan after the effective date of this SPD will be considered incorporated by reference in the Registration Statement and this SPD and Prospectus until the Company or the Plan files a post-effective amendment that states that all NiSource stock offered by the Registration Statement has been sold, or deregisters all NiSource stock that remains unsold. Incorporated by reference into this Prospectus are the following documents and information filed with the SEC:

- NiSource Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed February 19, 2013) (File No. 001-16189);
- The Plan's Annual Report on Form 11-K for the year ended December 31, 2012 (filed June 26, 2013) (File No. 001-16189);
- All other reports NiSource Inc. has filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since December 31, 2012 (File No. 001-16189); and
- The description of NiSource Inc. Common Stock set forth under the caption "Description of Capital Stock" contained in NiSource's Amendment No. 1 to Registration Statement on Form S-4, filed on April 24, 2000 (File No. 333-33896-01), together with any amendment or report filed with the Commission for purposes of updating such description.

The Company will provide, without charge to each Plan participant, upon his or her written or oral request: (i) a copy of any of the documents incorporated by reference in the Registration Statement other than exhibits to such documents which are not specifically incorporated by reference into the information that this document incorporates, and (ii) a copy of its Annual Report to Shareholders for its most recent fiscal year. Requests for copies of these documents should be directed to the Plan Administrator as follows:

NiSource Inc.
Attention: NiSource Benefits Committee
801 East 86th Avenue
Merrillville, IN 46410
1-219-647-5571

IN-SERVICE WITHDRAWALS

Access to Your Account While Employed

In general, the Internal Revenue Code contains restrictions on when you can get access to money that has been set aside in your Account in the Plan. These restrictions are imposed because of the tax benefits you receive in conjunction with making contributions to the Plan. The Plan generally does not allow you to withdraw any portion of your Account prior to the time that you terminate employment, retire, become disabled, die, or reach age 59½.

You are, however, permitted to obtain access to your Account or portions of your Account under certain circumstances. If you meet certain requirements, you may make a loan withdrawal from the Plan. In addition, you may be permitted to access your Account in the event of financial hardship. Finally, as explained below you may withdraw any After-Tax Contributions or Rollover Contributions that you have made to the Plan at any time while you are an active employee, and certain Company Contributions.

Any amounts withdrawn will be taken pro-rata from the various investments in which your Account is invested. Withdrawals from your Account invested in the Company Stock Fund, may be made in cash and/or stock at your request. Note that, like distributions upon termination, in-service withdrawals from your Account can have tax implications. You should consult your own tax advisor concerning any distribution that you receive from the Plan.

Loans

You may apply for a loan from the Plan while you are still an active employee by logging on to NetBenefits at **www.401k.com** or contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

- When you take a loan from the Plan, you are borrowing from yourself and paying your Account back with interest. If you pay your loan back as agreed, your loan is not subject to income or penalty taxes.
- You may borrow from your Account for any reason.
- You may have up to two loans outstanding at any time from all Company-related retirement savings plans. Note if you pay off one of two outstanding loans, there is a 14-day waiting period before you can apply for a new loan.
- The minimum loan amount is $1,000.
- The maximum loan amount is the lesser of: (1) $50,000 reduced by any outstanding loan balances over the previous 12 months; and (2) 50 percent of your total vested account balance. Loan repayments, plus interest, are automatically deducted from your paycheck through after-tax payroll deductions.
- Loans are taken from your investment options on a pro rata basis.
- The loan term can be from one to five years (15 years if the loan is to purchase your primary residence), as long as you will receive a paycheck in an amount at least as much as the loan repayment each pay period. You may also make a lump-sum repayment of the full amount remaining on your loan balance at any time. However, lump-sum payments of only a partial amount of your outstanding loan will not be accepted.
- The interest rate applied on these loans is the prime rate supplied by Reuters on the last day of the previous month.
- You can repay your loan(s) in full and without penalty at any time.

- If you fail to make any required loan payments, the balance of your loan (and any other charges or expenses incurred because of your default) will be treated as a taxable distribution to you on your default date and will be deducted from your Plan Account. Note that defaulted loans can prevent you from taking additional loans from your Plan Account in the future.
- If you are on an authorized leave of absence and cannot repay your loan because your leave is unpaid or at a rate below your scheduled loan repayments, your loan repayments may be suspended for up to one year, provided that your loan is repaid within the IRS-mandated maximum period. If you are on a qualifying leave for active military service, your loan repayments may be suspended regardless of pay, and your loan repayment period may be extended by the duration of your military leave.
- If your employment with the Company terminates or if you no longer receive compensation from the Company (e.g., you are receiving long-term disability benefits), payments of principal and interest on any outstanding loan may be made through direct debit from your bank account, in accordance with the electronic loan payment procedures established by the Plan Committee. If you do not authorize payments through direct debit from your bank account, your outstanding loan will be considered in default.
- Loans are processed and serviced by Fidelity. A $50 loan origination fee will be deducted from your 401(k) Account for each loan.
- Typically, you can expect to receive a check within five to eight business days after your loan is approved. Your signature on the back of the check will indicate your approval of the loan terms contained in the accompanying paperwork.

Hardship Withdrawals

You can withdraw up to your entire Account balance (except for earnings on your Elective Deferral Contributions from and after January 1, 1989) for financial hardships as defined by the IRS. *Investment earnings cannot be withdrawn until you reach age 59 ½ or leave the Company.*

IRS regulations currently define hardship withdrawals as:

- Purchase of your primary residence (but not mortgage payments);
- Tax deductible medical expenses for yourself, your spouse, your dependents or your beneficiary;
- Tuition and related educational fees (including room and board) for up to the next 12 months of post-secondary education for yourself, your spouse, your dependents or your beneficiary;
- Prevention of eviction from, or foreclosure on, your primary residence;
- Funeral expenses for your spouse, your dependents or your beneficiary;
- Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income); or
- Any other need as the Committee, or its delegate, determines to be a hardship expressly specified in Treasury Regulations announced by the Commissioner of the Internal Revenue Services issued under Code Section 401(k).

You will have to provide documentation of the hardship showing an immediate and serious financial need and the amount required to meet the hardship. Your withdrawal cannot be more than the amount required to meet the financial hardship, plus a reasonable estimate of amounts needed to pay federal, state or local income taxes or penalties, up to certain limits. A hardship withdrawal is considered taxable income to you, and if you are not yet age 59½, may also be subject to a 10% penalty tax.

When you take a hardship withdrawal, the IRS and the Plan also impose certain other rules that will affect your Plan participation:

- If you can take a loan from the Plan, you must take a loan up to the maximum amount available prior to applying for a hardship withdrawal—unless repaying the loan in itself would be a hardship.
- If you maintain any investments in the Company Stock Fund, you must elect to receive any dividends attributable to your Account invested in the Company Stock Fund.
- You will need to withdraw any available After-Tax Contributions, Rollover Contributions and Company Matching Contributions, to the extent available, plus the earnings on those contributions first.
- If you take a hardship withdrawal, you will not be allowed to contribute to the Plan for six months. (If you take more than one hardship withdrawal, each six-month suspension period will run concurrently.) Following the six-month suspension period, you will be automatically reinstated into the Plan at your previous deferral percent and investment elections that were in effect prior to the hardship suspension period.
- You will also need to sign a statement indicating that other financial resources have been exhausted.

Other In-Service Withdrawals

In addition to loans and hardship withdrawals, you may be able to make the following withdrawals from your Account while you are an active employee:

- Withdrawals after age 59½;
- Voluntary withdrawals from the After-Tax Contributions, Rollover Contributions, Company Contributions in your Account; or
- Withdrawals during military service.

You can request a minimum withdrawal of $250 (or your entire balance, if lower). Distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59½, unless eligible rollover distributions are rolled over to another qualified plan or an IRA. (This excludes any withdrawals of After-Tax Contributions.) A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover that are not directly rolled over to another qualified plan or an IRA.

For more information or to request a withdrawal, log on to NetBenefits at **www.401k.com** or contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

Withdrawals After Age 59½

Once you reach age 59½, you are eligible to make withdrawals from all or a portion of your vested Account balance in the Plan. Your distribution will be processed as soon as administratively practicable following your request for withdrawal.

Voluntary Withdrawals (After-Tax, Rollover, Company Contributions)

If you have made After-Tax and/or Rollover Contributions to the Plan, you may make a full or partial withdrawal of those funds while you are an active employee. Although you are not taxed on the withdrawal of your After-Tax Contributions, you will be taxed on your Rollover Contributions and earnings on both your After-Tax and Rollover Contributions.

Unless the attached applicable Schedule provides otherwise, you may withdraw any portion or all of your Company Contributions from your Account, provided that you have been a Participant in the Plan for at least 60 months. If you have been a Participant in the Plan for less than 60 months, you

generally may not withdraw your Company Contributions. (However, if you had Company Contributions made on your behalf prior to July 1, 2009 and on that date you had been a Participant in the Plan between 24 and 60 months, then you may have the ability to withdraw part of your Company Contributions regardless of whether you have completed 60 month of participation. See the Plan Administrator for additional details.) If you are withdrawing Company Contributions, you will be taxed on your withdrawal.

Withdrawals are funded by a pro rata withdrawal from your investment options.

Withdrawals During Military Service

Effective as of January 1, 2009, you may be eligible to make a withdrawal from your vested Account balance in the Plan if you are performing active service in the uniformed services for a period of more than 30 days. If you qualify for this withdrawal right, you may request withdrawal of all or a portion of your vested Account balance. However, if you elect to receive such a withdrawal, you will not be allowed to contribute to the Plan for six months from the date of withdrawal. Following the six-month suspension period, you will be automatically reinstated into the Plan at your previous deferral percent and investment elections that were in effect prior to the withdrawal suspension period.

RECEIVING YOUR PLAN BENEFIT

When Your Benefit is Paid

You or your beneficiaries are entitled to receive the full value of your Account as soon as possible after:

- You terminate employment with the Company;
- You qualify for disability under the Plan; or
- You die.

If your Account balance is $5,000 or less when you terminate employment, the Plan Administrator automatically pays you your Account balance as soon as administratively practicable following your termination. See the following "Forms of Benefit Payment" section for an explanation of how this automatic distribution may be made. Otherwise, if the value of your Account is over $5,000, you can elect to receive the value of your Account, or you may defer payment to a later date. *If you defer payment to a later date, your Account will remain invested in the Plan's investment options. You can change your investment option election at any time under the regular rules of the Plan.*

By law, you must begin to receive payment of your Account balance by the April 1 of the calendar year following the later of either (1) the year you turn age 70½, or (2) the year in which you retire.

Forms of Benefit Payment

Regardless of when you elect to receive your benefit, your Account balance will be distributed to you (or your beneficiary) in one of the following forms:

- *Lump Sum* (Your entire benefit paid directly to you or rolled over to an Individual Retirement Account/Annuity ("IRA") or another employer's retirement plan);
- *Partial Lump Sum* (A portion of your benefit paid directly to you or rolled over, as described above, and the remaining portion of your benefit paid at a later date); or
- *Installments (annual, semi-annual, quarterly or monthly)* (Your benefit paid in regular installments directly to you or in certain instances, as a rollover).

Note that if your Account balance is less than or equal to $5,000 at your termination, you are not eligible to elect installment payments. Instead, the Plan automatically pays your benefit as a lump sum, which you can elect to receive directly or roll over to an IRA or another employer's retirement plan. If you (or your surviving spouse in the event of your death) do not make an election (direct payment vs. rollover), then the Plan will pay your benefit as follows: (1) if your Account balance is $1,000 or less, the Plan Administrator will pay your benefit directly to you as a lump sum payment; (2) if your Account balance is more than $1,000 but less than or equal to $5,000, the Plan Administrator will roll your balance to a designated IRA. See "Rollovers" found later in this Summary for further information on rollovers generally.

Unless you elect otherwise, the balance of your Account invested in the Company Stock Fund will be distributed in installments of not more than five years (unless such balance exceeds a certain limit). You may request that your Account in the Company Stock Fund be paid to you in shares of Company common stock, in cash or in a combination of the two.

DEATH BENEFITS

If you die before your Account balance has been paid to you, the Plan will distribute your Account balance as a death benefit to your surviving spouse or other beneficiary you have named under the rules of the Plan (provided the proper forms have been filed) as described below. No separate death benefit is payable after your Account balance has been distributed from the Plan.

Form and Timing of Death Benefit

Your Account balance will be paid to your surviving spouse or other named beneficiary in one of the following forms:

- Lump Sum (full or partial, but subject to any death benefit timing requirements)
- Installments (annual, semi-annual, quarterly or monthly)

In general, any death benefit payment(s) of your Account can be made as soon as administratively practicable following your death and after filing any required paperwork. In any event, your entire Account will be distributed to your beneficiary, or to the parties listed in the portion of the "Designation of Beneficiary" section below that applies if you fail to designate a beneficiary, by the fifth anniversary of your death.

In addition, your beneficiary may be able to roll over your Account balance to an IRA or another retirement plan. See the "Rollovers" portion of the "Tax Consequences" section later in this Summary for more information.

If you have outstanding Plan loans at the time of your death, your beneficiary may elect to pay off the remaining balance. If your beneficiary does not pay off the balance, the balance (and any other charges or expenses incurred because of the default) will be treated as a taxable distribution and will be deducted from your Plan Account.

Designation of Beneficiary

When you enroll in the Plan or make a Rollover Contribution, you should name a beneficiary (someone to receive your benefits from the Plan in the event of your death) by completing a beneficiary designation online through NetBenefits at **www.401k.com**. You may also request a paper beneficiary designation form online or by calling the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

You may designate any person or persons, or a trust fund, as your primary beneficiary to receive death benefits that are payable from the Plan. You may also designate a contingent beneficiary who will receive your benefits in the event your primary beneficiary does not survive you.

If you are married: By law, if you are married, your spouse is automatically your beneficiary unless you designate someone else. If you wish to designate someone else, your spouse must give his or her consent in writing by signing the beneficiary designation form in the presence of a notary public or a Plan representative. The beneficiary designation form provided to you will contain a place for your spouse to sign to consent to your designation of someone else as your primary beneficiary. If you are married and your spouse will not consent to your designation of someone else, then this designation will not be valid and your spouse will be treated as your primary beneficiary. If your marital status changes, it is important that you complete a new beneficiary designation form. See "In the Event of Divorce or Dissolution" (the following section) for an explanation of how a divorce may affect your beneficiary designation under the Plan.

If you are single: If you are single, you may name anyone as your beneficiary.

If you fail to designate a beneficiary, your benefits will be payable as follows:

- To your surviving spouse, or if none;
- To your descendants, per stirpes, or if none;
- To your father and mother, in equal parts, or if none;
- To your brothers and sisters, in equal parts, or if none;
- To your estate.

You may change your beneficiary at any time by making a new beneficiary designation through NetBenefits at **www.401k.com**, or by requesting and submitting a new form. However, if you name someone other than your spouse, your spouse must give his or her consent by signing the beneficiary designation form in the presence of a notary public or a Plan representative.

IN THE EVENT OF DIVORCE OR DISSOLUTION

If you are married and you go through a divorce or dissolution, such proceedings may affect your Plan benefit or your beneficiary designation under the Plan, as explained below. *If your marital status changes, you must inform the Plan Administrator if by contacting the Fidelity Benefits Service Center at* **1-800-305-401k** (4015).

Beneficiary Designations After Divorce/Dissolution

If you are married and your marriage terminates by reason of divorce, dissolution or other similar operation of domestic relations law, any beneficiary designation you have previously made will remain unchanged. Note that while some state laws may invalidate a spousal beneficiary designation upon divorce, that is not the case under the Plan. Upon divorce, if you had named your former spouse as your beneficiary under the Plan, your beneficiary designation will not change unless you make a new beneficiary designation that revokes your prior beneficiary designation, or you remarry.

If you subsequently re-marry a different spouse, your previous beneficiary designation is *automatically* revoked and your new spouse becomes your beneficiary, unless a valid "qualified domestic relations order" provides otherwise. As explained below, a qualified domestic relations order may limit your ability to name another beneficiary in the event of a divorce or dissolution.

Qualified Domestic Relations Order (QDRO)

By federal law, the Plan must comply with a qualified domestic relations order ("QDRO"). A QDRO is a legal judgment or decree that recognizes the rights of or support obligation toward a spouse, former spouse, child or other dependent. A domestic relations order must satisfy specific requirements to be "qualified," and it must be recognized by the Plan Administrator.

If required by a QDRO, all or a portion of your benefit may be assigned to your former spouse or a dependent rather than you or your designated beneficiary to meet obligations for the division of marital property rights, for child support or alimony. A QDRO may require that your former spouse be treated as the your surviving spouse for all or any part of the survivor benefits payable after your death. This means that if you re-marry, your subsequent spouse may not be treated as your surviving spouse for the portion of your benefit assigned to your former spouse if a valid QDRO so provides.

You and your beneficiaries may obtain, free of charge, a copy of the procedures used to determine the "qualified" status of a domestic relations order from the Plan Administrator. You or your spouse should submit a draft version of a domestic relations order to the Plan Administrator for review and approval before such order is finalized under domestic relations law.

As soon as you are aware of any domestic relations proceedings that may affect your Account, contact the Plan's QDRO administrator as follows: (a) call 1-888-858-5500; (b) send an e-mail to *QOCenter@hewitt.com*; or(c) visit the website at *www.QOCenter.com*. When the Plan Administrator receives notice of a pending QDRO, a hold will be placed on your Account that will prevent you from making any withdrawals, including any distributions, loans or hardship withdrawals, until the QDRO is processed.

TAX CONSEQUENCES

How and When Your Plan Benefits Are Taxed

Generally, federal and state income tax laws do not require you to pay tax on your Plan benefits until you actually receive a distribution under the Plan. Once you receive a benefit payment, however, you will have taxable income on this payment in the year your receive it. In the year of any distribution from the Plan, you will receive a tax form that will provide you with the information you need to file your taxes.

The discussion of Federal income tax consequences that follows is included for general information only. It does not describe all relevant tax matters (such as state and local income and inheritance taxes and federal estate and gift taxes) that should be considered in connection with participation in the Plan and does not completely describe all provisions associated with the tax matters discussed. Accordingly, you should not rely exclusively on this discussion and are advised to consult a personal tax adviser for tax planning relevant to the Plan.

Withholding Requirements

Your benefit payments are subject to withholding for federal income taxes. (Note that your benefit payments may be subject to state and local taxes, including tax withholding, as well.) "Withholding" is an advance payment on federal income taxes that you may owe as a result of any Plan distributions that you receive. When making a distribution, the Plan is required by law to withhold 20% of your payment unless you make a direct rollover to an IRA (including to a Roth IRA) or to another retirement plan (see the Rollovers section below).

Contributions

The Plan is a qualified plan under Sections 401(a), 401(k) and 401(m) of the Internal Revenue Code. As a result, the amount of your Compensation that you elect to defer under the Plan through Pre-Tax Contributions, Company Contributions and Rollover Contributions, and any earnings thereon, are not subject to federal income taxes until you or your beneficiary withdraws or receives a distribution of these amounts.

The amount of your Compensation that you elect to defer through Roth Contributions, in contrast, will not be subject to federal income taxes at distribution because these amounts were already taxed at the time they were contributed to the Plan. Earnings on Roth contributions will also not be subject to federal income taxes at distribution provided the distribution is a "qualified distribution." A distribution of Roth Contributions is generally a qualified distribution if it has been in the Plan for five taxable years and is made after the earliest of your attainment of age 59-½, death or disability. If the distribution is not a qualified distribution, then the portion of the distribution representing your Roth Contributions will not be taxable to you, but the portion of the distribution representing earnings on the Roth Contributions will be taxable to you in the year you receive the distribution, unless you comply with the rollover rules as described below.

The amount of your Elective Deferral Contributions (Pre-Tax Contributions and Roth Contributions) will be included in your income in the year in which these amounts are considered earned for purposes of Social Security (FICA) taxes. In addition, some states, cities or counties may impose taxes on your Elective Deferral Contributions.

Although After-Tax Contributions are deducted from your Compensation after all applicable taxes have been withheld, the earnings on such contributions are not subject to federal income taxes until you or your beneficiary withdraws or receives a distribution of these amounts.

Distributions

In addition to being taxed as ordinary income, the taxable portion of a distribution you receive from the Plan before you reach age 59 ½ may be subject to a nondeductible federal penalty tax of 10%, unless the distribution or withdrawal is (1) rolled over to another eligible retirement plan or to an IRA, (2) made to a beneficiary after your death, (3) made on account of your termination due to disability, (4) made after you have separated from service with the Company, if the separation occurred during or after the year you reached age 55, (5) made to you for payment of medical expenses that could be deducted on your tax return, (6) paid in equal installments over your life or life expectancy or the lives or life expectancy of you and your beneficiary, or (7) made to an alternate payee pursuant to a qualified domestic relations order.

Note that these rules apply to in-service withdrawals as well as distributions upon termination of employment.

To the extent that you receive shares of Company stock, your tax liability is based on the value of the stock that is contributed to the Plan for the Company Matching Contributions to your Account. This value is taxed at ordinary income tax rates. Tax on any gain is deferred until you actually sell the stock. At that time, any gain is taxed at the capital gains tax rate.

Lump Sum Distributions

If you receive a lump sum distribution and you were born before January 1, 1936, (1) you can make a one-time election to figure the tax on the distribution by using "10-year averaging" at 1986 rates; and (2) you may elect to have the part of your distribution that is attributable to your pre-1974 participation in the Plan (if any) taxed as long-term capital gain at a rate of 20%. You generally can elect this special tax treatment only once in your lifetime and if you have previously rolled over a payment from the Plan, you cannot use this special tax treatment for later payments from the Plan. You should consult your tax advisers as to your eligibility for and the manner of electing this special treatment.

Rollovers

You generally can roll over a distribution or withdrawal of your Account to an eligible retirement plan that accepts rollovers or to an IRA, if the distribution is an "eligible rollover distribution" as defined in the Code. If you roll over a distribution of your Account to an eligible retirement plan or a traditional IRA, the amount rolled over and earnings thereon are not subject to income tax until subsequently distributed to you or your beneficiary. If you roll over your distribution to a Roth IRA, the amount rolled over *is* subject to income tax in the year of the rollover. As stated above, any taxable amount of an eligible rollover distribution that is not rolled over will be subject to a mandatory 20% withholding requirement.

You may roll over an eligible rollover distribution that consists of Roth Contributions and earnings (whether or not it is a qualified Roth distribution) either (1) by direct rollover to another 401(k) Plan or 403(b) Plan that accepts Roth Contributions, or (2) by direct rollover (or indirect rollover within 60 days of distribution) to a Roth IRA. Alternatively, you can roll over the taxable portion of a non-qualified Roth distribution by an indirect rollover within 60 days of distribution to a 401(k) or 403(b) plan that accepts Roth Contributions.

In addition, in the event of your death, your designated beneficiary may roll over a distribution of your Account. If your designated beneficiary is your spouse, he or she may elect to roll your Account over to another eligible retirement plan or an IRA. If you have designated a non-spouse beneficiary, the beneficiary may elect to roll your Account over from the Plan directly to an IRA established for the purpose of receiving the distribution.

A distribution or withdrawal is not an "eligible rollover distribution" and may not be rolled over, if it is (1) a series of substantially equal period installments over ten years or more, or over your life expectancy or the joint life expectancies of you and your beneficiary, (2) a required distribution due to your attainment of age 70-1/2 (or retirement if later), (3) a hardship distribution or (4) a distribution made to a non-spouse beneficiary before May 1, 2007.

A taxable distribution or withdrawal that is not an "eligible rollover distribution" is subject to voluntary Federal income tax withholding. Prior to receiving a distribution of any amounts from the Plan, you will receive a Notice of Tax Treatment to assist you in determining your tax liability. The rules governing the Federal income taxation of a distribution are complex and are subject to change, and you should seek the advice of your tax advisers in connection with a distribution from the Plan.

To make a direct rollover, you must contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015). A Fidelity representative will ask you for specific information on the IRA or the other employer's plan to which you are requesting the rollover and let you know if a rollover is available to you.

SITUATIONS AFFECTING YOUR PLAN BENEFITS

This section describes how the Plan provides you or your beneficiary with benefits. It is important that you understand the conditions under which benefits could be less than expected, not paid at all or otherwise limited, including:

- ***Investment Losses.*** If the investment funds you choose experience losses, the value of your contributions can decrease.
- ***Code Limitations.*** If you are affected by total annual contribution or compensation limits under the Internal Revenue Code, the amounts you and the Company contribute on your behalf may be limited. If you are affected by these limits, you will be notified.
- ***Nondiscrimination Testing.*** If the Plan does not pass required nondiscrimination testing, all or a portion of the contributions made on behalf of highly compensated employees may be reduced. Nondiscrimination testing is required by law to ensure a fair mix of contributions from and for employees at all income levels. If you are affected by these limits, you will be notified.
- ***Application Failures.*** If you fail to make proper application for benefits or fail to provide necessary information, your benefits could be delayed.
- ***Address Changes.*** If you do not keep your most recent address on file and the Plan Administrator cannot locate you, your benefit payment may be delayed. Once you (or your beneficiary, if you die) provide a current address, benefit payments can be made. Accordingly, if you are a current employee and experience a change of address, please give your new contact information to the Company's Human Resource Department. If you have terminated employment with the Company and experience a change of address, please provide your new contact information to the Company's Human Resource Department and provide this same information to the Fidelity Benefits Service Center at **1-800-305-401k** (4015).
- ***"Top Heavy" Limitations.*** As required by law, alternate Plan provisions go into effect if the Plan becomes top-heavy. The Plan is "top-heavy" if more than 60 percent of accumulated Account balances are payable to certain "key employees." Key employees are employees who are officers of the Company with annual compensation greater than $160,000, 1 percent owners of the Company with annual compensation greater than $150,000, 5 percent owners of the Company and beneficiaries of the above. You will be notified if this affects you.

CLAIMS FOR BENEFITS

Applying for Your Plan Benefit

You must file an application with the Plan Administrator in order to receive your benefits under the Plan. When an event occurs that entitles you to a distribution of your benefits under the Plan, the Plan Administrator will generally notify you that an application should be filed. In order to receive your benefit, you must complete and submit a benefit election form no more than 180 days before you are scheduled to receive your benefit.

Claim Denial and Appeal Process

If you disagree with any decision the Plan Administrator may make regarding your interest in the Plan, the Plan contains the administrative review procedure you must follow. If you think benefits owed to you are not or will not be paid, or are too low, or are or will be paid at a time other than when you think they should be, you can make a "claim" for benefits to the Plan Administrator.

If your claim for a benefit under the Plan is denied in whole or in part, you have the right to request a review of the denial. You (or your beneficiary) will be notified of a denial of your claim in writing by the Plan Administrator within 90 days of the receipt of your claim (180 days if special circumstances apply). This written notice of the denial will include:

- The specific reason(s) for the denial;
- References to the Plan provision(s) on which the denial is based;
- A description of any additional material or information that is necessary to complete the claim; and
- The procedures for appealing the decision.

You or your authorized representative may review all documents related to any denial of a Plan benefit. If you disagree with the Plan Administrator's decision, you have 60 days from the receipt of the original denial to request a review. This request should be in writing and sent to the NiSource Benefits Committee at the following address:

NiSource Inc.
Attn: NiSource Benefits Committee
801 East 86th Avenue
Merrillville, IN 46410

Your appeal will be reviewed and you will receive written notification of a decision within 60 days. If special circumstances require more time for this process, you will be notified in writing no later than 120 days after the receipt of your request. Notwithstanding the foregoing, if the NiSource Benefits Committee's meeting schedule is such that it holds regularly scheduled meetings at least quarterly, the final determination may be made within the period outlined in Department of Labor Regulations Section 2560.503-1(i)(1)(ii) in lieu of the 60-day period (120-day period if extended due to special circumstances) described above.

If your appeal is denied, you will be told why and which Plan provisions support that decision. If the final determination is made in your favor, the determination shall be binding and conclusive. If the final determination is not made in your favor, the determination shall be binding and conclusive unless you notify the NiSource Benefits Committee within 90 days after the mailing or delivery of the determination that you intend to institute legal proceedings under Section 502(a) of ERISA challenging the determination, and you actually institute such legal proceedings within 180 days after such mailing or delivery. You must exhaust the claims and appeals procedures described in this section before you can institute these legal proceedings. All questions arising with respect to

the Plan during any such legal proceedings shall be governed by Indiana law, except to the extent superseded by federal law.

Benefits Paid to Other Parties

The Plan is intended to pay benefits only to you or to your beneficiary. Your Plan benefit cannot be used as collateral for a loan, sold, transferred, garnished, or assigned in any other way. Your Account may generally not be sold, assigned, transferred, pledged or garnished under most circumstances. However, benefits may be divided in a court ordered property settlement in case of divorce or other situations that divide property (see the Qualified Domestic Relations Order" section earlier in this Summary).

If you become incapacitated and unable to manage your own affairs, the Plan may make any unpaid benefit payments to such person or entity that the Plan Administrator deems appropriate to receive distributions in order to provide for your comfort, maintenance and support. For instance, such person (or entity) may be a relative, guardian, person possessing a valid Power of Attorney, or an institution charged with your care or custody.

ADDITIONAL INFORMATION

Amendment or Termination of the Plan

The Committee reserves the right to suspend, amend or terminate the Plan at any time, in whole or in part. Generally, Account balances cannot be reduced except for investment losses, even by a Plan amendment. Termination of the Plan is unlikely, but if the Plan is terminated, your Account automatically will remain 100 percent vested. If any material changes are made to the Plan in the future, you will be notified.

The Committee may only amend the Plan in writing. Any amendments shall be duly authorized if approved or ratified by the Committee. Thus, the Plan may not be modified or amended simply by representations, oral or otherwise, that may be made to you concerning the Plan. Accordingly, you should not consider the Plan to have been amended based on assertions made by a supervisor or a human resources representative, for instance. If you believe that you have received information that is contrary to the terms of the Plan or this Summary, please contact the Company for clarification or confirmation.

Benefits Are Not Insured

The Plan is a defined contribution plan providing specifically defined levels of contributions. This type of plan is not eligible for benefit insurance through the Pension Benefit Guaranty Corporation ("PBGC"), and no particular dollar level of benefits is guaranteed. All of the contributions are deposited with the Trustee. All payments of Plan benefits are made from the Plan's Trust Fund.

Collective Bargaining Agreements

As stated earlier in this SPD, employees who are covered by a collective bargaining agreement are not eligible for the Plan unless the applicable collective bargaining agreement provides for participation in the Plan. For those employees who are covered by a collective bargaining agreement providing for participation in the Plan, the Plan is maintained pursuant to a collective bargaining agreement.

No Guarantee

The information in this SPD does not state or imply that participation in the Plan is a guarantee of continued employment with the Company, nor is it a guarantee that contribution levels will remain unchanged in future years.

Plan Expenses

Administrative expenses of the Plan, including fees of the Trustee, counsel, accountants or other experts appointed under the Plan, will be paid out of the Trust Fund to the extent not paid by the Company.

Plan Statements

As a Plan Participant, you will receive a statement of your Plan Account quarterly from Fidelity that shows your Account balance as of the end of the most recent quarter. You can elect to receive your statement online. You can view your statement online beginning the day after the end of the quarter and going back for 24 months. Check your statement to be aware of your Account activity. Please contact Fidelity within 60 days of receiving your statement if you think there is an error.

Your Account is valued by Fidelity at the close of every business day. You can call Fidelity Benefits Service Center at **1-800-305-401k** (4015) or log on to your Account at **www.401k.com** seven days a week to review your current Account balance.

ADMINISTRATIVE INFORMATION

Plan Sponsor

The Plan Sponsor is NiSource Inc.

Plan Administrator

The Plan Administrator is the NiSource Benefits Committee. The Plan Administrator has the sole authority to interpret the terms of the Plan in its discretion. For more information about the Plan and its administration, you may contact the Plan Administrator at:

NiSource Inc.
Attention: NiSource Benefits Committee
801 East 86th Avenue
Merrillville, IN 46410
1-219-647-5571

Pursuant to authority granted in the Plan document, the Plan Administrator delegates various administrative functions to other entities or individuals, including Fidelity and the NiSource Human Resources Department. To the extent the context requires, reference to Plan Administrator in this Summary may include or mean one or more of these delegates.

Employer I.D. Number

The Employer Identification Number ("EIN") assigned by the IRS and associated with the Plan is 35-2108964.

Plan Type, Name and Number

The Plan is classified as a defined contribution plan and has been assigned Plan number 005. It also is a Code section 401(k) plan and an ERISA section 404(c) plan. The official Plan name is the NiSource Inc. Retirement Savings Plan.

Plan Year

The official Plan year is the calendar year, January 1 through December 31.

Plan Trustee

The Plan Trustee is responsible for holding the assets of the Trust Fund according to the Participants' and the Company's directions, and for distributing Plan payments. The money in the Trust Fund is set aside for the exclusive benefit of Plan Participants and their beneficiaries.

The trustee for the Plan is:

Fidelity Management Trust Company
82 Devonshire Street
Boston, MA 02109

Agent for Service of Legal Process

The agent for service of legal process is:

NiSource Inc.
Senior Vice President of Human Resources
801 East 86th Avenue
Merrillville, IN 46410
1-219-647-5571

Legal process may also be served on the Plan Administrator or the Trustee.

ERISA RIGHTS

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA").

ERISA provides that all Plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

- Examine (without charge) at the Plan Administrator's office and at other specified locations—such as work sites and union halls—all documents governing the Plan, including insurance contracts and collective bargaining agreements and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this Summary Annual Report.
- Obtain from the Plan Administrator, once a year, a statement of your total benefits accrued and your nonforfeitable (vested) retirement benefits (if any), or the earliest date on which benefits will become nonforfeitable (vested). The Plan may require a written request for this statement, but it must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit under the Plan is denied or ignored—in whole or in part—you have a right to know why this was done, to obtain copies of documents relating to the decision without charge and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce your ERISA rights. For instance:

- If you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials—unless the materials were not sent because of reasons beyond the control of the administrator.
- If you have a claim for benefits that is denied or ignored—in whole or in part—you may file suit in a state or federal court, provided you have followed the claims procedures explained earlier in this Summary.
- If you disagree with the Plan's decision or lack thereof concerning the qualified status of a Qualified Domestic Relations Order ("QDRO"), you may file suit in federal court.

- If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your ERISA rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.
- If you file suit against the Plan, the court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees—for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210.

- You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

A copy of the Plan document is on file at NiSource's corporate offices, 801 E. 86th Avenue, Merrillville, IN 46410. These documents may be read by you, your beneficiaries or your legal representatives at any reasonable time. Additionally, if you make a written request, you may receive a copy of the Plan document. You may be charged for the copies.

If you have any questions regarding either the Plan or this SPD, you should contact the Fidelity Benefits Service Center at **1-800-305-401k** (4015).

NISOURCE INC. RSP

Appendix 1

Understanding investment performance: As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit www.401k.com (log in, choose plan, select Investment Choices & Research, and then pick investment option.).

				Cumulative Total Returns % Period Ending September 30, 2013					Average Annual Total Returns % Quarter Ending September 30, 2013				Calendar Year Returns							
Product Name:	**VRS Code**	**CUSIP**	**Ticker**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**LOF**	**2012**	**2011**	**2010**	**Date of Inception**	**Short-term Trading Fee (% / days)**	**Expense Ratio**	**Exp. Ratio Date**
American Funds EuroPacific Growth Fund Class R-6	85007	298706821	RERGX	9.55	11.95	18.28	22.8	N/A	18.28	7.09	N/A	N/A	13.33	19.64	-13.31	9.76	05/01/2009	N/A	0.5	6/1/2013
Columbia Acorn USA Class Z	93540	197199805	AUSAX	11.47	24.24	28.18	63.59	76.39	28.18	17.83	12.02	9.94	10.99	18.98	-4.95	23.16	09/04/1996	N/A	1.15	6/30/2013
Fidelity Freedom K® 2010 Fund	2174	315792259	FFKCX	4.16	7.16	7.77	25.21	N/A	7.77	7.78	N/A	N/A	10.8	10.53	-0.19	11.77	07/02/2009	N/A	0.51	5/30/2013
Fidelity Freedom K® 2020 Fund	2176	315792234	FFKDX	4.71	8.32	9.07	28.37	N/A	9.07	8.68	N/A	N/A	12.2	11.86	-1.24	13.07	07/02/2009	N/A	0.55	5/30/2013
Fidelity Freedom K® 2030 Fund	2178	315792218	FFKEX	5.89	11.28	12.08	33.2	N/A	12.08	10.03	N/A	N/A	13.67	13.65	-3.09	14.18	07/02/2009	N/A	0.62	5/30/2013
Fidelity Freedom K® 2040 Fund	2180	315792184	FFKFX	6.71	13.59	14.46	36.28	N/A	14.46	10.87	N/A	N/A	14.47	14.61	-4.64	14.79	07/02/2009	N/A	0.66	5/30/2013
Fidelity Freedom K® 2050 Fund	2182	315792168	FFKHX	6.98	14.26	15.15	37.33	N/A	15.15	11.15	N/A	N/A	14.77	15.23	-5.5	15.06	07/02/2009	N/A	0.68	5/30/2013
Fidelity Freedom K® Income Fund	2171	315792283	FFKAX	2.15	2.7	3.11	14.3	N/A	3.11	4.56	N/A	N/A	6.81	6.36	2.12	7.68	07/02/2009	N/A	0.39	5/30/2013
Fidelity® Balanced Fund - Class K	2077	316345602	FBAKX	5.11	12.43	12.68	38.45	59.07	12.68	11.45	9.73	7.88	9.32	13.04	1.76	13.92	11/06/1986	N/A	0.48	10/30/2012
Fidelity® Contrafund® - Class K	2080	316071703	FCNKX	8.97	21.48	19.59	54.79	70.56	19.59	15.68	11.27	10.36	12.43	16.4	-0.02	17.09	05/17/1967	N/A	0.63	3/1/2013
Fidelity® Equity-Income Fund - Class K	2085	316128651	FEIKX	4.2	19.18	20.21	48.92	53.26	20.21	14.2	8.91	6.68	11.58	17.41	-4.54	15.31	05/16/1966	N/A	0.54	4/1/2013
Fidelity® Growth Company Fund - Class K	2090	316200856	FGCKX	13.07	27.51	24.5	70.44	99.58	24.5	19.45	14.82	10.94	13.18	18.69	0.81	20.75	01/17/1983	N/A	0.77	1/29/2013
Fidelity® Institutional Money Market - Money Market Portfolio - Class I	59	316175207	FMPXX	0.02	0.07	0.1	0.47	2.07	0.1	0.16	0.41	1.93	4.28	0.18	0.16	0.24	07/05/1985	N/A	0.21	5/30/2013
7-Day Yield* % as of 6/30/2013: 0.08																				
7-Day Yield Without Subsidy** % as of 6/30/2013: 0.05																				
Invesco Small Cap Value Fund Class Y	18209	00143M497	VSMIX	8.61	30.1	37.79	72.58	99.53	37.79	19.95	14.82	N/A	10.82	22.91	-8	29.77	08/12/2005	N/A	0.9	8/28/2013

Managed Income Portfolio Class 1	632	31617E307	N/A	0.22	0.72	1.02	3.76	7.23	1.02	1.24	1.41	2.73	4.71	1.28	1.34	1.31	09/07/1989	N/A	0.71	9/30/2012
7-Day Yield* % as of 6/30/2013: 0.95																				
MFS Massachusetts Investors Trust Class R5	92561	575736814	MITJX	6.61	20	21.34	N/A	N/A	21.34	N/A	N/A	N/A	28.37	N/A	N/A	N/A	06/01/2012	N/A	0.44	4/30/2013
NiSource Stock Fund	20831	N/A	N/A	8.68	26.84	25.12	97.93	166.41	25.12	25.56	21.65	9.42	6.92	8.32	40.37	20.6	11/08/2000	N/A	0.0036	6/30/2013
Northern Small Cap Value Fund	40796	665162400	NOSGX	7.73	23.95	27.19	61.52	60.87	27.19	17.33	9.97	10.17	10.26	13.78	-0.61	24.61	03/31/1994	N/A	1.37	7/31/2013
Oakmark International Fund Class I	93544	413838202	OAKIX	13.16	23.7	40.79	47.87	96.1	40.79	13.93	14.42	11.63	11.11	29.22	-14.07	16.22	09/30/1992	N/A	1.06	6/17/2013
Perkins Small Cap Value Fund Class N	26074	47103D728	JDSNX	5.31	18.62	21.8	N/A	N/A	21.8	N/A	N/A	N/A	20.46	N/A	N/A	N/A	05/31/2012	N/A	0.79	10/26/2012
PIMCO Long-Term U.S. Government Fund Institutional Class	93598	693390205	PGOVX	-2.18	-9.81	-10.65	11.96	51.28	-10.65	3.84	8.63	6.46	9	5.05	28.08	12.09	07/01/1991	N/A	0.505	8/8/2013
PIMCO Low Duration Fund Institutional Class	93687	693390304	PTLDX	0.88	-0.56	0	7.6	29.69	0	2.47	5.34	3.94	6.2	6.16	1.71	4.96	05/11/1987	N/A	0.46	8/8/2013
PIMCO Total Return Fund Institutional Class	99622	693390700	PTTRX	1.17	-1.89	-0.74	11.75	46.66	-0.74	3.77	7.96	6.12	8.03	10.36	4.16	8.83	05/11/1987	N/A	0.46	8/8/2013
Spartan® 500 Index Fund - Institutional Class	2327	315911768	FXSIX	5.24	19.76	19.3	57.01	61.05	19.3	16.23	10	7.53	9.82	15.96	2.09	15.01	02/17/1988	N/A	0.05	4/29/2013
Spartan® Extended Market Index Fund - Fidelity Advantage Class	1521	315911883	FSEVX	9.96	27.33	30.92	67.05	87.3	30.92	18.65	13.37	10.87	7.7	18.05	-3.79	28.62	11/05/1997	*0.75/90*	0.07	4/29/2013
Spartan® International Index Fund - Fidelity Advantage Class	1522	315911875	FSIVX	11.39	15.23	23.95	28.19	34.81	23.95	8.63	6.16	8.04	5.2	18.78	-12.12	7.73	11/05/1997	*1.00/90*	0.17	4/29/2013
Vanguard Inflation-Protected Securities Fund Institutional Shares	49231	922031745	VIPIX	0.91	-6.74	-6.21	12.18	28.18	-6.21	3.9	5.09	N/A	5.02	6.87	13.39	6.33	12/12/2003	N/A	0.07	6/28/2013
Vanguard Total Bond Market Index Fund Institutional Shares	44511	921937504	VBTIX	0.54	-1.95	-1.82	8.59	29.91	-1.82	2.78	5.37	4.6	5.75	4.18	7.72	6.58	09/18/1995	N/A	0.07	8/20/2013

Primary Index

	Cumulative Total Returns % Period Ending September 30, 2013					Average Annual Total Returns % Quarter Ending September 30, 2013				Calendar Year Returns		
Index Name	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**2012**	**2011**	**2010**
MSCI AC Wld ex US (N)	10.09	10.04	16.48	18.93	35.45	16.48	5.95	6.26	8.77	16.83	-13.71	11.15
Russell 2000	10.21	27.69	30.06	65.5	69.68	30.06	18.29	11.15	9.64	16.35	-4.18	26.85
Barclays U.S. Agg Bond	0.57	-1.89	-1.68	8.83	30.14	-1.68	2.86	5.41	4.59	4.21	7.84	6.54
S&P 500	5.24	19.79	19.34	57.16	61.18	19.34	16.27	10.02	7.57	16	2.11	15.06
Russell 3000 Value	4.23	20.68	22.67	57.19	53.05	22.67	16.27	8.89	8.09	17.55	-0.1	16.23
Russell 3000 Growth	8.48	21.75	20.3	60.89	77.52	20.3	17.18	12.16	7.99	15.21	2.18	17.64
CG 3-Month Treasury Bill	0.01	0.04	0.07	0.23	0.74	0.07	0.08	0.15	1.61	0.07	0.08	0.13
Russell 2000 Value	7.59	23.07	27.04	58.39	54.81	27.04	16.57	9.13	9.29	18.05	-5.5	24.5
Barclays 3M t-bill	0.02	0.07	0.11	0.35	0.96	0.11	0.12	0.19	1.74	0.12	0.11	0.15
MSCI Wld ex US (N)	11.31	14.66	21.45	25.57	34.55	21.45	7.89	6.12	8.18	16.41	-12.21	8.95
Barclays 10-30 TSY	-2.23	-9.88	-10.58	11.35	37.03	-10.58	3.65	6.5	6.15	3.56	29.93	9.38
BofA ML 1-3 Yr US Treas	0.29	0.3	0.37	2.15	8.36	0.37	0.71	1.62	2.58	0.43	1.55	2.35
DJ US Completion TSM	9.95	27.19	30.7	66.67	87.5	30.7	18.56	13.4	10.81	17.89	-3.76	28.62
MSCI EAFE (Net MA)	11.56	16.27	23.91	28.09	36.97	23.91	8.6	6.49	8.18	17.48	-12.04	7.88
Barclays US TIPS	0.7	-6.74	-6.1	12.56	29.51	-6.1	4.02	5.31	5.23	6.98	13.56	6.31
Barclays Agg Float Adj	0.53	-1.91	-1.68	8.92	N/A	-1.68	2.89	N/A	N/A	4.32	7.92	6.58

FOOTNOTES

Fund line-up as of 10/22/2013

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of Fund figures are reported as of the inception date to the period indicated. These figures do not include the effect of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plans. If sales charges were included, returns would have been lower.

Fidelity® Institutional Money Market - Money Market Portfolio - Class I, Spartan® 500 Index Fund - Institutional Class, Spartan® International Index Fund - Fidelity Advantage Class: Fidelity is voluntarily reimbursing a portion of the fund's expenses. If Fidelity had not, the returns would have been lower.

Spartan® 500 Index Fund - Institutional Class: Initial offering of the Institutional Share Class took place on May 4, 2011. Returns prior to that date are those of the Fidelity Advantage Class and reflect the Fidelity Advantage Class' expense ratio. Had the Institutional Class' expense ratio been reflected, total returns would have been higher.

Fidelity® Balanced Fund - Class K, Fidelity® Contrafund® - Class K, Fidelity® Equity-Income Fund - Class K, Fidelity® Growth Company Fund - Class K: On May 9, 2008, an initial offering of the retirement (K) class took place. Returns and expenses prior to that date are those of the non-K, non-advisor class. Had K class expenses been reflected in the returns shown, total returns would have been higher.

Spartan® Extended Market Index Fund - Fidelity Advantage Class, Spartan® International Index Fund - Fidelity Advantage Class: On October 17, 2005, an initial offering of the Fidelity Advantage Share Class took place. Returns prior to that date are those of the Investor Class and reflect the Investors Class' expense ratio. Had the Fidelity Advantage Class' expense ratio been reflected, total returns would have been higher.

Managed Income Portfolio Class 1, NiSource Stock Fund: These investment options are not mutual funds.

Indices are unmanaged and you cannot invest directly in an index.

Morningstar, Inc., provided data on the non-Fidelity mutual funds. Although the data is gathered from reliable sources, accuracy and completeness cannot be guaranteed by Morningstar.

*The current yield of the money market mutual fund listed above reflects the current earnings of the fund, while the total return refers to a specific past holding period.

** The yield without applicable waivers or reimbursements, whenever Fidelity is subsidizing all or a portion of the fund's expenses as of the current reporting period. Absent such waivers or reimbursements, the returns would have been lower. Waivers and/or reimbursements may be discontinued any time.

Expense Ratio Footnotes

For a mutual fund, the expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percent of the fund's total net assets. Where the investment option is not a mutual fund, the figure displayed in the expense ratio field is intended to reflect similar information. However, it may have been calculated using methodologies that differ from those used for mutual funds. Mutual fund data has been drawn from the most recent prospectus. For non-mutual fund investment options, the information has been provided by the trustee or plan sponsor. When no ratio is shown for these options it is due to the fact that none was available. Nevertheless, there may be fees and expenses associated with the investment option.

Investment Risk

Investments in mid-sized companies may involve greater risk than those of larger, more well known companies, but may be less volatile than investments in smaller companies.

Investments in smaller companies may involve greater risk than those in larger, more well known companies.

Foreign investments, especially those in emerging markets, involve greater risk and may offer greater potential returns than U.S. investments. This risk includes political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these funds.

Company stock funds are neither mutual funds nor diversified or managed investment options.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments.

In general the bond market is volatile and bonds entail interest rate risk (as interest rates rise bond prices usually fall and vice versa). This effect is usually pronounced for longer-term securities. Bonds also entail the risk of issuer default, issuer credit risk and inflation risk.

Fidelity Freedom Funds are designed for investors expecting to retire around the year indicated in each fund's name. Except for the Freedom Income Fund, the funds' asset allocation strategy becomes increasingly conservative as it approaches the target date and beyond. Ultimately, they are expected to merge with the Freedom Income Fund. The investment risks of each Fidelity Freedom Fund change over time as its asset allocation changes. They are subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad and may be subject to risks associated with investing in high yield, small cap and, commodity-related, foreign securities. Principal invested is not guaranteed at any time, including at or after their target dates.

The value of your investment in a company stock fund is affected by the performance of the company and the overall stock market and, if applicable, by the amount and performance of any short-term investments held by the fund.

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or other particular security to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help manage your investment risk.

Index Definitions

Barclays 10-30 TSY: The Barclays Long-Term Treasury Index is an unmanaged index comprised of fixed-income securities with various maturities greater than 10 years. Unless otherwise noted, index returns reflect the reinvestment of dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an index.

Barclays 3M t-bill: Barclays U.S. 3 Month Treasury Bellwether Index is a market value-weighted index of investment-grade fixed-rate public obligations of the U.S. Treasury with maturities of 3 months, excluding zero coupon strips.

Barclays Agg Float Adj: The Barclays U.S. Aggregate Float Adjusted Index measures the total universe of public, investment-grade, taxable, fixed income securities in the United States-including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities-all with maturities of more than 1 year.

Barclays U.S. Agg Bond: The Barclays U.S. Aggregate Bond Index is an unmanaged market value-weighted index for U.S. dollar denominated investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

Barclays US TIPS: The Barclays U.S. TIPS Index is an unmanaged index designed to represent securities that protect against adverse inflation and provide a minimum level of real return. To be included in this index, bonds must have cash flows linked to an inflation index, be sovereign issues denominated in U.S. currency, and have more than one year to maturity, and, as a portion of the index, total a minimum amount outstanding of 100 million U.S. dollars.

BofA ML 1-3 Yr US Treas: The Merrill Lynch 1-3 Year U.S. Treasury Index is an unmanaged market index made up of U.S. Treasury issues with maturities from one to three years

CG 3-Month Treasury Bill: The Citigroup 3-Month Treasury Bill Index is an unmanaged index designed to represent the average of T-bill rates for each of the prior three months, adjusted to a bond-equivalent basis.

DJ US Completion TSM: The Dow Jones U.S. Completion Total Stock Market Index is an unmanaged index that represents all U.S. equity issues with readily available prices, excluding components of the S&P 500.

MSCI AC Wld ex US (N): MSCI All Country World ex USA Index is a market capitalization-weighted index of stocks traded in global developed and emerging markets, excluding the United States. The Index is designed to measure equity market performance in global developed and emerging markets, excluding the United States and excludes certain market segments unavailable to U.S. based investors

MSCI EAFE (Net MA): The MSCI Europe, Australasia and Far East Index (net MA tax) is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The index is designed to represent performance of developed stock markets outside the United States and Canada and excludes certain market segments unavailable to U.S. based investors. The index returns for periods after 1/1/1997 are adjusted for tax withholding rates applicable to U.S.-based mutual funds organized as Massachusetts business trusts.

MSCI Wld ex US (N): MSCI World ex-US Index is a market capitalization weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of developed stock markets throughout the world and excludes certain market segments unavailable to U.S. based investors.

Russell 2000: The Russell 2000® Index is an unmanaged market capitalization-weighted index of 2,000 small company stocks of U.S. domiciled companies.

Russell 2000 Value: The Russell 2000® Value Index is an unmanaged market capitalization-weighted index of value-oriented stocks of U.S. domiciled companies that are included in the Russell 2000 Index. Value-oriented stocks tend to have lower price-to-book ratios and lower forecasted growth values.

Russell 3000 Growth: The Russell 3000 Growth Index is an unmanaged market capitalization-weighted index of growth-oriented stocks of U.S. domiciled companies that are included in the Russell 3000 Index. Growth-oriented stocks tend to have higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Value: The Russell 3000® Value Index is an unmanaged market capitalization-weighted index of value-oriented stocks of U.S. domiciled companies that are included in the Russell 3000 Index. Value-oriented stocks tend to have lower price-to-book ratios and lower forecasted growth values.

S&P 500: S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.
Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

Important Message

The following Schedule of Benefits attachments reflect different benefit provisions for different employee groups that participate in the Plan.

PLEASE REVIEW THE FOLLOWING TABLE OF CONTENTS FOR THE ATTACHED SCHEDULES TO FIND THE SCHEDULE THAT FURTHER DESCRIBES YOUR PLAN BENEFIT PROVISIONS.

PLEASE MAKE SURE THAT YOU REFER TO THE CORRECT SCHEDULE AS ONLY ONE SCHEDULE WILL APPLY TO YOU.

These schedules are organized according to your pension benefit eligibility under a NiSource-sponsored pension plan. If you are not eligible for a NiSource-sponsored pension plan, see Schedule 1 (unless you are a Bay State Union Employee). Otherwise, see the Schedule that applies to you. If you have questions about whether you are a FAP, AB I or AB II Benefit Employee under a NiSource pension plan, please contact the Fidelity Benefits Service Center at 1-800-305-4015.

IF YOU HAVE ADDITIONAL QUESTIONS ABOUT WHICH SCHEDULE APPLIES TO YOU, PLEASE CONTACT THE NISOURCE INC. HUMAN RESOURCES DEPARTMENT FOR FURTHER CLARIFICATION AT 219-647-5571.

SPD Schedules for NiSource Inc. Retirement Savings Plan

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SCHEDULE OF BENEFIT INFORMATION

FOR ELIGIBLE EMPLOYEES NOT EARNING A COMPANY PENSION BENEFIT *

Eligibility and Participation

You are eligible to participate in the Plan with the first pay period (or as soon as administratively practicable thereafter) after your employment begins. The Plan's automatic enrollment provisions will apply to you as described below and earlier in this Summary. See "How to Enroll" and "Automatic Enrollment and Opting Out" for additional details on participating in the Plan generally.

Automatic Enrollment

You will be automatically enrolled in the Plan as of the first pay period that is 30 days from your hire date unless you elect otherwise. Specifically, unless you make a different election, you will be deemed to defer three percent (3%) of your Compensation. You may elect not to participate in the Plan (and avoid automatic enrollment) or change the percentage of your Compensation deferral (Pre-Tax, Roth, or After-Tax Contributions). See "Automatic Enrollment and Opting Out" found earlier in this Summary for further details.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means your aggregate basic annual salary or wages and commissions paid by the Company, plus (or including, as appropriate) the following additional items: (1) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (2) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (3) any amounts deferred to a nonqualified plan maintained by the Company (included only for calculating Elective Deferral Contributions and Matching Contributions); and (4) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Note that your "Compensation" is calculated differently for purposes of determining your Profit Sharing Contributions (described below). For this purpose, your "**Compensation**" generally means your base earnings for the calendar year, plus the following additional items: (1) all shift premiums (*e.g.*, shift differential, call-out, standby, upgrades, and temporary reclassifications/promotions) and overtime pay for the calendar year; (2) sales commissions if considered part of your "base earnings"; (3) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); and (4) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program).

Employer Contributions

As an Eligible Employee who was hired or rehired on or after January 1, 2010 and classified by the Company as an "exempt employee," or an Eligible Employee who was hired on or after January 1 2013 and classified by the Company as a "non-exempt employee," (and you are not a Bay State Union employee or NIPSCO Union employee), you are eligible for the Employer Contribution described in this paragraph. Each pay period, the Company will make an Employer Contribution in the amount of 3% of Compensation to the account of each employee eligible for this contribution.

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to Eligible Employees who are NOT eligible to earn a benefit under a Company Pension Plan (except for non-pension eligible union employees of Bay State Gas Company which are subject to the next Schedule). Specifically, this Schedule applies to (1) Eligible Exempt Employees hired or rehired on or after January 1, 2010, (2) Eligible Non-Union Non-Exempt Employees hired or rehired on or after January 1, 2013 and (3) Eligible Union Employees of Columbia Energy Group (or a CEG affiliate) hired or rehired on or after January 1, 2013. Other Eligible Employees who participate in the Plan should refer to a different Schedule. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

You will receive this contribution each pay period whether or not you make contributions to the Plan. All such Employer Contributions will be made to the Company Stock Fund. Once the Employer Contributions are in your Account, you may diversify them among any of the investment options available under the Plan. Your eligibility for and receipt of this Employer Contributions shall not affect your eligibility for, and shall be in addition to, the Profit Sharing Contributions described below.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to 50¢ for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) and/or After-Tax Contribution (a combined total) up to the first 6% of Compensation. So, if you contribute 6% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 3% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume you make $60,000 a year and contribute 6% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $7,200, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,600 ($60,000 x 6%)
Employer Contribution:	1,800 ($60,000 x 3%)
Matching Contribution:	+ 1,800 ($3,600 x 50%)
Total Annual Contribution:	$7,200

Profit Sharing Contributions

Each year, the Company, in its sole discretion, may make a Profit Sharing Contribution based on eligible Compensation for each Eligible Employee. Unless your collective bargaining agreement (if applicable) provides otherwise, you will receive this contribution each year, if any, whether or not you make contributions to the Plan, as long as you are employed by the Company on the last day of the year, or you retired, became disabled or died during the year. All Profit Sharing Contributions will be made to the Company Stock Fund. Once the Profit Sharing Contributions are in your Account, you may diversify them among any of the investment options available under the Plan.

SCHEDULE OF BENEFIT INFORMATION

FOR ELIGIBLE BAY STATE UNION EMPLOYEES NOT EARNING A COMPANY PENSION BENEFIT*

Eligibility and Participation

You are eligible to participate in the Plan with the first pay period (or as soon as administratively practicable thereafter) after your employment begins. The Plan's automatic enrollment provisions will apply to you as described below and earlier in this Summary. See "How to Enroll" and "Automatic Enrollment and Opting Out" for additional details on participating in the Plan generally.

Automatic Enrollment

You will be automatically enrolled in the Plan as of the first pay period that is 30 days from your hire date unless you elect otherwise. Specifically, unless you make a different election, you will be deemed to defer three percent (3%) of your Compensation. You may elect not to participate in the Plan (and avoid automatic enrollment) or change the percentage of your Compensation deferral (Pre-Tax, Roth, or After-Tax Contributions). See "Automatic Enrollment and Opting Out" found earlier in this Summary for further details.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means your aggregate basic annual salary or wages and commissions paid by the Company, plus the following additional items: (1) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (2) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (3) any amounts deferred to a nonqualified plan maintained by the Company (included only for calculating Elective Deferral Contributions and Matching Contributions); and (4) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Employer Contributions

As an Eligible Employee who was hired/rehired as (a) a Springfield Clerical/Technical Employee or a Northampton employee on or after January 1, 2011, (b) a Brockton Operating Employee or Lawrence Employee on or after January 1, 2013, (c) a Brockton Clerical/Technical Employee on or after June 1, 2013, or (d) a Springfield Operating Employee on or after January 1, 2014, you are eligible for the Employer Contribution described in this paragraph. Each pay period, the Company will make an Employer Contribution in the amount of 3% of Compensation to the account of each employee eligible for this contribution. You will receive this contribution each pay period whether or not you make contributions to the Plan. All such Employer Contributions will be made to the Company Stock Fund. Once the Employer Contributions are in your Account, you may diversify them among any of the investment options available under the Plan. Your eligibility for and receipt of this Employer Contributions shall not affect your eligibility for, and shall be in addition to, the Profit Sharing Contributions described below.

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* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to Eligible Employees who are Bay State Union employees not eligible for a NiSource-sponsored pension plan. Specifically, this applies to any Eligible Employee who was hired/rehired as (a) a Springfield Clerical/Technical Employee or a Northampton employee on or after January 1, 2011, (b) a Brockton Operating Employee or Lawrence Employee on or after January 1, 2013, (c) a Brockton Clerical/Technical Employee on or after June 1, 2013, or (d) a Springfield Operating Employee on or after January 1, 2014. Other Eligible Employees who participate in the Plan should refer to a different Schedule. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to 50¢ for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) and/or After-Tax Contribution (a combined total) up to the first 6% of Compensation. So, if you contribute 6% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 3% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume you make $60,000 a year and contribute 6% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $7,200, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,600 ($60,000 x 6%)
Employer Contribution:	1,800 ($60,000 x 3%)
Matching Contribution:	+ 1,800 ($3,600 x 50%)
Total Annual Contribution:	$7,200

SCHEDULE OF BENEFIT INFORMATION

FOR PARTICIPANTS UNDER THE AB II BENEFIT*

Eligibility and Participation

You are eligible to participate in the Plan with the first pay period (or as soon as administratively practicable thereafter) after your employment begins. The Plan's automatic enrollment provisions will apply to you as described below and earlier in this Summary. See "How to Enroll" and "Automatic Enrollment and Opting Out" for additional details on participating in the Plan generally.

Automatic Enrollment

You will be automatically enrolled in the Plan as of the first pay period that is 30 days from your hire date unless you elect otherwise. Specifically, unless you make a different election, you will be deemed to defer three percent (3%) of your Compensation. You may elect not to participate in the Plan (and avoid automatic enrollment) or change the percentage of your Compensation deferral (Pre-Tax, Roth, or After-Tax Contributions). See "Automatic Enrollment and Opting Out" found earlier in this Summary for further details.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means your aggregate basic annual salary or wages and commissions paid by the Company, plus the following additional items: (1) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (2) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (3) any amounts deferred to a nonqualified plan maintained by the Company (included only for calculating Elective Deferral Contributions and Matching Contributions); and (4) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Note that your "Compensation" is calculated differently for purposes of determining your Profit Sharing Contributions (described below). For this purpose, your "**Compensation**" generally means your base earnings for the calendar year, plus the following additional items: (1) all shift premiums (*e.g.*, shift differential, call-out, standby, upgrades, and temporary reclassifications/promotions) and overtime pay for the calendar year; (2) sales commissions if considered part of your "base earnings"; (3) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); and (4) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program).

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to $1 for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) and/or After-Tax Contribution (a combined total) up to the first 6% of Compensation. So, if you contribute 6% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 6% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions.

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to Eligible Employees (other than Bay State union employees) that participate in the AB II Benefit under the applicable pension plan sponsored by NiSource Inc. or an affiliate. Bay State union employees that participate in the AB II Benefit should refer to the Schedule applicable to their specific division or union group. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume you make $60,000 a year and contribute 6% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $7,200, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,600 ($60,000 x 6%)
Employer Contributions:	+ 3,600 ($3,600 x 100%)
Total Annual Contribution:	$7,200

Profit Sharing Contributions

Each year, the Company, in its sole discretion, may make a Profit Sharing Contribution based on eligible Compensation for each Eligible Employee. Unless your collective bargaining agreement (if applicable) provides otherwise, you will receive this contribution each year, if any, whether or not you make contributions to the Plan, as long as you are employed by the Company on the last day of the year, or you retired, became disabled or died during the year. All Profit Sharing Contributions will be made to the Company Stock Fund. Once the Profit Sharing Contributions are in your Account, you may diversify them among any of the investment options available under the Plan.

SCHEDULE OF BENEFIT INFORMATION

FOR BAY STATE UNION PARTICIPANTS UNDER THE AB II BENEFIT*

Eligibility and Participation

You are eligible to participate in the Plan with the first pay period (or as soon as administratively practicable thereafter) after your employment begins. The Plan's automatic enrollment provisions will apply to you as described below and earlier in this Summary. See "How to Enroll" and "Automatic Enrollment and Opting Out" for additional details on participating in the Plan generally.

Automatic Enrollment

You will be automatically enrolled in the Plan as of the first pay period that is 30 days from your hire date unless you elect otherwise. Specifically, unless you make a different election, you will be deemed to defer three percent (3%) of your Compensation. You may elect not to participate in the Plan (and avoid automatic enrollment) or change the percentage of your Compensation deferral (Pre-Tax, Roth, or After-Tax Contributions). See "Automatic Enrollment and Opting Out" found earlier in this Summary for further details.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means your aggregate basic annual salary or wages and commissions paid by the Company, plus the following additional items: (1) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (2) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (3) any amounts deferred to a nonqualified plan maintained by the Company; and (4) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to $1 for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) and/or After-Tax Contribution (a combined total) up to the first 6% of Compensation. So, if you contribute 6% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 6% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions.

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to Eligible Employees of the Brockton Clerical/Technical, Brockton Operating, Springfield Clerical/Technical and Lawrence bargaining groups that participate in the AB II Benefit under the applicable Bay State pension plan. Effective January 1, 2014, this Schedule also applies to Eligible Employees of the Springfield Operating bargaining group that participate in the AB II Benefit under the Bay State Union Pension Plan. In addition, effective April 1, 2015, this Schedule also applies to Eligible Employees of the Northampton bargaining group that participate in the AB II Benefit under the Bay State Union Pension Plan. Other Eligible Employees that participate in the AB II Benefit should refer to a different Schedule. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume you make $60,000 a year and contribute 6% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $7,200, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,600 ($60,000 x 6%)
Employer Contributions:	+ 3,600 ($3,600 x 100%)
Total Annual Contribution:	$7,200

Note that even though the Summary states that Company Contributions (i.e., Matching Contributions) will be initially invested in the NiSource Stock Fund, your Matching Contributions will be invested in accordance with the investment elections that you select for your Account generally. Your Matching Contributions will not be invested automatically in the NiSource Stock Fund (unless you specifically elect to invest in that fund).

SCHEDULE OF BENEFIT INFORMATION

FOR NIPSCO UNION PARTICIPANTS UNDER THE AB I BENEFIT*

Eligibility and Participation

You are eligible to participate in the Plan with the first pay period (or as soon as administratively practicable thereafter) after your employment begins. If you were hired or re-hired on or after June 1, 2009 (or January 1, 2008, for former NIFL employees), the Plan's automatic enrollment provisions will apply to you as described below and earlier in this Summary. See "How to Enroll" and "Automatic Enrollment and Opting Out" for additional details on participating in the Plan generally.

Automatic Enrollment

If you were hired or re-hired on or after June 1, 2009 (or January 1, 2008, for former NIFL employees), you will be automatically enrolled in the Plan as of the first pay period that is 30 days from your hire date unless you elect otherwise. Specifically, unless you make a different election, you will be deemed to defer three percent (3%) of your Compensation. You may elect not to participate in the Plan (and avoid automatic enrollment) or change the percentage of your Compensation deferral (Pre-Tax, Roth, or After-Tax Contributions). See "Automatic Enrollment and Opting Out" found earlier in this Summary for further details.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means your aggregate basic annual salary or wages and commissions paid by the Company, plus the following additional items: (1) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (2) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (3) any amounts deferred to a nonqualified plan maintained by the Company; and (4) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to 75¢ for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) and/or After-Tax Contribution (a combined total) up to the first 6% of Compensation. So, if you contribute 6% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 4.5% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume you make $60,000 a year and contribute 6% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $6,300, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,600 ($60,000 x 6%)
Employer Contributions:	+ 2,700 ($3,600 x 75%)
Total Annual Contribution:	$6,300

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to NIPSCO Union Eligible Employees (including former NIFL and Kokomo employees) who participate in the AB I Benefit under the NIPSCO Union Pension Plan. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

SCHEDULE OF BENEFIT INFORMATION

FOR NIPSCO UNION PARTICIPANTS UNDER THE FAP BENEFIT
(INCLUDING FORMER KOKOMO UNION EMPLOYEES)*

Eligibility and Participation

You are eligible to participate in the Plan with the first pay period (or as soon as administratively practicable thereafter) after your employment begins. See "How to Enroll" for additional details on participating in the Plan.

Automatic Enrollment

With respect to NIPSCO Union employees, the Plan's automatic enrollment provisions only apply to those employees hired or re-hired on or after June 1, 2009 (or March 1, 2009 for former Kokomo employees). Accordingly, Participants under the FAP Benefit of the applicable pension plan are not subject to the Plan's automatic enrollment provisions. As stated above, see "How to Enroll" for additional details on participating in the Plan.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means your aggregate basic annual salary or wages and commissions paid by the Company, plus the following additional items: (1) annual incentive payments; (2) overtime; (3) shift differential; (4) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (5) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (6) any amounts deferred to a nonqualified plan maintained by the Company; and (7) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to **10¢** for each **90¢** that you contribute as an Elective Deferral Contribution (Pre-Tax or Roth). In other words, the Company makes a Matching Contribution equal to 11.1% of your Elective Deferral Contributions each pay period. Note that the Company does not match any Catch-up Contributions or After-Tax Contributions.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume you make $60,000 a year and contribute 10% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $6,666, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$6,000 ($60,000 x 10%)
Employer Contributions:	+ 666 ($6,000 x 11.1%)
Total Annual Contribution:	$6,666

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to NIPSCO Union Eligible Employees (including former Kokomo employees) who participate in the FAP Benefit under the applicable pension plan sponsored by NiSource Inc. but who were NOT previously employed by NIFL immediately prior to the merger of NIFL into NIPSCO on July 1, 2011. Other Eligible Employees that participate in the FAP Benefit should refer to a different Schedule. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

SCHEDULE OF BENEFIT INFORMATION

FOR NIPSCO UNION PARTICIPANTS UNDER THE FAP BENEFIT WHO ARE FORMER NIFL UNION EMPLOYEES*

Eligibility and Participation

You are eligible to participate in the Plan with the first pay period (or as soon as administratively practicable thereafter) after your employment begins. See "How to Enroll" for additional details on participating in the Plan.

Automatic Enrollment

The Plan's automatic enrollment provisions only apply to employees that were hired or re-hired by NIFL on or after January 1, 2008. Accordingly, Participants under the FAP Benefit of the applicable pension plan are not subject to the Plan's automatic enrollment provisions.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means your aggregate basic annual salary or wages and commissions paid by the Company, plus the following additional items: (1) annual incentive payments; (2) overtime; (3) shift differential; (4) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (5) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (6) any amounts deferred to a nonqualified plan maintained by the Company; and (7) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to **50¢ for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) up to the first 6% of Compensation**. So, if you contribute 6% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 3% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions or your After-Tax Contributions.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume you make $60,000 a year and contribute 6% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $5,400, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,600 ($60,000 x 6%)
Employer Contributions:	+ 1,800 ($3,600 x 50%)
Total Annual Contribution:	$5,400

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to NIPSCO Union Eligible Employees who participate in the FAP Benefit under the applicable pension plan sponsored by NiSource Inc. and who where employees of NIFL immediately prior to its merger into NIPSCO on July 1, 2011. Other Eligible Employees that participate in the FAP Benefit should refer to a different Schedule. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

SCHEDULE OF BENEFIT INFORMATION

FOR BAY STATE UNION PARTICIPANTS: LOCAL 12026 – SPRINGFIELD EMPLOYEES PRIOR TO JANUARY 1, 2014*

Eligibility, Participation and Automatic Enrollment

You are eligible to participate in the Plan (i.e., make Pre-Tax and After-Tax Contributions) as of the first day of the month after you complete a 60-day period of employment with the Company. See "How to Enroll" for additional details on participating in the Plan. The Plan's automatic enrollment provisions only apply to certain employees who are hired or re-hired on or after January 1, 2008 and do not apply to any employees of your division. Accordingly, you are not subject to the automatic enrollment provisions described earlier in this Summary.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means the straight time wages, exclusive of all daily or weekly overtime, bonuses, supplementary compensation payments, retirement benefits and other forms of non-recurring compensation, but inclusive of shift differentials, Saturday/Sunday premiums, compensation paid at an alternative rate (not including compensation paid at an alternative rate to a salesperson) and 75% of sales commissions paid (if applicable) while you are a Participant in the Plan during the current period. Compensation shall also include (1) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (2) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (3) any amounts deferred to a nonqualified plan maintained by the Company; and (4) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to **50¢ for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) up to the first 5% of Compensation**. So, if you contribute 5% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 2.5% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions or your After-Tax Contributions.

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to any Eligible Employee who is employed by the Springfield Division of Bay State (other than Northampton employees and those in the Clerical Technical Unit) and subject to the United Steelworkers of America, AFL-CIO, Local #12026. Any other Eligible Employee not described in the foregoing sentence should refer to a different Schedule. Additionally, effective January 1, 2014, this Schedule will no longer apply. If hired/rehired prior to January 1, 2014, Eligible Employees who are employed by the Springfield Division of Bay State (other than Northampton employees and those in the Clerical Technical Unit) and subject to the United Steelworkers of America, AFL-CIO, Local #12026 will be covered under Schedule #4. If hired/rehired on or after January 1, 2014, Eligible Employees who are employed by the Springfield Division of Bay State (other than Northampton employees and those in the Clerical Technical Unit) and subject to the United Steelworkers of America, AFL-CIO, Local #12026 will be covered under Schedule #2. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume that you make $60,000 a year, have met the eligibility requirements for a Matching Contribution and contribute 5% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $4,500, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,000 ($60,000 x 5%)
Employer Contributions:	+ 1,500 ($3,000 x 50%)
Total Annual Contribution:	$4,500

Note that even though the Summary states that Company Contributions (i.e., Matching Contributions) will be initially invested in the NiSource Stock Fund, your Matching Contributions will be invested in accordance with the investment elections that you select for your Account generally. Your Matching Contributions will not be invested automatically in the NiSource Stock Fund (unless you specifically elect to invest in that fund).

SCHEDULE OF BENEFIT INFORMATION

FOR BAY STATE UNION PARTICIPANTS: LOCAL 486— NORTHAMPTON UNIT HIRED PRIOR TO JANUARY 1, 2011 (EFFECTIVE FOR BENEFITS EARNED PRIOR TO APRIL 1, 2015)*

Eligibility, Participation and Automatic Enrollment

You are eligible to participate in the Plan (i.e., make Pre-Tax and After-Tax Contributions) as of the first day of the month after you complete a 60-day period of employment with the Company. See "How to Enroll" for additional details on participating in the Plan. The Plan's automatic enrollment provisions only apply to certain employees who are hired or re-hired on or after January 1, 2008 and do not apply to any employees of your division. Accordingly, you are not subject to the automatic enrollment provisions described earlier in this Summary.

Calculating your "Compensation"

Some contributions to the Plan are based on or affected by your "Compensation" from the Company. Your "**Compensation**" generally means the straight time wages, exclusive of all daily or weekly overtime, bonuses, supplementary compensation payments, retirement benefits and other forms of non-recurring compensation, but inclusive of shift differentials, Saturday/Sunday premiums, compensation paid at an alternative rate (not including compensation paid at an alternative rate to a salesperson) and 75% of sales commissions paid (if applicable) while you are a Participant in the Plan during the current period. Compensation shall also include (1) effective September 1, 2009, any one-time payments in lieu of salary increases for a given year (*i.e.*, lump-sum merit pay); (2) any pre-tax contributions made to this Plan, a Company cafeteria plan, or a qualified transportation fringe benefit program (*e.g.*, a pre-tax parking program); (3) any amounts deferred to a nonqualified plan maintained by the Company; and (4) any amounts attributable to "banked" vacation (if applicable) that are paid to you under the NiSource Vacation Policy during the calendar year that includes your termination of employment.

Company Matching Contributions

The Company makes a Matching Contribution each pay period to your Account equal to **50¢ for each $1 you contribute as an Elective Deferral Contribution (Pre-Tax or Roth) up to the first 5% of Compensation**. So, if you contribute 5% of Compensation or more to the Plan each pay period, the Company will contribute an extra amount equal to 2.5% of Compensation to your Account. Note that the Company does not match any Catch-up Contributions or your After-Tax Contributions.

* STOP! MAKE SURE THIS SCHEDULE APPLIES TO YOU! This Schedule applies to any Eligible Employee who is (a) employed by the Northampton Division of Bay State, (b) subject to the collective bargaining agreement with the International Brotherhood of Electrical Workers, Local #486, and (c) hired prior to January 1, 2011. Any other Eligible Employee not described in the foregoing sentence should refer to a different Schedule. Note, however, that effective April 1, 2015, this Schedule will no longer apply. Instead, effective April 1, 2015, Eligible Employees previously subject to this Schedule will be covered under Schedule #4. If you have questions about whether this Schedule applies to you, please contact the NiSource Inc. Human Resources Department for further clarification.

Here's a look at how Matching Contributions work with your contributions to help your Account grow. Assume that you make $60,000 a year and contribute 5% of pay each pay period to the Plan. In one year of participation, your Account would accumulate $4,500, as follows:

EXAMPLE OF MATCHING CONTRIBUTIONS	
Your Contributions:	$3,000 ($60,000 x 5%)
Employer Contributions:	+ 1,500 ($3,000 x 50%)
Total Annual Contribution:	$4,500

Note that even though the Summary states that Company Contributions (i.e., Matching Contributions) will be initially invested in the NiSource Stock Fund, your Matching Contributions will be invested in accordance with the investment elections that you select for your Account generally. Your Matching Contributions will not be invested automatically in the NiSource Stock Fund (unless you specifically elect to invest in that fund).

COLUMBUS/1669663v.16

NISOURCE
SHORT-TERM DISABILITY PLAN

As Amended and Restated
Effective as of August 14, 2012

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ARTICLE I
INTRODUCTION

Columbia Energy Group established and maintained the Columbia Energy Group Sick Leave Plan to provide short-term disability benefits for the participants and beneficiaries thereunder. This is an amendment and restatement of that Plan. Effective as of the Plan Effective Date, the Columbia Energy Group Sick Leave Plan was broadened to include coverage for the former participants of one or more short-term disability plans sponsored by NiSource Inc. (the "Company") or an affiliate, was renamed the NiSource Short-Term Disability Plan (the "Plan"), and from such date forward, has been sponsored and maintained by the Company. This is an amendment and restatement of the Plan effective as of August 14, 2012.

ARTICLE II
DEFINITIONS

2.01 **Actively at Work.** "Actively at Work" means, for each day that is one of the Employer's scheduled work days, the Employee performs all of the regular duties of his job for such day. An Employee will be deemed to be Actively at Work on any day that is not one of the Employer's scheduled work days only if he was considered Actively at Work on the preceding scheduled work day.

2.02 **Claims Administrator.** "Claims Administrator" means the person, persons or entity appointed by the Plan Administrator pursuant to Section 8.5.

2.03 **Code.** "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.04 **Committee.** "Committee" means the NiSource Benefits Committee or its predecessor, the NiSource Inc. and Affiliates Welfare Plan Administrative and Investment Committee.

2.05 **Company.** "Company" means NiSource Inc., a Delaware corporation.

2.06 **Disability.** "Disability" means Total Disability or Partial Disability.

2.07 **Employee.** "Employee" means a regular, Full-time employee of an Employer. No independent contractor shall be treated by the Plan Administrator as an Employee during the period he or she renders service as an independent contractor. Any person retroactively or in any other way found to be a common law employee will not be eligible under the Plan for any period during which he or she was not treated as an Employee by the Plan Administrator.

2.08 **Employer.** "Employer" means the Company and any Related Employer which adopts the Plan with the consent of the Plan Administrator, as set forth on Exhibit A.

2.09 ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.10 Other Income Benefits. "Other Income Benefits" means the amount of any benefit for loss of income, provided to a Participant, as a result of the period of Disability for which benefits are paid under the Plan. This includes any such benefits for which the Participant is eligible, or that are paid to the Participant, or to a third party on his or her behalf. This includes, but is not limited to, the amount of any benefit for loss of income for the same Disability from: (1) the Unites States Social Security Act, the Railroad Retirement Act, the Jones Act, or similar plan or act that the Participant is eligible to receive because of his or her Disability; (2) the Veteran's Administration or any other foreign or domestic governmental agency for the same Disability; (3) any governmental law or program that provides disability or unemployment benefits as a result of the Participant's employment with an Employer, including any state disability program; (4) any temporary or permanent disability benefits under a Workers' Compensation law, occupational disease law, or similar law; and (5) compulsory "no-fault" automobile insurance.

2.11 Other Party. "Other Party" includes, without limitation, any of the following:

(a) Any party or parties who caused a Disability;

(b) Any insurer or other indemnifier of the party or parties who caused a Disability;

(c) Any guarantor of the party or parties who caused a Disability;

(d) A Participant's insurer;

(e) A Workers' Compensation insurer; or

(f) Any other person, entity, policy or plan that is liable or legally responsible in relation to a Participant's Disability.

2.12 Partial Disability. "Partial Disability" means a Participant's mental or physical inability to perform the essential functions of his or her own occupation or any job requiring similar education or training that an Employer offers him or her, for which he or she is reasonably qualified by reason of his or her education, training, or experience, on a full-time basis.

2.13 Participant. "Participant" means each Employee who is covered under the Plan.

2.14 Pay. "Pay" means basic earnings inclusive of sales commissions plus any before tax deposits deferred by an Employee pursuant to any qualified retirement plan sponsored by the Company or an affiliate, or any successor plans thereto, but not including overtime, shift differentials, bonus or any other form of special compensation. For employees receiving sales commissions, "Pay" shall mean the average hourly wage based on the 12 consecutive calendar months immediately preceding the last day Actively at Work.

2.15 Physician. "Physician" means a doctor of medicine or doctor of osteopathy who is legally qualified and licensed without limitation to practice medicine, surgery or obstetrics at the time and place service is rendered. Doctors of dental surgery, doctors of dental medicine, doctors of podiatry or surgical chiropody, optometrists, and chiropractors shall be deemed to be Physicians when acting within the scope of their license.

2.16 **Plan.** "Plan" means the NiSource Short-Term Disability Plan set forth herein, together with any and all amendments and supplements thereto.

2.17 **Plan Administrator.** "Plan Administrator" means the Committee and any persons or entities to whom the Committee has from time to time delegated authority to carry out the administrative functions of the Plan. The Committee has delegated to the Benefits Director, Human Resources, the Director Corporate Insurance and the Vice President Human Resources the authority to decide appeals of denied claims on behalf of the Plan Administrator pursuant to Sections 9.06 and 9.07. Such appeals shall be decided by the Benefits Director, Human Resources and the Director Corporate Insurance. In the event such persons do not agree on the decision with respect to an appeal, the Vice President Human Resources shall decide such appeal.

2.18 **Plan Effective Date.** "Plan Effective Date" means January 1, 2004.

2.19 **Plan Year.** "Plan Year" means the calendar year.

2.20 **Related Employer.** "Related Employer" means (1) any corporation that is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) that includes the Company, (2) any trade or business (whether or not incorporated) that is under common control (as defined in Section 414(c) of the Code) with the Company, and (3) any member of an affiliated service group (as defined in Section 414(m) of the Code) that includes the Company.

2.21 **Total Disability.** "Total Disability" means a Participant's mental or physical inability to perform the essential functions of his or her own occupation or any job requiring similar education or training that an Employer offers him or her, for which he or she is reasonably qualified by reason of his or her education, training, or experience.

2.22 **Years of Service.** "Years of Service" means a Participant's 12-month period of employment with an Employer, determined as follows: a Participant's first Year of Service is counted from the Participant's date of hire to his or her first anniversary with an Employer. After the Participant's first anniversary, Years of Service are calculated on a calendar year basis. For Participants who are rehired, Years of Service will be calculated based on the most recent hire date. A Participant must be Actively at Work at least one day in a calendar year to be credited with an additional Year of Service for that year under the Plan.

2.23 **Construction.** A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

ARTICLE III
PARTICIPATION

Each regular, Full time Employee of an Employer will be covered under the Plan on the first day of the month coincident with or next following his or her completion of 6 continuous months of active, Full-time employment with an Employer. A "Full-time Employee" is an Employee characterized by an Employer as a full-time employee who regularly works 40 hours per week. For new hires, such Employee must be Actively at Work on the date coverage is scheduled to begin.

ARTICLE IV
CONTRIBUTIONS TO THE PLAN

4.01 Participant Contributions. As a condition of participation, a Participant shall contribute to the cost of coverage in such amount as may be determined from time to time by the Company.

4.02 Employer Contributions. The Employer will contribute to the cost of the Plan to the extent such cost exceeds the amount contributed by the Participant.

ARTICLE V
PLAN BENEFITS

5.01 Amount of Total Disability Benefits. A Participant shall be entitled to a weekly benefit for the first 26 weeks of Total Disability based on his or her Pay and Years of Service as of the January 1st immediately prior to the date of Total Disability, except in the case of an employee with more than six months and less than one Year of Service, Pay and Years of Service shall be determined as of the date of Disability, in accordance with the following schedule:

Years of Service	Weeks of Total Disability benefit paid at 100 percent Pay	Weeks of Total Disability benefit paid at 60 percent Pay
More than 6 months (0.5 years) but less than 1 year from date of hire	1 week	0 weeks
1 year to 9 years	8 weeks	18 weeks
10 years to 19 years	16 weeks	10 weeks
20 years or more	26 weeks	0 weeks

The amount of benefit determined on a weekly basis shall be paid on a basis consistent with the Employer's payroll periods. In no instance will the benefit under the Plan extend beyond the Participant's normal retirement date as defined in any qualified retirement plan sponsored by the Company or an affiliate, or any successor plan, or the date benefits commence under the NiSource Long-Term Disability Plan.

5.02 Amount of Partial Disability Benefits. A Participant shall be entitled to a weekly benefit, paid on a basis consistent with the Employer's payroll periods, for the first 26 weeks of Partial Disability based on a percentage of his or her Total Disability benefit (described in Section 5.1). The percentage of the Total Disability benefit for which a Participant shall be entitled under this Section shall equal 100 percent of his or her Total Disability benefit minus the percentage of Pay the Participant actually receives from an Employer for the performance of his or her own occupation during that period, determined on a weekly basis.

5.03 Commencement of Disability Benefits.

(a) Submission of Claim. The Participant must apply to the Claims Administrator, in the manner determined by the Plan Administrator and the Participant's supervisor, to commence benefit payments under the Plan. The Participant shall provide, or cause to be provided, such proof of Disability as is required by the Claims Administrator in accordance with written procedures which shall be incorporated herein by this reference.

(b) Commencement of Benefits. Upon approval by the Claims Administrator of the Participant's claim, benefits payable pursuant to this Article V shall commence on the first calendar day of the Participant's absence due to Disability, measured from the last day he or she is Actively at Work.

5.04 Multiple Periods of Disability in Same Plan Year. If a Participant suffers multiple periods of Disability, for related or unrelated reasons, during the same calendar year, his or her Disability benefits will resume each period based on the total benefits for which he or she is eligible in that calendar year minus the amount he or she received during his or her prior period(s) of Disability paid as part of that year's weeks of Disability benefits shown in the schedule in Section 5.1. If a Participant suffers multiple periods of Disability, for related or unrelated reasons, during two or more calendar years, his or her Disability benefits will be fully renewed, beginning on the date after he or she again becomes Disabled, provided that he or she returned to active, regular, Full-time employment with the Employer for at least one day prior to the subsequent period of Disability during that calendar year.

5.05 Coordination with Other Income Benefits. A Participant may be eligible for Other Income Benefits with respect to the period of time for which benefits are payable under the Plan. In such case, benefits under the Plan shall be fully offset by such Other Income Benefits. If a Participant is paid Other Income Benefits in a lump sum, the amount of offset to the weekly benefit amount will be determined by prorating the lump sum over a period of 26 weeks.

5.06 Payment of Benefits. All benefits shall be paid directly to the Participant, or if the Participant is deceased, in accordance with Section 5.8. Benefits may be paid directly from the general assets of the Company or from any other lawful funding vehicle as may be established by the Company.

5.07 Duration of Benefit Payments. This Plan provides benefits for a maximum of 26 weeks during a period of Disability. Subject to Section 5.3, the duration of benefit payments is measured from the last day the Participant is Actively at Work.

Benefit payments shall terminate prior to the conclusion of 26 weeks if the Participant's Disability ends. Benefit payments shall also terminate if any of the following events occur, as determined by the Plan Administrator or the Claims Administrator:

(a) Failure to Provide Required Information. The Participant fails to submit evidence of Disability or such other documents that the Plan Administrator or Claims Administrator deems necessary to administer the Plan, in accordance with written procedures that shall be incorporated herein by this reference.

(b) Failure to Submit Evidence or Refusal of Examination. The Participant does not submit or cause to be submitted on his or her behalf evidence of continuing Disability that has been requested or the Participant refused an independent medical examination or other examinations or tests requested by the Plan Administrator or the Claims Administrator to determine whether the Participant has a continuing Disability.

(c) Other Occupation. The Participant is engaged in any other occupation or earns any self-employment income in excess of a de minimis amount.

(d) Failure to Comply with Physician's Requirements. The Participant is not under the regular care of a Physician as required by his or her condition or the Participant is not following the Physician's treatment plan.

(e) Participant in a Felony. The Participant participates in and is convicted of a felony offense. In such case, the Participant's Disability shall be determined to have ceased as of the date that the Participant first participated in such felony offense.

(f) Fraud. The Participant commits or partakes in any actions of fraud against the Plan, an Employer, or the Committee.

(g) Termination of Employment. The Participant has been terminated or voluntarily terminates employment with the Employer (other than transfer to a Related Employer), or dies.

(h) Termination of Participant. The Participant's participation in the Plan terminates pursuant to Section 10.1.

5.08 Designation of Beneficiaries. If a Participant dies before he or she receives all of the benefits he or she is entitled to under the Plan, the Plan Administrator shall pay such benefits to the Participant's spouse, or if no spouse is living, to his or her beneficiary under any life insurance Plan (as selected by the Plan Administrator) sponsored by the Company or an affiliate, or if none, to the legal representative of the estate of the Participant, or if none is appointed within 6 months after the date of his or her death, to his or her heirs under the laws of the state in which he or she is domiciled at the date of his or her death.

5.09 Facility of Payment. When a person entitled to benefits under the Plan is under a legal disability or, in the Plan Administrator's opinion, is in any way incapacitated so as to be unable to manage his or her affairs, the Plan Administrator may direct the payment of benefits to such person's legal representative, or to a relative or friend of such person for such person's benefit, or the Plan Administrator may direct the application of such benefits for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such payment under the Plan.

ARTICLE VI
GENERAL EXCLUSIONS

Notwithstanding any other Plan provision to the contrary, in no event shall benefits be payable under the Plan with respect to the following categories of Disability of a Participant:

(a) Disability not being treated by a Physician;

(b) Disability caused or contributed to by war or an act of war (declared or not);

(c) Disability caused by the Participant's commission of or attempt to commit a crime for which the Participant has been convicted, or to which a contributing cause was the Participant's being engaged in an illegal occupation;

(d) Disability caused or contributed to by an intentionally self-inflicted injury; and

(e) Disability incurred while the Participant is on a leave of absence, furlough, suspension from work, or in a status other than that of Actively at Work. In such case, benefits will only commence on the date the Participant was expected to return to an Actively at Work status provide the Participant is still disabled.

ARTICLE VII
SUBROGATION

7.01 Subrogation. If an Other Party is liable or legally responsible to pay expenses, compensation and/or damages in relation to a Disability incurred by any Participant, and benefits are payable under the Plan in relation to such Disability, the Plan shall be subrogated to all rights of recovery of such Participant. The Participant or his or her legal representative shall transfer to the Plan any rights he or she may have to take legal action arising from the Disability so that the Plan may recover any sums paid on behalf of the Participant. If the Participant fails to take legal action against an Other Party, and the Plan elects to take such legal action against such Other Party, in addition to the right to recover Plan benefits paid, the Plan shall be entitled to all expenses, including reasonable attorney's fees, incurred for such recovery. If the Plan recovers an amount greater than Plan benefits paid, the excess, reduced by the expenses of recovery, including reasonable attorney's fees, shall be paid to the Participant. The Plan shall have the right, with prior notice to, but without the consent of, the Participant, to compromise the amount of its claim if, in the opinion of the Plan Administrator, it is appropriate to do so.

7.02 Right of Recovery. The Plan may recover from a Participant or his or her legal representative the amount of any benefits paid under the Plan from any payment the Participant receives or is entitled to receive from an Other Party. The Plan shall not be responsible for any attorney's fees associated with any payment received by a Participant, unless the Plan expressly assumes such obligation prior to the Participant's recovery. Accordingly, unless the Plan expressly agrees otherwise, its recovery shall not be offset by any attorney's fees incurred by a Participant.

7.03 Cooperation Required. The Participant or his or her legal representative shall cooperate fully with the Plan in asserting its subrogation and recovery rights. The Participant or his or her legal representative shall, upon request from the Plan, provide all information and sign and return all documents necessary for the Plan to exercise its rights under this provision. No Participant shall take any action to prejudice the Plan's subrogation rights.

7.04 First Lien Created. The Company shall have a first lien upon any recovery, whether by settlement, judgment, mediation, arbitration or any other means, that the Participant receives or is entitled to receive from any Other Party. Such lien shall not exceed the lesser of:

(a) the amount of benefits paid by the Plan for the Participant, plus the amount of all future benefits that may become payable under the Plan that result from the Disability. The Plan shall have the right to offset or recover such future benefits from the amount received from the Other Party; or

(b) the amount recovered from the Other Party.

The Company's first lien rights will not be reduced (1) due to the Participant's own negligence, (2) due to the Participant not being made whole, or (3) due to any attorney's fees and costs incurred by the Participant.

7.05 Personal Liability Created. If a Participant or his or her legal representative makes any recovery from any Other Party and fails to reimburse the Plan for any benefits paid as a result of the Disability, then (1) the Participant or his or her legal representative shall be personally liable to the Plan for the amount of the benefits paid under the Plan, and (2) the Plan may reduce future benefits payable by the amount of payment that the Participant or his or her legal representative has received from the Other Party. If the Plan institutes legal action against a Participant who fails to reimburse the Plan as required by this Section, in addition to liability to the Plan for the

amount of benefits paid under the Plan, such Participant shall be liable to the Plan for the amount of the Plan's costs of collection, including reasonable attorney's fees.

ARTICLE VIII
ADMINISTRATION OF PLAN

8.01 Committee to Administer the Plan. The Plan shall be administered by the Committee. The Committee shall be the "Named Fiduciary" and the "Plan Administrator" within the meaning of ERISA. The Committee may delegate its fiduciary responsibilities under the Plan to the extent permitted by ERISA.

8.02 The Committee. The powers of the Committee are set forth below and in the charter of the Committee, as such charter may be modified from time to time.

8.03 Powers of the Plan Administrator. The Plan Administrator shall have the duties and powers necessary to administer the Plan properly, including, but not limited to, the following:

(a) To maintain all Plan records;

(b) To file all required government reports and other documents;

(c) To provide required disclosures to Participants;

(d) To direct the Claims Administrator to process claims;

(e) To interpret the Plan, construe Plan terms and decide questions and disputes, which interpretations, constructions and decisions shall be conclusive for all purposes of the Plan;

(f) To make factual determinations;

(g) To determine eligibility for and the amount of benefits payable under the Plan;

(h) To determine the status and rights of all Participants;

(i) To make regulations and prescribe procedures;

(j) To authorize the Claims Administrator to make benefit payments to any person entitled to benefits under the Plan;

(k) To obtain from the Company, Participants and others, such information as is necessary for the proper administration of the Plan;

(l) To determine and establish the level of cash reserves, if any, as may be necessary, appropriate or desirable to administer the Plan properly and accomplish its objectives;

(m) To retain and pay the reasonable expenses of such legal, consulting, medical, accounting, clerical and other assistance as it deems necessary or desirable to assist it in the administration of the Plan. The Plan Administrator shall be entitled to rely upon any information from any source assumed in good faith to be correct; and

(n) To exercise any other authority necessary, appropriate or helpful to manage and administer the Plan.

8.04 Interpretative Authority. The Plan Administrator has the full and final authority to decide all questions or controversies of whatever character arising in any manner between any parties or persons in connection with the Plan or the interpretation thereof, including, without limitation, the construction of the language of the Plan and the Summary Plan Description thereunder. Any writing, decision, determination of benefit eligibility or any other determination or instrument created by the Plan Administrator in connection with the operation of the Plan shall be binding upon all persons dealing with the Plan or claiming any benefits thereunder, except to the extent that the Plan Administrator may subsequently determine, in its sole discretion, that its original decision was in error, or to the extent such decision may be determined to be arbitrary or capricious by a court or other entity having jurisdiction over such matters. Benefits under the Plan shall be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them.

8.05 Appointment of the Claims Administrator. The Plan Administrator shall appoint a Claims Administrator to provide administrative services to the Plan Administrator in connection with the operation of the Plan and to perform such other functions, including processing and payment of claims, as may be delegated to it. The person, persons or entity serving as Claims Administrator shall serve at the pleasure of the Plan Administrator.

ARTICLE IX
CLAIMS FOR BENEFITS

9.01 Filing Initial Claim. The entity designated by the Company (the "Claims Administrator") shall process benefit claims pursuant to the procedures set forth below.

9.02 Consideration of Initial Claim. The Claims Administrator shall provide notice to a claimant of its decision regarding his or her claim within a reasonable period of time, but generally not later than 45 days after receipt of the claim by the Plan. This 45-day period may be extended for up to 30 days if the Claims Administrator determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the claimant, prior to the expiration of the initial 45-day period, of the circumstances requiring the extension of time and the date by which the Claims Administrator expects to render a decision. If, prior to the end of the first 30-day extension period, the Claims Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Claims Administrator notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Claims Administrator expects to render a decision. In the case of any extension, the notice of extension will specifically explain the standards on which entitlement to a Disability benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant will be afforded at least 45 days within which to provide the specified information, if any.

9.03 If the Claims Administrator Denies the Initial Claim. If the Claims Administrator denies a claim for a Disability benefit in whole or in part, it shall provide the claimant with a written notice of the denial stating (i) the specific reason or reasons for the denial; (ii) reference to the specific Plan provisions on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such

material or information is necessary; and (iv) a description of the Plan's review procedures (as set forth below) and the time limits applicable to such procedures.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to the claimant free of charge, or the claimant will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge upon request.

9.04 Appeal to the Claims Administrator. If the Claims Administrator denies a claimant's Disability claim in whole or in part, the claimant has the right to appeal the decision by sending a written request for review to the Claims Administrator within 180 days of his or her receipt of the claim denial notification.

A claimant may submit written comments, documents, records, and other information relating to his or her claim for benefits. Upon request, a claimant will be provided free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim.

A claimant's written request should state why he or she thinks his or her claim should not have been denied. The letter must include any denial letter he or she received and any additional documents, information or comments he or she thinks may have a bearing on his or her claim.

Upon receipt of a claim, the Claim Administrator will conduct a review that takes into account all comments, documents, records, and other information submitted by a claimant or his or her authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review will not afford deference to the initial adverse benefit determination and will be conducted by an individual who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual.

The Claims Administrator will notify a claimant of its determination on review within a reasonable period of time, but generally not later than 45 days after receipt of a claimant's request for review, unless the Claims Administrator determines that special circumstances require an extension of time for processing the claim. If the Claims Administrator determines that an extension of time for processing is required, written notice of the extension will be furnished to the claimant prior to the termination of the initial 45-day period. In no event shall such extension exceed a period of 45 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Claims Administrator expects to render the determination on review.

9.05 If the Claims Administrator Denies the Claim on Appeal. If the Claims Administrator denies all or any portion of a claim on appeal, it will notify the claimant in a manner calculated to be understood by the claimant of (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific Plan provisions on which the benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim; and (iv) a statement indicating the claimant's right to file a lawsuit upon completion of the claims procedure process. If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to the claimant free of charge, or the claimant will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge upon request.

9.06 **Appeal to the Plan Administrator.** If the Claim Administrator denies all or any portion of a claim on appeal, a claimant or his or her duly authorized representative may request a review of such denial by the Plan Administrator, by sending a written request for review to the Plan Administrator within 45 days of the claimant's receipt of the Claim Administrator's claim denial notification.

A claimant may submit written comments, documents, records, and other information relating to a claim for benefits. Upon request, a claimant will be provided free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

A claimant's written appeal should state why he or she thinks the claim should not have been denied. The letter must include any denial letter he or she received and any additional documents, information or comments he or she thinks may have a bearing on the claim.

Upon receipt of a claim, the Plan Administrator will conduct a review that takes into account all comments, documents, records, and other information submitted by a claimant or his or her authorized representative relating to the claim, without regard to whether such information was submitted or considered in the appeal to the Claim Administrator. The review will not afford deference to the Claim Administrator's decision.

The Plan Administrator will notify a claimant of its determination on review within a reasonable period of time, but generally not later than 45 days after receipt of a claimant's request for review by the Plan, unless the Plan Administrator determines that special circumstances (such as the need to hold a hearing) require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension will be furnished to the claimant prior to the termination of the initial 45-day period. In no event shall such extension exceed a period of 45 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

9.07 **If the Plan Administrator Denies the Claim on Appeal.** If the Plan Administrator denies a claim on appeal, it will notify the claimant in a manner calculated to be understood by the claimant of (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific Plan provisions on which the benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim; and (iv) a statement indicating the claimant's right to file a lawsuit upon completion of the claims procedure process. If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion will be provided to the claimant free of charge, or the claimant will be informed that such rule, guideline, protocol, or other criterion will be provided free of charge upon request.

9.08 **Legal Actions.** No legal action may be brought against the Plan until the claimant has exhausted all claims and appeals to the Claims Administrator and the Plan Administrator. No such action may be brought after three years from the time a claim should have been filed.

9.09 **Physical Examinations.** The Company has the right, at its own expense, to have any person for whom a claim is pending examined as often as is reasonably necessary.

9.10 **Construction of Article.** This Article IX shall be construed in a manner consistent with Department of Labor Regulations governing claims procedures applicable to disability benefit plans.

ARTICLE X
TERMINATION OF PARTICIPATION

10.01 Cessation of Participation. Except as otherwise provided in this Article X, a Participant shall cease to participate in the Plan on the earliest of the following dates:

(i) The date as of which the Plan is terminated;

(ii) The date that the Plan is amended to terminate coverage with respect to a Participant;

(iii) The date a Participant is no longer eligible for coverage under Article III;

(iv) The date a Participant commences active duty in the armed forces, except to the extent continuation coverage is required pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994;

(v) The last date for which any required Participant contribution was made;

(vi) The date on which a leave of absence begins; and

(vii) The date a Participant terminates employment.

10.02 Severance. Eligibility for Plan coverage shall continue for an Employee to the extent provided under any severance arrangement between such Employee and the Company. The level of contribution and the conditions of such continuation coverage shall be determined by the terms of the applicable severance agreement.

ARTICLE XI
MISCELLANEOUS PROVISIONS

11.01 Assignment of Benefits. No benefit payable at any time under the Plan shall be assignable or transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or, in any other manner, and no benefit payable under the Plan shall be liable for, or subject to, any obligation or liability of any Participant. If any Participant entitled to a benefit under the Plan attempts to alienate, sell, transfer, assign, pledge or otherwise impede a benefit or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time, a benefit devolves upon anyone else or would not be enjoyed by him or her, then the Plan Administrator in its discretion, which will be exercised uniformly by treating individuals in similar circumstances alike, may terminate his or her interest in any such benefit and hold or apply it to or for his or her benefit or the benefit of his or her spouse or dependents, in a manner the Plan Administrator deems proper.

11.02 Information to Be Furnished. Participants shall provide such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan.

11.03 Limitation of Rights. Neither the establishment of the Plan nor any amendment thereof, nor the payment of any benefits, will be construed as giving to any Participant any legal or equitable right against the Company, except as provided herein.

11.04 Plan Not Contract. The Plan shall not be deemed to constitute a contract between the Company and any Participant or to be a consideration for, or an inducement or condition of, the employment of any Employee. Nothing in the Plan shall be deemed to give any Employee the right to be retained in the service of the Company or to interfere with the right of the Company to discharge any Employee at any time; provided, however, that the foregoing shall not be deemed to modify the provisions of any collective bargaining agreement that may be made by the Company with the bargaining representative of any Employee.

11.05 Fiduciary Operation. Each Plan Fiduciary shall discharge his or her duties with respect to the Plan solely in the interest of the participants and beneficiaries (as those terms are defined in ERISA) and (1) for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan, (2) with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and (3) in accordance with the documents and instruments governing the Plan, except as otherwise required by law.

11.06 No Guaranty. No person shall have any right or interest in the Plan other than as specifically provided herein. Except to the extent required by law, the Company shall not be liable for the payment of any benefit provided for herein; all benefits hereunder shall be payable only from the Plan, and only to the extent that the Plan has been allocated sufficient assets.

11.07 Misrepresentation. Any material misrepresentation on the part of any Participant in making application for coverage, or any application for reclassification thereof, shall render the coverage null and void.

11.08 Inadvertent Error. Inadvertent error by the Plan Administrator in the keeping of records or the transmission of any Enrollment Form shall not deprive any Participant or Dependent of benefits otherwise due, if such inadvertent error is corrected by the Plan Administrator within 90 days after it was made.

11.09 No Limitation of Management Rights. Participation in the Plan shall not lessen the responsibility of an Employee to perform his or her duties satisfactorily, or affect the Company's rights to discipline or terminate an Employee.

11.10 Participant Responsibilities. Each Participant is responsible for providing the Plan Administrator with his or her current address. Any notices required or permitted to be given shall be deemed given if directed to such address and mailed by regular United States mail. Neither the Plan Administrator nor the Claims Administrator shall have any obligation or duty to locate a Participant. If a Participant becomes entitled to a payment under the Plan and it cannot be made because (1) the current address is incorrect, (2) the Participant does not respond to the notice sent to the current address, (3) there are conflicting claims to such payment, or (4) any other reason, the amount of such payment, if and when made, shall be that determined under the terms of the Plan, without interest.

11.11 Right of Recovery. Whenever the Plan, for whatever reason, has overpaid the amount of benefits that should have been provided, the Plan shall have the right to recover such payments, to the extent of such excess, from among one or more of the following as the Plan shall determine: any persons to, or for, or with respect to whom, such payments were made, and/or any insurance company or other organization.

11.12 Governing Law. The Plan shall be governed by and construed according to ERISA, the Code, and the laws of the State of Indiana, to the extent Indiana law does not conflict with the Code and ERISA, and to the extent Indiana law is not preempted by ERISA.

11.13 Severability. In the event any portion of the Plan is declared by a court of competent jurisdiction to be void, said portion shall be deemed severed from the remainder of the Plan, and the balance of the Plan shall remain in full force and effect.

11.14 Participant Litigation. In any action or proceeding involving the Plan, Participants or any other person having or claiming to have an interest in the Plan shall not be necessary parties to such action or proceeding and shall not be entitled to any notice or process thereof, except as required by applicable law. Any final judgment which is not appealed or appealable that may be entered in any such action or proceeding shall be binding and conclusive upon the parties hereto and upon all persons having or claiming to have any interest in the Plan. To the extent permitted by law, if a legal action is begun against the Company or other organization or institution providing benefits under the Plan by or on behalf of any person, and such action results adversely to such person or, if a legal action arises because of conflicting benefit claims, the cost to the Company or other organization or institution of defending the action will be charged to the sums, if any, which were involved in the action or were payable to the Participant or other person concerned. To the extent permitted by applicable law, an election to become a Participant under the Plan shall constitute a release of the Company and its agents from any and all liability and obligation not involving willful misconduct or gross neglect.

11.15 Counterparts. This Plan document may be executed in any number of identical counterparts, each of which shall be deemed a complete original in itself and may be introduced in evidence or used for any other purpose without the production of any other counterparts.

11.16 Notice. Any notice given under the Plan shall be sufficient, if given to the Plan Administrator when addressed to it at its office; if given to the Claims Administrator, when addressed to it at its office; or if given to a Participant, when addressed to the Participant at his or her address as it appears on the records of the Claims Administrator.

11.17 Extension of Plan to Related Employers.

(a) With the approval of the Plan Administrator, any Related Employer may adopt the Plan and qualify its Employees to become Participants hereunder by taking such action to adopt the Plan and making such contributions to the cost of coverage as the Plan Administrator may require.

(b) The Plan will terminate with respect to any Employer that has adopted the Plan pursuant to this Section if the Employer ceases to be a Related Employer, revokes its adoption of the Plan by appropriate corporate action, permanently discontinues any required contributions for its Employees, is judicially declared bankrupt, makes a general assignment for the benefit of creditors, or is dissolved.

(c) The Committee shall have the sole right to amend or terminate the Plan and shall act as the agent for each Related Employer that adopts the Plan for all purposes of administration thereof.

ARTICLE XII
FUNDING, AMENDMENT AND TERMINATION OF THE PLAN

12.01 Plan Self Insured. The Plan is a self-insured plan. All contributions made to the Plan are used to pay claims and related expenses thereunder.

12.02 Participants' and Dependents' Rights Unsecured. The right of a Participant or any other person to receive a distribution hereunder, shall be an unsecured claim against the general assets of the Company and no Participant or any other person shall have any rights in any amount allocated for his or her benefit under the terms of the Plan, or any other specific assets of the Company. All amounts allocated pursuant to the terms of the Plan shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purpose as it may deem appropriate. Benefits payable pursuant to the terms of the Plan shall be paid solely as required out of the general assets of the Company or from any other funding vehicle as may be established by the Company.

12.03 Amendment. The Committee reserves the right at any time and from time to time to change or amend, in whole or in part, any or all of the provisions of the Plan. Any amendment or restatement of the Plan shall not affect existing delegations to amend the Plan. Any such amendment may have retroactive or prospective effect. However, no change or amendment shall be made that enables any part of Plan assets to be used for, or diverted to, purposes other than the exclusive benefit of those entitled to benefits hereunder and the payment of reasonable expense of administration. To the extent that any applicable collective bargaining agreement imposes a more restrictive requirement regarding Plan eligibility or benefits than is set forth herein, such requirement, as applied solely to those Employees subject to the collective bargaining agreement, is incorporated herein by this reference.

12.04 Termination. Although the Company has established the Plan with the bona fide intention and expectation that it will be permanent, the Company is not and shall not be under any obligation or liability whatsoever to continue its contributions or to maintain the Plan for any given length of time. The Company may, through resolution of the Committee, in its sole and absolute discretion, discontinue contributions to or terminate the Plan at any time without liability for such discontinuance or termination.

12.05 Collective Bargaining Agreement. Notwithstanding the foregoing provisions of this Article XII, the right to amend or terminate the Plan shall be subject to the express terms of any applicable collective bargaining agreement.

IN WITNESS WHEREOF, the Committee has caused this amended and restated Plan to be executed on its behalf, by one of its members duly authorized, this 18th day of October, 2012.

NISOURCE BENEFITS COMMITTEE

By: Teresa M. Smith

One of the Members of the Committee

EXHIBIT A
ADOPTING RELATED EMPLOYERS

- Bay State Gas Company
- Columbia Energy Group
- Columbia Gas of Kentucky, Inc.
- Columbia Gas of Maryland, Inc.
- Columbia Gas of Ohio, Inc.
- Columbia Gas of Pennsylvania, Inc.
- Columbia Gas of Virginia, Inc.
- Columbia Gas Transmission Corporation
- Columbia Gulf Transmission Company
- CNS Microwave, Inc.
- Crossroads Pipeline Company
- Energy Interchange, LLC
- EnergyUSA-TPC Corp.
- NI Energy Services, Inc.
- NiSource Corporate Services Company
- NiSource Development Company, Inc.
- NiSource Energy Technologies, Inc.
- NiSource Gas Transmission & Storage Company
- NiSource Midstream Services, LLC
- NiSource Retail Services, Inc.
- Northern Indiana Public Service Company (salaried employees only)
- Northern Indiana Trading Company, Inc.
- PEI Holdings, Inc.

NiSource

POLICY SUBJECT: **Holidays**

EFFECTIVE DATE: **January 1, 2015**

This policy sets forth the holiday schedule for regular full time and part time employees of NiSource companies whose terms and conditions of employment are not covered by a collective bargaining agreement.

Fixed Holidays

The following seven fixed holidays will be observed:

New Year's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day

Fixed holidays falling on Saturday will be observed on the preceding Friday. Fixed holidays falling on Sunday will be observed on the following Monday. Each NiSource subsidiary can make alternate arrangements for days where business conditions require employees to be at work.

Employees working a non-traditional work week will have their holiday observed according to applicable work location schedule.

Floating Holidays

Five floating holidays will be granted. Each NiSource subsidiary can assign one or more of the floating holidays to specific days.

Any union to non-union transferee will be granted all 5 floating holidays regardless of transfer date.

Floating holidays cannot be carried over from year to year. Qualified employees may bank unused floating holidays within the limits of the vacation banking policy. Unused/unbanked floating holidays will not be paid at separation.

Floating Holiday Granting Process

Active employees will be granted five floating holidays on January 1 of each year. New hires will be granted floating holidays as follows:

If hired between January 1 and March 31, granted 4 floating holidays
If hired between April 1 and June 30, granted 3 floating holidays
If hired between July 1 and September 30, granted 2 floating holidays
If hired between October 1 and November 30, granted 1 floating holiday

Part-Time and Phased Retirement Employee Fixed Holidays and Floating Holidays

Part time employees will be paid their normal scheduled working hours for any fixed holiday that falls on their regularly scheduled workday.

Part time employees, regardless of work schedule, are eligible to receive two floating holidays (16 hours).

Part-Time Floating Holiday Granting Process

Active employees will be granted two floating holidays on January 1 of each year. New hires will be granted floating holidays as follows:

If hired between January 1 and June 30, granted 2 floating holidays
If hired between July 1 and November 30, granted 1 floating holiday

Mid-Year Full-Time to Part-Time Employee Change
Employee entitled to remaining full time floating holiday balance in year of change. Beginning January 1 of the year following the change, employee will be granting part time grant of 16 hours.

Mid-Year Part-Time to Full-Time Employee Change
Employee will be granted full time floating holiday balance minus any time taken as a part time employee during that year. Beginning January 1 of the year following the change, employee will follow full time floating holiday policy.

Temporary Employees

Temporary employees or interns are not eligible to receive holidays or floating holidays.

wiNiSource

POLICY SUBJECT: **Vacation**

EFFECTIVE DATE: **January 1, 2004**

REVISED: **January 1, 2015**

This policy covers regular full time and part time employees of NiSource companies whose terms and conditions of employment are not covered by a collective bargaining agreement. Note that an employee's individual vacation hours cannot be donated to another employee.

Vacation Year
The vacation year runs from January 1 through December 31 of each year.

Vacation Calculation
Vacation is granted on January 1 and is calculated based upon full years of service on the preceding December 31 (note the exception under New Hire and Rehired Employees). If service has been broken, the service date established upon return to employment will be used to calculate the vacation grant utilizing the vacation schedule in effect at time of rehire. Prior service as an intern, summer, or temporary employee will not count towards vacation eligibility.

In order to receive the annual grant, employees on short term or long term disability or any other type of leave of absence or non-work status must return to work at least one day in a new year.

New Hire and Rehired Employees
A new or rehired employee in the initial year of employment is granted vacation based on a proration of 3 weeks (120 hours) of vacation unless a rehired employee's eligible previous service makes the granted vacation 4 weeks (160 hours).

The proration is calculated based on the remaining full months in a calendar year beginning with the month after hire date month. For example:

> -Employee hired April 1, 2014; first year 2014 vacation entitlement would be 8/12 (May-Dec) x 120 hours = 80 hours taken with supervisor approval or remaining can be carried over subject to carryover limits. Beginning January 1, 2015, employee would be entitled to 3 weeks (120 hours) vacation (if applicable could be 160 hours for rehired employees depending on previous service and break-in-service).

NOTE: Any exceptions to these new hire and rehire provisions must be approved by the Sr. VP Human Resources.

2013 New or Rehired Employees

If an employee was hired or rehired in 2013, they will be granted on 1/1/14 either 3 weeks (120 hours) or 4 weeks (160 hours) depending on eligibility minus any borrowed hours used in 2013.

General Provisions

1. Vacation will be scheduled according to requirements established at the Company or Department level.
2. Vacation will be paid at the employee's regular base rate of pay, exclusive of any premium or temporary upgraded rate at the time the vacation is taken.
3. Employees are required to use 80 hours of their vacation grant per year or forfeit the difference between the number of hours used and 80 hours (exception would be in the first year of hire or rehire if vacation grant is less than 80 hours). However, if extenuating circumstances exist that are beyond the employee's control, an employee, with approvals from the employee's supervisor and the next level of management, may elect to carry over or to bank such unused vacation hours that would otherwise be subject to forfeiture.
4. After using 80 hours of their vacation grant (or after using a portion of such 80 hours and forfeiting the remainder), employees may elect to carry over up to 80 hours of unused vacation into the following year without supervisor approval. If extenuating circumstances exist that are beyond the employee's control, an employee, with approvals from the employee's supervisor and the next level of management, may elect to carry over more than 80 hours of unused vacation into the following year.
5. If no timely election has been made to carry over or to bank unused vacation hours, an employee will be deemed to have elected to carry over up to 80 unused vacation hours (assuming the employee has first used 80 hours of vacation, or has used a portion of such 80 hours and forfeited the remainder) to the following year.
6. Any employee election referred to in this policy (other than the deemed election described immediately above) must be made in writing or electronically within the timeframes and in the manner prescribed by NiSource.

Vacation Banking

Employees age 45 and older ("qualified employees") are qualified to participate in the vacation banking program. After using 80 hours of their vacation grant (or after using a portion of such 80 hours and forfeiting the remainder), such employees may elect to bank up to 160 hours of unused vacation per year, up to a lifetime banking limit of 640 hours, during the annual vacation banking event.

If a qualified employee has not made an election to bank unused vacation hours or to carry over all such hours to the following year, such employee will be deemed to have elected first to carry over up to 80 unused vacation hours to the following year (assuming the employee has first used 80 hours of vacation, or has used a portion of such 80 hours and forfeited the remainder), and then to have elected to bank up to 160 of any remaining unused vacation hours, subject to the lifetime banking limit.

At retirement or separation, qualified employees can bank unused vacation and floating holidays, subject to the annual limit of 160 hours and lifetime banking limit of 640 hours. Accrued vacation is not eligible for banking.

At retirement or separation, qualified employees will receive a lump-sum cash payment for their banked hours, calculated at their pay rate at the time they leave. They will have the option to

defer part of the payment into their 401(k) plan based on their current deferral election on file with the 401K administrator, within IRS limits, and receive the eligible company match. In addition, the payment will count as additional eligible earnings toward retirees' final average pay or account balance pension calculations, if applicable.

Under the provisions of the federal Family and Medical Leave Act, qualified employees can "un-bank" and use banked vacation hours after they have depleted their available unused vacation and floating holiday hours for the year.

Vacation and Other Types of Leave

1. An employee will not be permitted to take vacation while receiving Worker's Compensation payments.
2. Vacation taken as a result of one of the conditions covered under the Family and Medical Leave Act (FMLA) will count toward the twelve-week FMLA maximum leave allowance.
3. Employees on reduced-pay or no-pay sick leave/short-term disability may request vacation paid in lieu to supplement sick pay.
4. Employees will not receive credit for vacation accrued while on long-term disability, workers compensation or a Leave of Absence unless they return to work full time within one year.
5. Vacation for employees entering Military Service is covered in the Military Leave of Absence Policy.

Vacation Paid at Long Term Disability
Accrued, Unused and Banked vacation will be paid to employees at the beginning of long-term disability or at the end of the year in which the employee began long-term disability. Payment will be calculated on the basis of 1/12 of the vacation eligibility for each completed month of service. The accrual rate will be based on full years of service at the time of Long Term Disability.

Vacation Paid at Separation
Unused and banked vacation will be paid to employees at separation.

Accrued vacation will be paid to employees at separation due to involuntary severance, retirement, or death. Payment will be calculated on the basis of 1/12 of the vacation eligibility for each completed month of service in the final year of employment. The accrual rate will be based on full years of service at the end of the year of separation.

An employee will be disqualified from the right to receive unused and banked vacation pay under the Policy for the following reasons:

- An employee does not return all company property.
- An employee owes an outstanding debt to the Company at time of separation.

Vacation Schedules – Exempt and Non Exempt employees prior to January 1, 2004
Existing employees on December 31, 2003 will be grandfathered to the vacation schedule in which they were enrolled on that date. Vacation schedules can be obtained from their Human Resource Consultant or the Human Resource Delivery Team.

Vacation Schedule – Exempt and Non-Exempt employees hired or rehired on or after January 1, 2004*

All Exempt employees hired or rehire between 01/01/04 and 12/31/09 and all Non Exempt employees hired between 1/1/04 and 12/31/12 will be covered by the following vacation schedule:

Full Years of Service at 12/31/XX	Vacation Hours Granted the Following Vacation Year
1	80
3	120
10	160

*This schedule also applies for nonexempt employees in CEG benefit plans who were hired or rehired between January 1, 2000 and December 31, 2012. Also, this schedule also applies to Exempt employees in CEG benefit plans who were hired or rehired between January 1, 2000 and December 31, 2009.

Vacation Schedule – Exempt Employees hired or rehired on or after January 1, 2010 and Non Exempt hired on or rehired after January 1, 2013

All Exempt employees hired or rehired on or after 01/01/10 and Non Exempt employees hired or rehired on or after January 1, 2013 will be covered by the following vacation schedule:

Full Years of Service at 12/31/XX	Vacation Hours Granted the Following Vacation Year
January 1 after initial year of hire*	120
4	160

*If applicable could be 160 hours for rehired employees depending on previous service and break-in-service.

Exempt employees hired or rehired on or after January 1, 2010 and Non Exempt employees hired or rehired on or after January 1, 2013 will receive an additional five "bonus" days of vacation only during the succeeding year after every five-year service anniversary.

For example, after completing five full years of service, an employee will receive five extra vacation days during the following calendar year (which means a total of 25 vacation days).

The following year, the employee's vacation level reverts back to the normal 20 days.

Non Exempt to Exempt Transfers

Non Exempt employees hired or rehired on or after January 1, 2010 and before January 1, 2013 who transfer to an Exempt position will be granted additional vacation hours (if applicable) January 1 of the following year.

Exempt or Nonexempt to Union Transfers

These transferred employees will be under the applicable union vacation schedule upon the date of transfer.

Union to Exempt or Non Exempt Transfers
These transferred employees will maintain applicable union vacation grant for the remainder of the year of transfer and then effective January 1 of the following year they will be under this nonunion vacation policy.

Vacation Schedule – Part-Time and Phased Retirement Employees
Part-time employees will be covered by one of the above schedules based on employment status and vacation plan participation as of hire date. Their annual vacation grant will be pro-rated based on the number of normal hours worked in a week.

Hours granted based on weekly schedule of normal hours worked:

30 - 39 hours per week- 85% of annual grant
20 - 29 hours per week- 65% of annual grant
15 - 19 hours per week- 45% of annual grant
14 or less hours per week- 25% of annual grant

New Hire and Rehired Part-Time Employees
A new or rehired part-time employee in the initial year of employment is granted vacation based on a proration of 3 weeks (120 hours) of vacation unless a rehired employee's eligible previous service makes the granted vacation 4 weeks (160 hours).

The proration is calculated based on the remaining full months in a calendar year beginning with the month after hire date month and the percent of annual grant above. For example:

-Part-time employee hired April 1, 2014; first year vacation entitlement would be 8/12 (May-Dec) x 120 hours x 65% = 52 hours taken with supervisor approval or remaining can be carried over subject to carryover limits. Beginning January 1, 2015, employee would be entitled to 3 weeks (120 hours) pro-rated vacation based on their weekly schedule above.

NOTE: Any exceptions to these new hire and rehire provisions must be approved by the Sr. VP Human Resources.

Mid-Year Full-Time to Part-Time Employee Change
Employees entitled to remaining full time grant in year of change. Beginning January 1 of the year following the change part-time vacation determined by annual grant percentage above.

Mid-Year Part-Time to Full-Time Employee Change
Part-time and Full time months prorated based on month of change. Examples:

-Change effective March 1 and no vacation taken for that year as of change date.

9/12 (Apr-Dec) x 120 hours = 90 hours plus part-time annual grant 102 hours (85% of 120 hours) x 3/12 (Jan-Mar) = 26 hours so employee entitled to 116 hours (90 + 26) after change for that calendar year.

-Change effective March 1 and vacation used for that year as of change date.

9/12 (Apr-Dec) x 120 hours = 90 hours plus part-time annual grant 102 hours (85% of 120 hours) x 3/12 (Jan-Mar) = 20 hours minus 15 hours taken as of change date so employee entitled to 95 hours (90 + 20 -15) after change for that calendar year.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-25:

Please provide a description of the Company's merit and cost of living wage rate increase policies.

Response:

The Company's wage rate increases for exempt and non-exempt non-union employees are not tied to cost of living but are, rather, merit based. Merit (performance adjustment) increases are provided on an annual basis to exempt and non-exempt non-union employees. The increases are normally to base pay.

The performance adjustment percentage for 2014 was 3.0 % for all exempt employees and 3.0% for non-exempt, non-union, non-manual employees. Leaders are provided a specific pool of dollars for this adjustment. If the leader increases the performance adjustment of one employee, they have to decrease the performance adjustment for another or others so that the total increase recommended does not exceed the allotted pool of dollars.

Wage rate increases for union employees are governed by collective bargaining agreements.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-26:

Please provide the following monthly labor data for the year prior to the HTY, the HTY and the FTY through the most recent date available.

a. number of actual employees broken down between type (e.g., salaried, union, non-union, temporary, etc.);

b. regular payroll broken down between expensed, capitalized and other;

c. overtime payroll broken down between expensed, capitalized and other;

d. temporary payroll broken down between expensed, capitalized and other; and

e. other payroll (specify).

Description	Pre-HTY TME 11/30/2013	HTY TME 11/30/2014	FTY TME 11/30/2015	FFRY TME 12/31/2016
a. Employees				
Total Clerical Labor	56	68	71	73
Total Exempt Labor	99	111	111	115
Total Manual - Non-Union	10	11	11	15
Total Manual - Union	380	390	423	430
Total Employees	545	580	616	633

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Description	Pre-HTY TME 11/30/2013	HTY TME 11/30/2014	FTY TME 11/30/2015	FFRY TME 12/31/2016
Payroll Expense				
b. Regular Payroll	21,526,009	22,156700	24,631,809	26,396,623
c. Overtime Payroll	2,552,319	3,011,518	3,347,933	3,587,804
e. Premium Payroll	270,026	171,972	191,183	204,880
e. Net Affiliate Labor Transferred	867,985	209,836	233,277	249,991
Total Expense	25,216,339	25,550,026	28,404,201	30,439,299
Capital Payroll				
b. Regular Payroll	13,057,375	15,217,060	18,423,264	19,743,253
c. Overtime Payroll	1,676,031	2,231,030	2,504,073	2,683,485
e. Premium Payroll	155,381	127,402	142,994	153,240
e. Net Affiliate Labor Transferred	560,396	155,454	174,479	186,980
Total Capitalization	15,449,183	17,730,945	21,244,813	22,766,957
Total Payroll	**40,665,522**	**43,280,971**	**49,649,014**	**53,206,256**
e. Incentive Comp				
Expense	1,476,899	1,963,563	1,576,000	1,735,000
Capital	918,421	1,476,142	1,178,763	1,297,687
Total Incentive Comp	**2,395,320**	**3,439,705**	**2,754,763**	**3,032,687**

d. The Company has no temporary employees.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-27:

Please provide a copy of all incentive compensation and/or bonus plans and provide the level of related payments included in cost of service.

Response:

Attached to this response are copies of all incentive compensation plans as GAS-RR-027 Attachment A through GAS-RR-027 Attachment F.

The amount included in the cost of service can be found on Exhibit No. 4, Schedule No. 1, Page 2, Line 2 and Exhibit No. 104, Schedule No. 1, Page 2, Line 2.

FIRST AMENDMENT TO THE NISOURCE INC. 1994 LONG-TERM INCENTIVE PLAN

(AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2005)

BACKGROUND

A. NiSource Inc. (the "Company") maintains the NiSource Inc. 1994 Long-Term Incentive Plan, amended and restated effective January 1, 2005 (the "Plan").

B. The Company desires to amend the Plan to allow the Company's Chief Executive Officer to have discretion to grant awards to certain employees.

C. The Company also desires to amend the Plan to establish a claw-back provision in which the Company recovers from a participant in the Plan amounts previously paid to the Participant when the Company later learns that such payment was not proper.

D. Section 21 of the Plan gives the Company the ability to amend the Plan.

PLAN AMENDMENT

1. Section 3(c) is added to the Plan to read as follows:

(c) CEO's Pool of Shares. A portion of the shares available for Awards under this Plan, to be determined by the Committee, may be reserved for the Chief Executive Officer of the Corporation (the "CEO") to make certain Awards (the "CEO Pool"). The CEO may grant any type of Award with shares from the CEO Pool; provided however, that the CEO may not grant any Award to any executive officers. Awards available for grant from the CEO Pool will be authorized from time to time by the Committee. The Committee may at any time remove from the CEO Pool any shares that have not yet been granted under Awards.

2. Section 25 is added to the Plan to read as follows:

25. Over/Under Payment. If any Participant or beneficiary receives an underpayment of Shares or cash payable under the terms of any Award, payment of any such shortfall shall be made as soon as administratively practicable. If any Participant or beneficiary receives an overpayment of Shares or cash payable under the terms of any Award for any reason, the Committee or its delegate shall have the right, in its sole discretion, to take whatever action it deems appropriate, including but not limited to the right to require repayment of such amount or to reduce future payments under this Plan, to recover any such overpayment. Notwithstanding the foregoing, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, and if

the Participant knowingly or grossly negligently engaged in the misconduct, or knowingly or grossly negligently failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever just occurred) of the financial document embodying such financial reporting requirement.

3. The remainder of the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this First Amendment to be executed on its behalf, by its officer duly authorized, this 23rd day of January, 2009.

NISOURCE INC.

By: /s/ Robert D. Campbell

Exhibit 10.4

NISOURCE INC.

1994 LONG-TERM INCENTIVE PLAN

As Amended and Restated Effective January 1, 2005

NISOURCE INC.
1994 LONG-TERM INCENTIVE PLAN

As Amended and Restated Effective January 1, 2005

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NISOURCE INC.
1994 Long-Term Incentive Plan

(As Amended and Restated Effective January 1, 2004)

WHEREAS, NiSource Inc. (formerly NIPSCO Industries, Inc.) (the "Company") adopted the NIPSCO Industries, Inc. 1994 Long-Term Incentive Plan effective April 13, 1994, as amended and restated effective April 14, 1999, and now known as the NiSource Inc. 1994 Long-Term Incentive Plan (the "Plan");

WHEREAS, the Company further amended and restated the Plan effective January 1, 2000, and again amended and restated the Plan effective January 1, 2004; and

WHEREAS, pursuant to Section 21 of the Plan, the Company wishes to further amend and restate the Plan, effective January 1, 2005, as set forth below, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Code") with respect to benefits earned under the Plan from and after January 1, 2005. Benefits under the Plan earned and vested prior to January 1, 2005 shall be administered without giving effect to Code Section 409A, and guidance and regulations thereunder.

NOW THEREFORE, the Plan is hereby amended and restated, effective January 1, 2005, as follows:

1. **Purpose**. The purpose of the NiSource Inc. 1994 Long-Term Incentive Plan (the "Plan") is to further the earnings of NiSource Inc. (the "Company") and its subsidiaries. The Plan provides long-term incentives to those officers and key executives who make substantial contributions by their ability, loyalty, industry and invention. The Company intends that the Plan will thereby facilitate securing, retaining, and motivating management employees of high caliber and potential.

2. **Administration**. The Plan shall be administered by the Officer Nomination and Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"). The Committee shall be composed of not fewer than two members of the Board who are "nonemployee directors" of the Company within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and "outside directors" of the Company within the meaning of Code Section 162(m), and the regulations thereunder. Subject to the express provisions of the Plan, the Committee may interpret the Plan, prescribe, amend and rescind rules and regulations relating to it, determine the terms and provisions of awards to officers and other key executive employees under the Plan (which need not be identical), and make such other determinations as it deems necessary or advisable for the administration of the Plan. The decisions of the Committee under the Plan shall be conclusive and binding. No member of the Board or of the Committee shall be liable for any action taken, or determination made, hereunder in good faith. Service on the Committee shall constitute service as a

director of the Company so that members of the Committee shall be entitled to indemnification and reimbursement as directors of the Company, pursuant to its by-laws.

3. Common Stock Subject to the Plan.

(a) Aggregate Shares. Subject to the provisions of subsection 3(b), the shares that may be issued, or may be the measure of stock appreciation rights granted, under the Plan shall not exceed in the aggregate 43,000,000 shares of common stock, $0.01 par value per share, of the Company (the "Common Stock"), any or all of which may be allocated to incentive stock options. Such shares may be authorized and unissued shares or treasury shares. Except as otherwise provided herein, any shares subject to an option or right which for any reason expires or is terminated, unexercised as to such shares, shall again be available under the Plan.

(b) Adjustment to Number of Shares.

(i) Appropriate adjustments in the aggregate number of shares of Common Stock issuable pursuant to the Plan, the number of shares of Common Stock subject to each outstanding award granted under the Plan, the option price with respect to options and connected stock appreciation rights, the specified price of stock appreciation rights not connected to options, and the value for performance units, shall be made to give effect to any increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or consolidation of shares, whether through recapitalization, stock split, reverse stock split, spin-off, spin-out or other distribution of assets to stockholders, stock distributions or combinations of shares, payment of stock dividends, other increase or decrease in the number of such shares of Common Stock outstanding effected without receipt of consideration by the Company, or any other occurrence for which the Committee determines an adjustment is appropriate.

(ii) In the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, or an acquisition by the Company of the stock or assets of any other corporation or corporations, there shall be substituted on an equitable basis, as determined by the Committee in its sole discretion, for each share of Common Stock then subject to the Plan, and for each share of Common Stock then subject to an award granted under the Plan, the number and kind of shares of stock, other securities, cash or other property to which the holders of Common Stock of the Company are entitled pursuant to such transaction.

(iii) Without limiting the generality of the foregoing provisions of this paragraph, any such adjustment shall be deemed to have prevented any dilution or enlargement of a participant's rights, if such participant receives in any such adjustment, rights that are substantially similar (after

taking into account the fact that the participant has not paid the applicable option price) to the rights the participant would have received had he exercised his outstanding award and become a shareholder of the Company immediately prior to the event giving rise to such adjustment. Adjustments under this paragraph shall be made by the Committee, whose decision as to the amount and timing of any such adjustment shall be conclusive and binding on all persons.

4. **Participants**. Persons eligible to participate shall be limited to those officers and other key executive employees of the Company and its subsidiaries who are in positions in which their decisions, actions and counsel significantly impact upon profitability. Directors who are not otherwise officers or employees shall not be eligible to participate in the Plan.

5. **Awards Under the Plan**. Awards under the Plan may be in the form of stock options (both options designed to satisfy statutory requirements necessary to receive favorable tax treatment pursuant to any present or future legislation and options not designed to so qualify), incentive stock options, stock appreciation rights, performance units, restricted Common Stock, contingent stock awards, or such combinations of the above as the Committee may in its discretion deem appropriate. Except in accordance with equitable adjustments as provided in subsection 3(b), no stock option granted under the Plan shall at any time be repriced or subject to cancellation and replacement.

6. **Section 162(m) Limitations**. Subject to subsection 3(b) of the Plan, the maximum number of stock options and stock appreciation rights that may be granted to any person who qualifies as an executive officer named from time to time in the summary compensation table in the Company's annual meeting proxy statement and who is employed by the Company on the last day of the taxable year (the "SCT Executives") shall be 600,000 options and stock appreciation rights with respect to shares of Common Stock per year and 3,000,000 options and stock appreciation rights with respect to shares of Common Stock during the term of the Plan. The maximum number of performance units that may be granted to any SCT Executive shall be 400,000 units per year, provided that no more than 800,000 units may be granted in any three year period and the maximum number of units that may be granted to any SCT Executive during the term of the Plan shall be 1,500,000. The maximum number of restricted stock awards that may be granted to any SCT Executive shall be 400,000 shares of Common Stock per year, provided that no more than 800,000 shares of restricted Common Stock may be granted in any three year period, and that the maximum number of shares of restricted Common Stock that may be granted to any SCT Executive during the term of the Plan shall be 1,500,000. The maximum number of contingent stock awards that may be granted to any SCT Executive shall be 400,000 shares of Common Stock per year, provided that no more than 800,000 shares of Common Stock may be subject to contingent stock awards granted in any three year period and the maximum number of shares of Common Stock subject to contingent stock awards that may be granted to any SCT Executive during the term of the Plan shall be 1,500,000. The limitations set forth in this Section 6 shall relate

only to years or other periods of time in which such awards constitute "applicable employee remuneration" under Code Section 162(m).

7. **NonQualified Stock Options**. Options shall be evidenced by stock option agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

   (a) Option Price. The purchase price per each share of Common Stock deliverable upon the exercise of an option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the day the option is granted, as determined by the Committee.

   (b) Exercise of Option. Each stock option agreement shall state the period or periods of time within which the option may be exercised by the optionee, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that the option exercise period shall not end later than ten years after the date of the grant of the option. The Committee shall have the power to permit in its discretion an acceleration of the previously determined exercise terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.

   (c) Payment for Common Stock. Except as otherwise provided in the Plan, or in any stock option agreement, the optionee shall pay the purchase price of the Common Stock upon the exercise of any option (i) in cash, (ii) in cash received from a broker-dealer to whom the optionee has submitted an exercise notice consisting of a fully endorsed option (however in the case of an optionee subject to Section 16 of the 1934 Act, this payment option shall only be available to the extent such payment procedures comply with Regulation T issued by the Federal Reserve Board), (iii) by delivering Common Stock owned by the optionee for at least six months prior to the date of exercise having an aggregate Fair Market Value on the date of exercise equal to the option exercise price, (iv) by such other medium of payment as the Committee in its discretion shall authorize at the time of grant, or (v) by any combination of (i), (ii), (iii) and (iv). In the case of an election pursuant to (i) or (ii) above, cash shall mean cash or check issued by a federally insured bank or savings and loan association and made payable to NiSource Inc. In the case of payment pursuant to (ii) or (iii) above, the optionee's election must be made on or prior to the date of exercise and shall be irrevocable. In lieu of a separate election governing each exercise of an option, an optionee may file a blanket election with the Committee, which shall govern all future exercises of options until revoked by the optionee. The Company shall issue, in the name of the optionee, stock certificates representing the total number of shares of Common Stock issuable pursuant to the exercise of any option as soon as reasonably practicable after such exercise, provided that any Common Stock purchased by an optionee through a broker-dealer pursuant to clause (ii) above, shall be delivered to such broker-dealer in accordance with 12 C.F.R. § 220.3(e)(4), or other applicable provision of law.

(d) **Transferability**. Each stock option agreement shall provide that the option subject thereto is not transferable by the optionee otherwise than by will or the laws of descent or distribution. Notwithstanding the preceding sentence, an optionee, at any time prior to his death, may assign all or any portion of the option to (i) his spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his spouse or lineal descendant, or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event the spouse, lineal descendant, trustee or tax-exempt organization shall be entitled to all of the rights of the optionee with respect to the assigned portion of such option, and such portion of the option shall continue to be subject to all of the terms, conditions and restrictions applicable to the option as set forth herein, and in the related stock option agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the optionee does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the optionee, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment. This paragraph shall apply to all nonqualified stock options granted under the Plan at any time.

(e) **Rights Upon Termination of Employment**. In the event that an optionee ceases to be an employee for any reason other than death, Disability or retirement, the optionee shall have the right to exercise the option during its term within a period of thirty days after such termination to the extent that the option was exercisable at the date of such termination of employment, or during such other period and subject to such terms as may be determined by the Committee. In the event that an optionee dies, retires, or becomes Disabled prior to termination of his option without having fully exercised his option, the optionee or his successor shall have the right to exercise the option during its term within a period of three years after the date of such termination due to death, Disability or retirement, to the extent that the option was exercisable at the date of termination due to death, Disability or retirement, or during such other period and subject to such terms as may be determined by the Committee. For purposes of the Plan, the term "retirement" shall mean retirement as defined in the Company's pension plan.

8. **Incentive Stock Options**. Incentive stock options shall be evidenced by stock option agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

(a) **Option Price**. Except as otherwise provided in subsection 8(b), the purchase price per share of stock deliverable upon the exercise of an incentive stock option shall not be less than 100% of the Fair Market Value of the Common Stock on the day the option is granted, as determined by the Committee.

(b) **Exercise of Option**. Each stock option agreement shall state the period or periods of time within which the option may be exercised by the optionee, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that the option period shall not commence earlier than six months after the date of the grant of the option nor end later than ten years after the date of the grant of the option. The aggregate Fair Market Value (determined with respect to each incentive stock option at the time of grant) of the Common Stock with respect to which incentive stock options are exercisable for the first time by an individual during any calendar year (under all incentive stock option plans of the Company and its parent and subsidiary corporations) shall not exceed $100,000. If the aggregate Fair Market Value (determined at the time of grant) of the Common Stock subject to an option, which first becomes exercisable in any calendar year, exceeds the limitation of this Section 8(b), so much of the option that does not exceed the applicable dollar limit shall be an incentive stock option and the remainder shall be a nonqualified stock option; but in all other respects, the original option agreement shall remain in full force and effect. As used in this Section 8, the words "parent" and "subsidiary" shall have the meanings given to them in Code Sections 424(e) and 424(f). Notwithstanding anything herein to the contrary, if an incentive stock option is granted to an individual who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporations, within the meaning of Code Section 422(b)(6), (i) the purchase price of each share of Common Stock subject to the incentive stock option shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date the incentive stock option is granted, and (ii) the incentive stock option shall expire, and all rights to purchase Common Stock thereunder shall cease, no later than the fifth anniversary of the date the incentive stock option was granted.

(c) **Payment for Common Stock**. Except as otherwise provided in the Plan or in any stock option agreement, the optionee shall pay the purchase price of the Common Stock upon the exercise of any option (i) in cash, (ii) in cash received from a broker-dealer to whom the optionee has submitted an exercise notice consisting of a fully-endorsed option (however, in the case of an optionee subject to Section 16 of the 1934 Act, this payment option shall only be available to the extent such payment procedures comply with Regulation T issued by the Federal Reserve Bank), (iii) by delivering Common Stock owned by the optionee for at least six months prior to the date of exercise having an aggregate Fair Market Value on the date of exercise equal to the option exercise price, (iv) by such other medium of payment as the Committee in its discretion shall authorize at the time of grant, or (v) by any combination of (i), (ii), (iii) and (iv). In the case of an election pursuant to (i) or (ii), cash shall mean cash or check issued by a federally insured bank or savings and loan association made payable to NiSource Inc. In the case of a payment pursuant to (ii) or (iii) above, the optionee's election must be made on or prior to the date of exercise and shall be irrevocable. In lieu of a separate election governing each exercise of an option, an optionee may file a

blanket election with the Committee, which shall govern all future exercises of options until revoked by the optionee. The Company shall issue, in the name of the optionee, stock certificates representing the total number of shares of Common Stock issuable pursuant to the exercise of any option as soon as reasonably practicable after such exercise, provided that any Common Stock purchased by an optionee through a broker-dealer pursuant to clause (ii) above, shall be delivered to such broker-dealer in accordance with 12 C.F.R. § 220.3(e)(4), or other applicable provision of law.

(d) **Transferability**. Each stock option agreement shall provide that it is not transferable by the optionee otherwise by will or the laws of descent or distribution.

(e) **Rights Upon Termination of Employment**. In the event that an optionee ceases to be an employee for any reason other than death, Disability or retirement, the optionee shall have the right to exercise the option during its term within a period of thirty days after such termination to the extent that the option was exercisable at the date of such termination of employment, or during such other period and subject to such terms as may be determined by the Committee. In the event that an optionee dies, retires, or becomes Disabled prior to termination of his option without having fully exercised his option, the optionee or his successor shall have the right to exercise the option during its term within a period of three years after the date of such termination due to death, Disability or retirement, to the extent that the option was exercisable at the date of termination due to death, Disability or retirement, or during such other period and subject to such terms as may be determined by the Committee. Notwithstanding the foregoing, in accordance with Code Section 422, if an incentive stock option is exercised more than ninety days after termination of employment, that portion of the option exercised after such date shall automatically be a nonqualified stock option, but, in all other respects, the original option agreement shall remain in full force and effect.

The provisions of this Section 8 shall be construed and applied, and (subject to the limitations of Section 24) shall be amended from time to time so as to comply with Code Section 422 or its successors and regulations issued thereunder.

9. **Stock Appreciation Rights**. Stock appreciation rights shall be evidenced by stock appreciation right agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

(a) **Awards**. A stock appreciation right shall entitle the grantee to receive upon exercise the excess of (i) the Fair Market Value of a specified number of shares of the Company's Common Stock at the time of exercise over (ii) a specified price which shall not be less than 100% of the Fair Market Value of the Common Stock at the time the stock appreciation right was granted, or, if connected with a previously issued stock option, not less than 100% of the Fair Market Value of

Common Stock at the time such option was granted. A stock appreciation right may be granted in connection with all or any portion of a previously or contemporaneously granted stock option or not in connection with a stock option.

(b) Term. Stock appreciation rights shall be granted for a period of not less than one year nor more than ten years, and shall be exercisable in whole or in part, at such time or times and subject to such other terms and conditions, as shall be prescribed by the Committee at the time of grant, subject to the following:

(i) Stock appreciation rights shall be exercisable only during a grantee's employment, except that in the discretion of the Committee a stock appreciation right may be made exercisable for up to thirty days after the grantee's employment is terminated for any reason other than death, Disability or retirement. In the event that a grantee dies, retires, or becomes Disabled without having fully exercised his stock appreciation rights, the grantee or his successor shall have the right to exercise the stock appreciation rights during their term within a period of three years after the date of such termination due to death, Disability or retirement to the extent that the right was exercisable at the date of such termination or during such other period and subject to such terms as may be determined by the Committee.

(ii) The Committee shall have the power to permit in its discretion an acceleration of previously determined exercise terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.

(c) Payment. Upon exercise of a stock appreciation right, payment shall be made in cash, in the form of Common Stock at Fair Market Value, or in a combination thereof, as the Committee may determine.

10. Performance Units. Performance Units ("Units") shall be evidenced by performance unit agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

(a) Performance Period. At the time of award, the Committee shall establish with respect to each Unit award a performance period of not less than two, nor more than five, years.

(b) Valuation of Units. At the time of award, the Committee shall establish with respect to each such award a value for each Unit which shall not thereafter change, or which may vary thereafter determinable from criteria specified by the Committee at the time of award.

(c) Performance Targets. At the time of award, the Committee shall establish maximum and minimum performance targets to be achieved with respect to each

award during the performance period. The participant shall be entitled to payment with respect to all Units awarded if the maximum target is achieved during the performance period, but shall be entitled to payment with respect to a portion of the Units awarded according to the level of achievement of performance targets, as specified by the Committee, for performance during the performance period that meets or exceeds the minimum target but fails to meet the maximum target.

The performance targets established by the Committee shall relate to corporate, division, or unit performance and may be established in terms of growth in gross revenue, earnings per share, ratio of earnings to shareholders' equity or to total assets, dividend payments and total shareholders' return. Multiple targets may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

(d) **Adjustments**. At any time prior to payment of the Units, the Committee may adjust previously established performance targets and other terms and conditions, including the corporation's, or division's or unit's financial performance for Plan purposes, to reflect major unforeseen events such as changes in laws, regulations or accounting practices, mergers, acquisitions or divestitures or extraordinary, unusual or non-recurring items or events.

(e) **Payments of Units**. Following the conclusion of each performance period, the Committee shall determine the extent to which performance targets have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine what, if any, payment is due on the Units. Payment shall be made as soon as practicable after the end of the applicable Performance Period in cash, in the form of Common Stock at Fair Market Value, or in a combination thereof, as the Committee may determine.

(f) **Termination of Employment**. In the event that a participant holding a Unit award ceases to be an employee prior to the end of the applicable performance period by reason of death, Disability or retirement, his Units, to the extent earned under the applicable performance targets, shall be payable at the end of the performance period in proportion to the active service of the participant during the performance period, as determined by the Committee. Upon any other termination of employment, participation shall terminate forthwith and all outstanding Units held by the participant shall be canceled.

(g) **Other Terms**. The Unit agreements shall contain such other terms and provisions and conditions not inconsistent with the Plan as shall be determined by the Committee.

11. **Restricted Stock Awards**. Restricted stock awards under the Plan shall be in the form of Common Stock of the Company, restricted as to transfer and subject to forfeiture, and

shall be evidenced by restricted stock agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

(a) **Restriction Period.** Restricted Common Stock awarded pursuant to the Plan shall be subject to such terms, conditions, and restrictions, including without limitation: prohibitions against transfer, substantial risks of forfeiture, attainment of performance objectives and repurchase by the Company or right of first refusal, and for such period or periods as shall be determined by the Committee at the time of grant. The Committee shall have the power to permit in its discretion, an acceleration of the expiration of the applicable restriction period with respect to any part or all of the Common Stock awarded to a participant.

The performance objectives established by the Committee shall relate to corporate, division or unit performance, and may be established in terms of growth and gross revenue, earnings per share, ratio of earnings to shareholder's equity or to total assets, dividend payments and total shareholders' return. Multiple objectives may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

(b) **Restrictions Upon Transfer.** Common Stock awarded, and the right to vote such Common Stock and to receive dividends thereon, may not be sold, assigned, transferred, exchanged, pledged, hypothecated, or otherwise encumbered, except as herein provided, during the restriction period applicable to such Common Stock. Subject to the foregoing, and except as otherwise provided in the Plan or a restricted stock award agreement, the participant shall have all the other rights of a shareholder including, but not limited to, the right to receive dividends and the right to vote such Common Stock.

(c) **Certificates.** Each certificate issued in respect of Common Stock awarded to a participant shall be deposited with the Company, or its designee, and shall bear the following legend:

> "This certificate and the shares represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in the NiSource Inc. 1994 Long-Term Incentive Plan and an Agreement entered into by the registered owner. Release from such terms and conditions shall be obtained only in accordance with the provisions of the Plan and Agreement, a copy of each of which is on file in the office of the Secretary of said Company."

(d) **Lapse of Restrictions.** A restricted stock agreement shall specify the terms and conditions upon which any restrictions upon Common Stock awarded under the Plan shall lapse, as determined by the Committee. Upon the lapse of such

restrictions, Common Stock, free of the foregoing restrictive legend, shall be issued to the participant or his legal representative.

(e) **Termination Prior to Lapse of Restrictions.** In the event of a participant's termination of employment, other than due to death, Disability or retirement, prior to the lapse of restrictions applicable to any Common Stock awarded to such participant, all Common Stock as to which there still remains unlapsed restrictions shall be forfeited by such participant without payment of any consideration to the participant, and neither the participant nor any successors, heirs, assigns, or personal representatives of such participant shall thereafter have any further rights or interest in such Common Stock or certificates.

12. **Contingent Stock Awards.** Contingent stock awards under the Plan shall be in the form of the issuance of Common Stock of the Company following the lapse of restrictions applicable to such awards. Such awards shall be restricted as to transfer and subject to forfeiture, and shall be evidenced by contingent stock award agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

(a) **Restriction Period.** Contingent stock awards shall be subject to such terms, conditions and restrictions, including without limitations, prohibitions against transfer, substantial risk of forfeiture and attainment of performance objectives, and for such period or periods, as shall be determined by the Committee at the time of grant. The Committee shall have the power to permit in its discretion an acceleration of the expiration of the applicable restriction period with respect to any part or all of a contingent stock award.

The performance objectives established by the Committee shall relate to corporate, division or unit performance, and may be established in terms of growth and gross revenue, earnings per share, ratios of earnings to shareholders' equity or to total assets, dividend payments and total shareholders' return. Multiple objectives may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

(b) **Lapse of Restrictions.** A contingent stock award agreement shall specify the terms and conditions upon which any restrictions applicable to such award shall lapse as determined by the Committee. Upon lapse of such restrictions, Common Stock subject to such contingent stock award shall be issued to the participant or his legal representative. Such Common Stock, when issued to the participant or his legal representative, shall either be free of any restrictions, or shall be subject to such further restrictions, as the Committee shall determine. In the event that Common Stock issued pursuant to a contingent stock award are subject to further restrictions, the certificates issued in respect of the Common Stock awarded pursuant to the contingent stock award shall be deposited with the Company, or its designee, and shall bear the legend set forth in subsection 11(c) above. Upon

the lapse of such restrictions, Common Stock free of such restrictive legend shall be issued to the participant or his legal representative.

(c) **Termination Prior to Lapse of Restrictions**. Except as otherwise provided in any contingent stock award agreement, in the event of a participant's termination of employment, other than due to death, Disability or retirement, prior to the lapse of restrictions applicable to any contingent stock award granted to such participant, such award, and all Common Stock subject thereto as to which there still remain unlapsed restrictions, shall be forfeited by such participant without payment of any consideration to the participant and neither the participant nor any successors, heirs, assigns or personal representatives of such participant shall have any further rights or interests in such contingent stock awards or such Common Stock subject thereto.

13. **Fair Market Value**. The Fair Market Value of the Common Stock for purposes of the Plan shall be such amount set forth in an award agreement that complies with the definition of fair market value under Code Section 409A, and guidance and regulations thereunder. If no such amount is set forth in the award agreement, Fair Market Value shall be the average of the high and low prices on the New York Stock Exchange Composite Transactions on the date of grant or on any other applicable date.

14. **Dividend Equivalents**. From and after the date, if any, specified in an applicable incentive stock option agreement, stock appreciation right agreement not granted in connection with a stock option, performance unit award agreement or contingent stock award agreement, and except as otherwise provided in such agreement, the holder of such award shall receive a distribution of an amount equivalent to the dividends payable in cash or property (other than stock of the Company) that would have been payable to the holder with respect to the number of shares of Common Stock subject to such award, had the holder been the legal owner of such Common Stock on the applicable date on which such dividend is declared by the Company on Common Stock. Except as otherwise provided in any contingent stock award agreement, any such dividend equivalent payable in cash or property (other than stock of the Company) shall be payable directly to the holder of the applicable award at such time, in such form, and upon such terms and conditions, as are applicable to the actual cash or property dividend actually declared with respect to Common Stock. Except as otherwise provided in any contingent stock award agreement, any participant entitled to receive a cash dividend equivalent pursuant to his applicable award agreement may, by written election filed with the Company, at least ten days prior to the date for payment of such dividend equivalent, elect to have such dividend equivalent credited to an account maintained for his benefit under a dividend reinvestment plan maintained by the Company. Appropriate adjustments with respect to awards shall be made to give effect to the payment of stock dividends as set forth in subsection 3(b) above.

15. **General Restrictions**. Each award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Common Stock subject or related thereto upon any securities

exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, or (iii) an agreement by the recipient of an award with respect to the disposition of Common Stock is necessary or desirable as a condition of, or in connection with, the granting of such award or the issue or purchase of Common Stock thereunder, such award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained, free of any conditions not acceptable to the Committee.

16. **Rights as a Shareholder**. The recipient of any award under the Plan, unless otherwise provided by the Plan, shall have no rights as a shareholder with respect thereto unless and until certificates for Common Stock are issued to the recipient.

17. **Employment Rights**. Nothing in the Plan or in any agreement entered into pursuant to the Plan shall confer upon any participant the right to continue in employment with the Company or affect any right which his employer or the Company may have to terminate the employment of such participant. For purposes of the Plan, termination of employment shall be deemed to occur on the date the recipient of an award last performed services for the Company or his employer affiliated with the Company and shall not be deemed to include any period during which the recipient is entitled to receive severance pay from the Company or any such affiliate.

18. **Tax Withholding**. Whenever the Company proposes or is required to issue or transfer Common Stock to a participant under the Plan, the Company shall have the right to require the participant to remit to the Company an amount sufficient to satisfy all federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Common Stock. If such certificates have been delivered prior to the time a withholding obligation arises, the Company shall have the right to require the participant to remit to the Company an amount sufficient to satisfy all federal, state or local withholding tax requirements at the time such obligation arises and to withhold from other amounts payable to the participant, as compensation or otherwise, as necessary. Whenever payments under the Plan are to be made to a participant in cash, such payment shall be net of any amount sufficient to satisfy all federal, state and local withholding tax requirements. In lieu of requiring a participant to make a payment to the Company in an amount related to the withholding tax requirement, the Committee may, in its discretion, provide that, at the participant's election, the tax withholding obligation shall be satisfied by the Company's withholding a portion of the Common Stock otherwise distributable to the participant, such Common Stock being valued at its Fair Market Value at the date of exercise, or by the participant's delivering to the Company a portion of the Common Stock previously delivered by the Company, such Common Stock being valued at its Fair Market Value as of the date of delivery of such Common Stock by the participant to the Company. For this purpose, the amount of required withholding shall be a specified rate not less than the statutory minimum federal, state and local (if any) withholding rate, and not greater than the maximum federal, state and local (if any) marginal tax rate applicable to the participant and to the particular transaction. Notwithstanding any provision of the Plan to the contrary, a participant's election pursuant to the preceding sentences (a) must be made on or prior to the date as of

which income is realized by the recipient in connection with the particular transaction, and (b) must be irrevocable. In lieu of a separate election on each effective date of each transaction, a participant may file a blanket election with the Committee, which shall govern all future transactions until revoked by the participant.

19. Change in Control.

(a) **Effect of Change in Control.** Notwithstanding any of the provisions of the Plan or any agreement evidencing awards granted hereunder, upon a Change in Control of the Company (as defined in subsection 19(b)), all outstanding awards shall become fully exercisable and all restrictions thereon shall terminate in order that participants may fully realize the benefits thereunder. Further, the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any award, either at the time such award is granted hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the exercise of any such award for an amount of cash equal to the difference between the exercise price and the then Fair Market Value of the Common Stock covered thereby had such award been currently exercisable; (ii) make such adjustment to any such award then outstanding as the Committee deems appropriate to reflect such Change in Control; or (iii) cause any such award then outstanding to be assumed, by the acquiring or surviving corporation, after such Change in Control.

(b) **Definition of Change in Control.** A "Change in Control" shall be deemed to take place on the occurrence of either a "Change in Ownership," "Change in Effective Control" or a "Change of Ownership of a Substantial Portion of Assets," as defined below:

(i) Change in Ownership. A Change in Ownership of the Company occurs on the date that any one person, or more than one Person Acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Ownership of the Company, as applicable (or to cause a Change in Effective Control of the Company). An increase in the percentage of stock owned by any one person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property shall be treated as an acquisition of stock. This paragraph (i) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

(ii) Change in Effective Control. A Change in Effective Control of the Company occurs on the date that either —

(1) Any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company; or

(2) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election,

In the absence of an event described in paragraph (1) or (2), a Change in Effective Control of the Company shall not have occurred.

Acquisition of additional control. If any one person, or more than one Person Acting as a Group, is considered to effectively control the Company, the acquisition of additional control of the Company by the same person or persons is not considered to cause a Change in Effective Control of the Company (or to cause a Change in Ownership of the Company).

(iii) Change of Ownership of a Substantial Portion of Assets. A Change of Ownership of a Substantial Portion of Assets occurs on the date that any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Transfers to a related person. There is no Change in Control when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a Change of Ownership of a Substantial Portion of Assets if the assets are transferred to —

(1) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(2) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(3) A person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(4) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (3).

A person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a Change of Ownership of a Substantial Portion of Assets of the Company.

(iv) Persons Acting as a Group. Persons shall not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering. However, persons shall be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

20. Disability. A participant has a "Disability" or becomes "Disabled" when he or she has a condition that (a) causes the participant to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) causes the participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its subsidiaries or affiliates or (c) causes the participant to be eligible to receive Social Security disability payments. The Committee, in its sole discretion, shall determine the date of any Disability.

21. Amendment or Termination. The Board or the Committee may at any time terminate, suspend or amend the Plan without the authorization of shareholders to the extent allowed by law, including without limitation any rules issued by the Securities and Exchange Commission under Section 16 of the 1934 Act, insofar as shareholder approval thereof is required in order for the Plan to continue to satisfy the requirements of Rule 16b-3 under the 1934 Act, or the rules of any applicable stock exchange. No

termination, suspension or amendment of the Plan shall adversely affect any right acquired by any participant under an award granted before the date of such termination, suspension or amendment, unless such participant shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization as provided for herein does not adversely affect any such right. Subject to the preceding sentence, the Plan as amended and restated effective January 1, 2005, shall apply to all awards at any time granted hereunder.

22. **Effect on Other Plans**. Unless otherwise specifically provided, participation in the Plan shall not preclude an employee's eligibility to participate in any other benefit or incentive plan and any awards made pursuant to the Plan shall not be considered as compensation in determining the benefits provided under any other plan.

23. **Assumption of Options**. Pursuant to the terms of Section 5.22 of the Amended and Restated Agreement and Plan of Merger by and among the Company, Acquisition Gas Company, Inc., a wholly owned subsidiary of the Company, and Bay State Gas Company ("Bay State"), dated as of December 18, 1997 and amended and restated as of March 4, 1998 and further amended as of November 16, 1998 (as may be further amended, restated or supplemented, the "Agreement"), and at the Effective Time defined in the Agreement, each outstanding stock option issued under the Bay State Gas Company 1989 Key Employee Stock Option Plan ("Bay State Stock Option Plan"), shall be assumed by the Company. Each such stock option ("Assumed Option") shall be deemed to constitute an option to acquire Common Stock in an amount and at a purchase price determined pursuant to Section 5.22 of the Agreement. Each Assumed Option shall be subject to all of the terms and conditions applicable to options granted under the Plan. Notwithstanding the preceding sentence:

    (a) if the employment of the holder of an Assumed Option with the Company and its subsidiaries terminates for any reason other than death, Disability, retirement or Cause, he, or his legal representatives or beneficiary, may exercise the Assumed Option at any time within three months immediately following such termination of employment, but not later than the expiration of the term of such Assumed Option;

    (b) if the holder of an Assumed Option that is a non-qualified stock option terminates employment with the Company and its subsidiaries because of death, Disability or retirement, he, or his legal representatives or beneficiary, may exercise the Assumed Option at any time during the term of such Assumed Option to the extent he was entitled to exercise it at the date of death, Disability or retirement;

    (c) if the holder of an Assumed Option that is an incentive stock option terminates employment with the Company and its subsidiaries because of death, his legal representatives or beneficiary may exercise the Assumed Option at any time during the term of such Assumed Option to the extent he was entitled to exercise it at the date of death;

(d) if the holder of an Assumed Option that is an incentive stock option terminates employment with the Company and its subsidiaries because of Disability or retirement, he, or his legal representatives or beneficiary, may exercise the Assumed Option at any time within three months immediately following such termination of employment, but not later than the expiration of the term of such Assumed Option;

(e) if the employment of the holder of an Assumed Option with the Company and its subsidiaries terminates for Cause, the Assumed Option shall expire as of the date of such termination of employment.

For purposes of this Section, "Cause" shall have the same meaning as defined in the holder's severance agreement with the Company or any of its subsidiaries in effect on the date of termination of employment. If the holder has not entered into a severance agreement with the Company or any subsidiary that is in effect on the date of termination of employment, or if the term "Cause" is not defined therein, Cause shall mean the holder's conviction for the commission of a felony, or the holder's fraud or dishonesty which has resulted in or is likely to result in material economic damage to the Company or any subsidiary.

Each Assumed Option shall be evidenced by an amended and restated stock option agreement entered into as of the Effective Time by and among the Company, Bay State and the applicable optionee.

24. Duration of the Plan. The Plan shall remain in effect until all awards under the Plan have been satisfied by the issuance of Common Stock or the payment of cash, but no award shall be granted more than ten years after the date the Plan, as amended and restated effective January 1, 2005, was approved by the shareholders, which shall be its effective date of adoption.

IN WITNESS WHEREOF, the Company has caused this Amendment and Restatement to be executed on its behalf by its officer duly authorized, on this 2nd day of December, 2005.

NISOURCE INC.

By: /s/ Michael W. O'Donnell
Michael W. O'Donnell

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED

2010 Omnibus Incentive Plan

NiSource Inc.

8,000,000 shares of common stock

NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
(877) 647-5990

We are offering a maximum of 8,000,000 shares of our common stock issuable in connection with awards granted under our 2010 Omnibus Incentive Plan, which we refer to as the Plan. The Plan permits the granting of options, stock appreciation rights (SARs), restricted stock, restricted stock units, performance shares, performance units, dividend equivalents, and other stock-based awards.

Awards may be granted under the Plan to employees and non-employee directors of NiSource Inc. and its affiliates, which we refer to collectively as the Company. We have attached a copy of the Plan to this prospectus as Exhibit A.

Participants who purchase or receive shares under the Plan may sell them on the New York Stock Exchange at prevailing market prices with normal brokerage commissions. Directors and officers who are "affiliates" of our Company, however, may only resell such shares:

- by filing an effective registration statement with the Securities and Exchange Commission;

  or

- by qualifying under an exemption from the registration requirements of Section 5 of the Securities Act of 1933 (such as Rule 144).

Our common stock is listed on the New York Stock Exchange under the symbol "NI."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 17, 2010

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Exhibit A – NiSource Inc. 2010 Omnibus Incentive Plan A-1

Unless otherwise specified, the information in this prospectus is set forth as of May 17, 2010, and we anticipate that changes will occur in our affairs after such date. We have not authorized any person to give any information or to make any representations, other than as contained in this prospectus, in connection with the offer contained in this prospectus. If any person gives you any information or makes representations concerning this offer, do not rely on it as information that we have authorized. This prospectus is not an offer to sell our common stock in any state or other jurisdiction to any person to whom it is unlawful to make such an offer.

Available Information

We must comply with the informational requirements of the Securities Exchange Act of 1934, and its rules and regulations, which we refer to as the Exchange Act. Therefore, we must file reports, proxy statements, and other information with the Securities and Exchange Commission. You can read and copy our reports and information at:

SEC Public Reference Room
100 F Street, N.E.
Washington, D.C. 20549

You can obtain information on the operation of the Commission's Public Reference Room by calling the Commission at 1-800-732-0330. You may also obtain copies of our materials by mail at prescribed rates from the Commission's Public Reference Room at the address stated above.

The Commission also maintains a website that contains reports, proxy statements, and other information regarding issuers, such as us, that file electronically with the Commission. The address of this website is:

http://www.sec.gov

Because our common stock is listed on the New York Stock Exchange, you can also obtain information about us at the offices of the New York Stock Exchange located at:

NYSE Euronext
11 Wall Street
New York, NY 10005

This prospectus does not contain all of the information set forth in the Form S-8 Registration Statement that we have filed with the Commission. You should review the registration statement and its exhibits for further information. In addition, statements that we make in this prospectus about any document filed as an exhibit are not necessarily complete. In each instance, you should refer to the exhibit directly.

This prospectus also incorporates important business and financial information about our company that we have not included in or delivered with this prospectus. You may obtain this information without charge by writing or telephoning us at the following address:

NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Gary W. Pottorff, Secretary
Telephone No.: (877) 647-5990

Incorporation of Certain Documents by Reference

The Commission allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to other documents. The information we incorporate by reference is an important part of this prospectus, and later information that we file with the Commission automatically will update and supersede this information.

We incorporate by reference into this prospectus the following documents and information filed with the Commission:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2009, filed February 26, 2010.

- All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by our latest Annual Report on Form 10-K.

- The description of our Common Stock set forth under the caption "Description of Capital Stock" contained in our Amendment No. 1 to Registration Statement on Form S-4, filed on April 24, 2000 (File No. 333-33896-01), together with any amendment or report filed with the Commission for the purposes of updating such description.

We also incorporate by reference any future filings that we make with the Commission under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of this prospectus and before the filing of a post-effective amendment (which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold). Such documents are a part of this prospectus from the date of its filing.

Introduction

What does the Plan involve?

This prospectus relates to 8,000,000 shares of our common stock issuable in connection with awards granted or to be granted under the Plan. The Plan provides for the issuance of the following types of awards:

- incentive stock options (ISOs);
- non-qualified stock options (NSOs);
- SARs;
- restricted stock;
- restricted stock units;
- performance shares;
- performance units;
- dividend equivalents; and
- other stock-based awards.

Shares of common stock issued pursuant to awards granted under the Plan may be either:

- authorized and unissued shares;
- treasury shares; or
- shares acquired on the open market.

All shares of our common stock issued under the Plan, after they are issued and paid for, will be fully paid and nonassessable.

You should refer to the appropriate section below for further information about each type of award.

What is the Plan's purpose?

The Plan is designed to promote the achievement of both our short-term and long-terms objectives by:

- aligning compensation of participants with the interests of our stockholders;
- enhancing the interest of participants in our growth and success; and
- attracting and retaining participants of outstanding competence.

Who administers the Plan?

The Officer Nomination and Compensation Committee of our Board of Directors, which we refer to as the Committee, administers the Plan. Two or more members of the Committee must qualify as non-employee directors under the Exchange Act and as outside directors under the Internal Revenue Code. Subject to the Plan's provisions, the Committee has sole authority to:

- determine the persons to whom, and the time or times at which, awards shall be granted and the number of shares to be subject to each award;
- determine the type of award granted;
- determine the fair market value of shares or property where applicable;
- determine the terms, conditions and restrictions applicable to each award and any shares acquired pursuant thereto;
- determine how an award will be settled, as provided under an award agreement;
- approve one or more forms of award agreement;
- amend, modify, extend, cancel, or renew any award or to waive any restrictions or conditions applicable to any award or any shares acquired upon the exercise thereof;
- accelerate, continue, extend, or defer the exercisability of any awards or the vesting of any shares acquired upon the exercise thereof;
- to prescribe, amend, or rescind rules, guidelines, and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternate versions of, the plan; and
- correct any defect, supply any omission or reconcile any inconsistency in the plan or

any award agreement, and to make all other determinations and take such other action with respect to the Plan or any award as the Committee may deem advisable to the extent not inconsistent with the provisions of the plan and applicable law.

The Committee generally may delegate its authority under the Plan to one or more officers or directors of our Company. Only the Committee, however, can grant awards to participants who are executive officers or "covered officers" under the Internal Revenue Code.

Who is eligible to receive awards under the Plan?

Employees and non-employee directors of the Company are eligible to receive awards under the Plan.

We estimate that there are approximately 7,600 persons eligible to receive awards under the Plan; however, at this time, we cannot determine the actual number of employees who will receive awards under the Plan because eligibility is at the Committee's discretion.

Subject to adjustments, the maximum aggregate face value that may be covered by each type of award granted in any one fiscal year to a participant is as follows: options – $12,000,000; stock appreciation rights – $12,000,000; restricted stock and restricted stock units – $7,000,000; performance shares – $10,000,000; performance units – $10,000,000; and other stock-based awards – $10,000,000.

How did the Plan become effective?

Our Board of Directors adopted the Plan, effective on March 22, 2010, subject to ratification by our stockholders. Our stockholders approved the Plan on May 11, 2010, at our annual stockholders meeting.

Can I transfer my award?

Generally, no award is transferable by a participant other than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order.

Subject to Committee approval, a participant may transfer non-qualified stock options or SARs to the participant's spouse or lineal descendant (or a trustee of a trust for the primary benefit of such spouse or lineal descendant), or a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3). The transferee will be subject to the same terms and conditions of the Plan as the participant.

A participant may designate a beneficiary to receive the participant's outstanding award following the death of the participant.

Are there any circumstances under which I would have to forfeit my award?

Yes, the Committee may specify in an award agreement the vesting, forfeiture, and other conditions applicable to an award and the provisions governing the disposition of an award in the event of a participant's termination of employment. The Committee may provide for the earlier exercise of an award in the event of a change in control or similar event.

Can NiSource change or terminate the Plan?

The Plan will terminate on May 11, 2020, although awards granted before the Plan terminates will continue through the expiration dates specified in the award agreement. Except to the extent that stockholder approval is required to satisfy applicable laws or stock exchange requirements, the Committee or Board generally may amend, suspend or terminate the Plan, or any part of the Plan, at any time for any reason without stockholder approval. No termination, suspension or amendment of the Plan will adversely affect any right acquired by any participant under an award granted under the Plan before the date of such termination, suspension, or amendment, unless the participant so consents.

Awards Available Under the Plan

Restricted Stock Awards

The Plan permits the award of shares of common stock that are subject to specific restrictions and conditions. Such restricted stock may be awarded to participants under the Plan. Each restricted stock award will be evidenced by an award document that contains the material terms and conditions of the restricted stock.

The Committee has complete discretion to determine the terms and conditions of the restricted stock award, including the:

- number of shares granted;
- types of restrictions; and
- restricted period.

The Committee may impose restrictions on shares of restricted stock as it deems appropriate, including continued service of the participant, achievement of specific performance incentives, time-based restrictions on vesting following the attainment of performance goals, restrictions under applicable federal or state securities laws, or any other conditions that it determines.

Except to the extent restricted under the terms of the Plan and any award document relating to the restricted stock, a participant granted restricted stock shall have all of the rights of a stockholder, including the right to vote the restricted stock and the right to receive dividends thereon.

The Committee may also evidence the restricted stock in the form of share certificates. If certificates representing restricted stock are registered in the name of the participant, such certificates will bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such restricted stock. The Company will retain physical possession of the certificates for the account of the participant.

Restricted Stock Units

Each restricted stock unit award will be evidenced by an award document that contains the material terms and conditions of the restricted stock units.

The Committee shall have complete discretion to determine the terms and conditions of the restricted stock unit award, including the:

- number of units granted;
- types of restrictions; and
- restriction period.

Restricted stock units may be satisfied by the delivery of:

- cash;
- common stock; or
- a combination thereof as determined by the Committee.

Stock Options

Each option award will be evidenced by an award document that contains the material terms and conditions of the stock option, including the:

- exercise price;
- expiration date;
- whether it is an ISO or NSO;
- conditions to exercise; and
- number of shares to which the stock option pertains.

Under the Plan and at the discretion of the Committee, ISOs may be granted to employees of the Company who meet the definition of "employee" for purposes of Treasury Regulation 1.421-1(h).

For each stock option awarded, the Committee has sole authority to determine the:

- exercise price per share of stock purchasable under the option so long as the exercise price is not less than the fair market value of the our shares of common stock on the grant date;
- method by which the exercise price may be paid and the form of such payment, which shall be made in cash, by cashless exercise, by withholding award shares equal to the exercise price, in shares of common stock, by a combination of such methods of payment, or such other method as may be approved by the Committee;
- term of each stock option so long as the term does not exceed a period of 10 years from the date of grant;
- time or times at which, or the circumstances under which, the stock option may be exercised in whole or in part; and
- method by or form in which the stock will be delivered in satisfaction of the option.

For information about the tax aspects of stock options granted under the Plan, you should refer to the section of this prospectus entitled "Federal Income Tax Consequences." Unless otherwise indicated, the descriptions of stock options issuable under the Plan apply to both ISOs and NSOs.

Stock Appreciation Rights (SARs)

Each SAR award will be evidenced by an award document that contains the material terms and conditions of the SAR, including the:

- grant price;
- expiration date;
- conditions to exercise; and
- number of shares to which the SAR pertains.

The Committee has complete discretion to determine the terms and conditions of the SAR award, including the:

- type of SAR (freestanding, tandem or combination);
- grant price of the SAR;
- term of each SAR, which will not exceed a period of 10 years from the date of grant;
- time or times at which, or the circumstances under which, the SAR may be exercised in whole or in part;
- method of exercise;
- method of settlement and form of consideration payable in settlement; and
- method by or form in which the stock will be delivered in satisfaction of the SAR.

Upon exercising the SAR, we will pay the participant an amount equal to the excess of the fair market value of one share of common stock on the date of exercise over:

- the option price per share specified in the related stock option in the case of tandem SARs, which price shall be fixed no later than the date of grant of the tandem SAR, which shall not be less than the fair market value of one share of common stock on the date of grant of the related option,

or

- the price per share specified in the related award document in the case of freestanding SARs, which price shall be fixed at the date of grant and shall be not less than the fair market value of one share of our common stock on the date of grant,

multiplied by the number of shares of our common stock in respect of which the SAR has been exercised.

Each SAR granted under the Plan shall expire upon the termination date determined by the Committee and set forth in the award document.

Performance Shares

Each performance share award will be evidenced by an award document that contains the material terms and condition of the performance share, including the:

- performance period; and
- number of shares subject to the award that are to be delivered upon satisfaction of the performance targets by the expiration of the performance period.

The Committee has complete discretion to determine the performance period and the performance goals. Following the conclusion of each performance period, the Committee shall determine the extent to which performance goals have been attained for such period as well as other terms and conditions set forth by the Committee. The Committee shall determine the amount of shares, if any, to be delivered to a participant in satisfaction of an award.

Performance Units

Each performance unit award will be evidenced by an award document that contains the material terms and condition of the performance unit, including the:

- performance period;

- performance goals;
- conditions to exercise; and
- time of payment;

The Committee may determine at or after the time of grant whether performance units will be paid in cash, shares of common stock, or a combination of both.

Dividend Equivalents

The Plan permits the granting of dividend equivalents to participants; however, no dividend equivalents may be granted with respect to any options or SARs. A dividend equivalent is a right, granted under the Plan, to receive cash, stock, or a combination of both, equal in value to all or a specified portion of the dividends paid with respect to a specified number of shares of stock. The dividend equivalents may be granted on a free-standing basis or in connection with another award.

The Committee may provide that the dividend:

- shall be paid or distributed when accrued; or
- shall be deemed to have been reinvested in additional common stock, awards, or other investment vehicles as the Committee may specify.

Dividend equivalents may be subject to the same terms and conditions as any award granted in connection therewith or to such other terms and conditions as the Committee specifies in connection with the granting of the dividend equivalents. With respect to awards that have performance goals, dividend equivalents will only be paid upon the achievement of the respective performance goals.

Other Stock-Based Awards

The Committee may from time to grant shares and other awards under the Plan that are valued in whole or in part by reference to, or are otherwise based upon and/or payable in shares. The Committee, in its sole discretion, shall determine the terms and conditions of such awards, which shall be consistent with the terms and purposes of the Plan.

ERISA

Is the Plan subject to ERISA?

The Plan is not the type of plan covered by Section 401(a) of the Internal Revenue Code, and, therefore, is not qualified under that section. The Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974.

Federal Income Tax Consequences

What are the material federal income tax consequences of the Plan?

As explained below, each type of award has different federal income tax consequences. In addition to these, a participant may also be subject to foreign, state and local income or other tax consequences in the jurisdiction in which the participant works and/or resides. You should consult with your own personal tax advisor to determine the specific tax consequences of your participation in the Plan.

Stock Options

The Plan allows the grant of incentive stock options (ISOs) and non-qualified stock options (NSOs). Generally, no income is recognized when either type of stock option is granted to the participant, but the subsequent tax treatment differs widely.

Non-Qualified Stock Options (NSOs)

Generally, if a participant exercises a NSO, the excess of the fair market value of the shares on the date of exercise over the stock option price is ordinary income to the participant at the time of the exercise. The tax basis for the shares purchased is their fair market value on the date of exercise. Any gain or loss that the participant realizes from a later sale of the shares for an amount in excess of or less than the tax basis of the shares will be taxed as capital gain or loss, respectively. The character of the gain or loss (short-term or long-term) will depend upon how long the participant held the shares since exercise.

Incentive Stock Options (ISOs)

Generally, a participant will recognize no regular taxable income upon exercising an incentive stock option. The tax basis of the shares acquired will be

the exercise price. To receive this favorable treatment, the participant must not dispose of the shares that he or she acquires by exercising an incentive stock option within two years after the date the stock option was granted, nor within one year after the exercise date (the "Holding Periods").

If the participant disposes of the shares before the end of the Holding Periods, the Participant will be required to recognize gain that is taxable as ordinary income. The amount of that gain equals the lesser of:

- the difference between the fair market value on the exercise date and the stock option price; or
- the difference between the sale price and the stock option price on the date of sale.

The balance, if any, will be taxed as short-term or long-term capital gain, depending upon how long the participant held the shares.

If the participant meets the Holding Periods, all gain or loss that he or she realizes upon a later sale of the shares for an amount in excess of or less than their tax basis will be taxed as a capital gain or loss.

ISOs and Alternative Minimum Tax

For determining a participant's alternative minimum taxable income subject to the alternative minimum tax, a participant's exercise of an incentive stock option will result in the recognition of alternative minimum taxable income at the time of the exercise of the stock option in an amount equal to the excess of the fair market value of the shares on the exercise date over the stock option price. In general, the alternative minimum tax is paid only to the extent it exceeds an individual's regular tax.

Exercise with Previously-Owned Shares

A participant may exercise a stock option granted under the Plan by payment either in cash or, with the Committee's approval, among other options, in previously-owned shares of our common stock at their then fair market value, or by a combination of both of these methods. When a participant uses previously-owned shares ("Old Shares") to purchase shares ("New Shares") upon the exercise of an ISO or NSO, he or she recognizes no gain or loss to the extent that the total value of the Old Shares surrendered does not exceed the total value of all of the New Shares received.

If, as would usually be the case, the value of the New Shares exceeds the value of the Old Shares, the excess amount is not regular taxable income to the participant if:

- the stock option exercised is an ISO; and
- the participant has met the Holding Periods discussed above for the Old Shares at the time of exercise.

In this instance, the New Shares would also be subject to the Holding Periods discussed above. On the other hand, if the stock option exercised is a non-qualified stock option, the excess amount is taxable as ordinary income.

Stock Appreciation Rights

Generally, there will be no federal income tax consequences to either the participant or our Company upon the grant of a tandem or free-standing SAR. The participant, however, generally must recognize ordinary income upon the exercise or surrender of a SAR in an amount equal to the fair market value (on the date of exercise) of the shares exercised, less the exercise price (if any). Any gain or loss recognized upon any later sale or other disposition of the acquired shares generally will be a capital gain or loss.

Restricted Stock

Unless a participant makes an election to accelerate recognition of the income to the date of grant (as described below), the participant will not recognize income at the time a restricted stock award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock as of that date (less any amount paid for the stock). Any gain or loss recognized upon any later sale or other disposition of the shares generally will be a capital gain or loss.

Restricted Stock Units

In general, a participant who is awarded restricted stock units will not recognize ordinary income upon grant of the restricted stock units. In general, upon receipt of payment for an award of restricted stock units in shares or cash, a participant will recognize ordinary income equal to the fair market value of the shares or the amount of cash received. However, in general, if any awards used to

pay out restricted stock units are nontransferable and subject to a substantial risk of forfeiture, the taxable event is deferred until either the restriction on transferability or the risk of forfeiture lapses.

Performance Shares, Performance Units, Dividend Equivalents and Other Stock-Based Awards

Generally, a participant will recognize ordinary income at the time performance shares, performance units, dividend equivalents and other stock based awards are paid, equal to the fair market value of such payment, unless such awards are subject to a substantial risk of forfeiture and are nontransferable. If the award is nontransferable and subject to a substantial risk of forfeiture, the taxable event is deferred until either the restriction on transferability or the risk of forfeiture lapses.

Section 83(b) Election for Certain Restricted Awards

A participant who receives stock or other property with respect to an award under which such stock or other property is both nontransferable and subject to a substantial risk of forfeiture, may, to the extent permitted under the Plan, file an election under Section 83(b) of the Code within 30 days of the date of grant. Upon such election, the participant will recognize ordinary income as of the date of grant equal to the fair market value of the stock or other property as of that date (less any amount paid for the stock or other property).

Any future gain or loss realized upon the later sale of stock or other property will be taxable to the participant at capital gains rates. If the underlying stock or other property is later forfeited, the participant will not be able to recover the tax previously paid pursuant to a Section 83(b) election.

Company Tax Deduction

Generally, we will be entitled to a tax deduction for an award made under the Plan to the extent that:

- the participant recognizes ordinary income from the award; and
- we have complied with any necessary withholding and reporting requirements.

Section 162(m) of the Internal Revenue Code contains special rules regarding the federal income tax deductibility of compensation paid to our Chief Executive Officer and to each of the other three most highly compensated executive officers not including the Chief Financial Officer. The general rule is that compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1,000,000 or qualifies as "performance-based" compensation under Section 162(m) of the Internal Revenue Code. We have designed the Plan so that awards to designated covered officers are intended to qualify as performance-based compensation under Section 162(m) of the Code; however, the Committee reserves the right to grant awards that are not so qualified and therefore would be subject to the overall $1,000,000 limitation on the deductibility of nonperformance-based compensation.

Withholding

Awards may be subject to federal, state and local withholding tax and any other tax obligations. The Plan authorizes us to take such action as we deem advisable to satisfy such tax obligations, which includes the authority to withhold or receive stock or other property and to make cash payments in satisfaction of any withholding tax obligations, either on a mandatory or elective basis in the discretion of the Committee, or in satisfaction of any other tax obligations. In general, only the minimum amount of stock deliverable in connection with an award necessary to satisfy statutory withholding requirements will be withheld.

Section 409A of the Code: Nonqualified Deferred Compensation

Section 409A of the Code provides that covered amounts deferred under a nonqualified deferred compensation plan are includable in the participant's gross income to the extent not subject to a substantial risk of forfeiture and not previously included in income, unless certain requirements are met, including limitations on the timing of deferral elections and events that may trigger the distribution of deferred amounts. If an award either satisfies the requirements imposed by Section 409A of the Code or qualifies for an exception from coverage under Section 409A of the Code, then the tax consequences described previously will continue to apply. If an award is subject to Section 409A of the Code and does not comply with Section 409A of the Code requirements, then amounts deferred in the current year and in previous years will become subject to immediate taxation to the participant, and the participant will be required to pay a penalty equal to interest at the underpayment rate plus 1% on the tax

that should have been paid on the amount of the original deferral and any related earnings, and in addition to any regular tax, an excise tax equal to 20% of the original deferral and any earnings credited on the deferral.

The Committee has retained the right to issue awards that are subject to Section 409A of the Internal Revenue Code, including stock options, SARs, restricted stock units, performance shares, and performance units. However, the Plan provides that any such awards shall be limited by their respective terms that are permitted under Section 409A, and any terms not permitted under Section 409A will have no force or effect until modified and limited to the extent necessary to conform with Section 409A (which amendment may be retroactive to the extent permitted by Section 409A and may be made by the Company without the consent of Plan participants). Therefore, the taxation of awards should continue to be determined as discussed under each award identified above.

Other Tax Considerations

We do not intend this discussion to be a complete explanation of all of the federal income tax consequences of participating in the Plan. If you are participating in the Plan, you should consult your personal tax advisor to determine the particular tax consequences of the Plan to you, including the application and effect of foreign, state and local taxes, and any changes in the tax laws from the date of this prospectus.

Exhibit A

NISOURCE INC.

2010 OMNIBUS INCENTIVE PLAN

NISOURCE INC.
2010 OMNIBUS INCENTIVE PLAN

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NISOURCE INC.
2010 Omnibus Incentive Plan

Article I
Establishment, Purpose, Duration

Section 1.1 **Establishment of the Plan.** NiSource Inc. (formerly NIPSCO Industries, Inc.) (the "Company") adopted the NIPSCO Industries, Inc. 1994 Long-Term Incentive Plan effective April 13, 1994, which was later amended and restated effective April 14, 1999, and renamed the NiSource Inc. 1994 Long-Term Incentive Plan (the "LTIP"). The LTIP has been amended from time to time, with the most recent amendment and restatement effective January 14, 2009.

In addition, the Company adopted the NiSource Inc. Nonemployee Director Stock Incentive Plan (formerly the NIPSCO Industries, Inc. Nonemployee Director Stock Incentive Plan), effective February 1, 1992, as amended effective December 16, 1997 and February 1, 1998 (the "Director Stock Plan"). The Company also adopted the NiSource Inc. Nonemployee Director Restricted Stock Unit Plan (formerly the NIPSCO Industries, Inc. Nonemployee Director Restricted Stock Unit Plan) effective January 1, 1999 (the "Director Stock Unit Plan"). The Company merged the Director Stock Plan and the Director Stock Unit Plan into a single document, effective July 1, 2002 (the "Director Incentive Plan"). The Director Incentive Plan has been amended from time to time, with the most recent amendment and restatement effective May 13, 2008.

Finally, the Company adopted the NiSource Inc. Corporate Incentive Plan (the "Corporate Incentive Plan") to provide annual cash awards to employees of the Company.

The Company now desires to replace the Prior Plans with one incentive plan document, to be called the NiSource Inc. 2010 Omnibus Incentive Plan. Each of the Prior Plans will continue to remain effective with respect to awards granted under each Prior Plan. Upon stockholder approval of this Plan, no new awards will be granted under the Prior Plans. New Awards will be granted under this Plan.

Section 1.2 **Purpose.** The Plan is designed to promote the achievement of both short-term and long-term objectives of the Company by (a) aligning compensation of Participants with the interests of Company stockholders, (b) enhancing the interest of Participants in the growth and success of the Company, and (c) attracting and retaining Participants of outstanding competence.

Section 1.3 **Effective Date and Duration.** This Plan, if approved by a majority of the votes cast by Company stockholders at the 2010 annual meeting shall become effective at such date. If such stockholder approval is not obtained, no Awards will be granted under this Plan. If approved, the Plan shall remain in effect, subject to the right of the Board or the Committee to amend and terminate the Plan at any time as provided in this Plan, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions. In no event, however, may an

Award be granted under the Plan more than ten years after the date the Plan was approved by the stockholders.

Article II
Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

Section 2.1 **162(m) Award.** "162(m) Award" means an Award that is intended to be deductible as "performance-based compensation" under Code Section 162(m).

Section 2.2 **1934 Act.** "1934 Act" means the Securities Exchange Act of 1934, as amended.

Section 2.3 **Affiliate.** "Affiliate" means any entity that is a Subsidiary or a parent corporation, as defined in Code Section 424(e), of the Company, or any other entity designated by the Committee as covered by the Plan in which the Company has, directly or indirectly, at least a 20% voting interest.

Section 2.4 **Award.** "Award" means any Option, SAR, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Cash-Based Award, or other Article XII stock-based award granted to a Participant under the Plan.

Section 2.5 **Award Agreement.** "Award Agreement" means a written or electronic statement or agreement prepared by the Company that sets forth the terms, conditions and restrictions applicable to Awards granted under the Plan.

Section 2.6 **Board or Board of Directors.** "Board" or "Board of Directors" means the Board of Directors of the Company.

Section 2.7 **Cash-Based Award.** "Cash-Based Award" means an Award granted to a Participant, as described in Article XI herein.

Section 2.8 **Cause.** "Cause," unless such term or an equivalent term is otherwise defined with respect to an Award by the Participant's Award Agreement, shall be as defined in any employment agreement between the Company and a Participant; provided however, that if there is no such employment agreement, "Cause" shall mean any of the following: (a) the Participant's conviction of any criminal violation involving dishonesty, fraud or breach of trust; (b) the Participant's willful engagement in any misconduct in the performance of his or her duty that materially injures the Company; (c) the Participant's performance of any act which would materially and adversely impact the business of the Company; or (d) the Participant's willful and substantial nonperformance of assigned duties. Notwithstanding the foregoing, the Committee shall have sole discretion with respect to the application of the provisions of subsections (a)-(d)

above, and such exercise of discretion shall be conclusive and binding upon the Participant and all other persons.

Section 2.9 **CEO.** "CEO" means the Chief Executive Officer of the Company.

Section 2.10 **CEO's Pool.** "CEO's Pool" means the portion of Shares available for Awards under this Plan that the Committee reserves for the CEO in accordance with Article IV of the Plan.

Section 2.11 **Change in Control.** "Change in Control" means the occurrence of either a "Change in Ownership," "Change in Effective Control" or a "Change of Ownership of a Substantial Portion of Assets," as defined below:

(a) Change in Ownership. A Change in Ownership of the Company occurs on the date that any one person, or more than one Person Acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Ownership of the Company (or to cause a Change in Effective Control of the Company). An increase in the percentage of stock owned by any one person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock. This subsection (a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

(b) Change in Effective Control. A Change in Effective Control of the Company occurs on the date that either –

(i) any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company; or

(ii) candidates are elected to the Board who were not recommended for election by the current Board, if such candidates constitute a majority of those elected in that particular election (for this purpose, recommended directors will not include any candidate who becomes a member of the Board as a result of an actual or threatened election contest or proxy or consent solicitation on behalf

of anyone other than the Board or as a result of any appointment, nomination, or other agreement intended to avoid or settle a contest or solicitation).

In the absence of an event described in paragraph (i) or (ii), a Change in Effective Control of the Company shall not have occurred.

(c) Acquisition of additional control. If any one person, or more than one Person Acting as a Group, is considered to effectively control the Company, the acquisition of additional control of the Company by the same person or persons is not considered to cause a Change in Effective Control of the Company (or to cause a Change in Ownership of the Company).

(d) Change of Ownership of a Substantial Portion of Assets. A Change of Ownership of a Substantial Portion of Assets occurs on the date that any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(e) Transfers to a related person. There is no Change in Control when there is a transfer to an entity that is controlled by the stockholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a Change of Ownership of a Substantial Portion of Assets if the assets are transferred to –

(i) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(iii) a person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (iii) next above.

A person's status is determined immediately after the transfer of assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the

transaction is not treated as a Change of Ownership of a Substantial Portion of Assets of the Company.

(f) Persons Acting as a Group. Persons shall not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such stockholder is considered to be acting as a group with other stockholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

Section 2.12 Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Section 2.13 Committee. "Committee" means the Officer Nomination and Compensation Committee of the Board of Directors, or such other committee as the Board shall appoint from time to time, which shall consist of two or more directors all of whom are intended to satisfy the requirements for an "outside director" under Code Section 162(m), a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, and an "independent director" under the rules of the New York Stock Exchange (or any other national securities exchange which is the principal exchange on which the Shares may then be traded); provided, however, that as to any Award intended to be a 162(m) Award, if any member of the Officer Nomination and Compensation Committee shall not satisfy such "outside director" requirements, "Committee" means a subcommittee (of two or more persons) of the Officer Nomination and Compensation Committee consisting of all members thereof who satisfy such "outside director" requirement; and further provided that any action taken by the Committee shall be valid and effective whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership specified above.

Section 2.14 Company. "Company" means NiSource Inc., a Delaware corporation, or any successor thereto.

Section 2.15 Corporate Incentive Plan. "Corporate Incentive Plan" means the NiSource Inc. Corporate Incentive Plan, as described in Article I.

Section 2.16 Covered Officer. "Covered Officer" means a Participant who, in the sole judgment of the Committee, may be treated as a "covered employee" under Code Section 162(m) at the time income is recognized by such Participant in connection with an Award that is intended to qualify as a 162(m) Award.

Section 2.17 Director Incentive Plan. "Director Incentive Plan" means the single plan document resulting from the merger of the Director Stock Plan and the Director Stock Unit Plan, effective July 1, 2002, as described in Article I.

Section 2.18 Director Stock Plan. "Director Stock Plan" means NiSource Inc. Nonemployee Director Stock Incentive Plan, as described in Article I.

Section 2.19 Director Stock Unit Plan. "Director Stock Unit Plan" means the NiSource Inc. Nonemployee Director Restricted Stock Unit Plan, as described in Article I.

Section 2.20 Disability or Disabled. "Disability" or "Disabled" means a condition that (a) causes the Participant to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) causes the Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its Affiliates or (c) causes the Participant to be eligible to receive Social Security disability payments. The Committee, in its sole discretion, shall determine the date of any Disability.

Section 2.21 Employee. "Employee" means any person who is an employee of the Company or any Affiliate; provided, however, that with respect to ISOs, "Employee" means any person who is considered an employee of the Company or any Affiliate for purposes of Treasury Regulation Section 1.421-1(h).

Section 2.22 Fair Market Value. "Fair Market Value" means, on any given date and as may be specified in an Award Agreement, (a) the closing sales price per share (or, if otherwise specified by the Committee, a price that is based on the opening, actual, high, low, or average sales prices per Share) of the Company's common stock as reported on the New York Stock Exchange or such other established securities market on which the Shares are traded, or, if there were no reported sales of Shares on such date, then, unless otherwise required under the Code, the business day immediately preceding such date; or (b) if (a) does not apply, the price that the Committee in good faith determines through any reasonable valuation method that a Share might change hands between a willing buyer and a willing seller, neither being under compulsion to buy or to sell and both having reasonable knowledge of the relevant facts. Notwithstanding the above, for purposes of broker-facilitated cashless exercises of Awards involving Shares under the Plan, "Fair Market Value" shall mean the real-time selling price of such Shares as reported by the broker facilitating such exercises.

Section 2.23 Grant Price. "Grant Price" means the price established at the time of grant of an SAR pursuant to Article VII (Stock Appreciation Rights), used to determine whether there is any payment due upon exercise of the SAR, which shall not be less than 100% of the Fair Market Value of the Shares at the time the SAR was granted.

Section 2.24 Incentive Stock Option or ISO. "Incentive Stock Option" or "ISO" means an Option that is an "incentive stock option" within the meaning of Code Section 422.

Section 2.25 LTIP. "LTIP" means the NiSource Inc. 1994 Long-Term Incentive Plan, as described in Article I.

Section 2.26 Nonemployee Director. "Nonemployee Director" means a member of the Board who is not an Employee.

Section 2.27 Nonqualified Stock Option or NQSO. "Nonqualified Stock Option" or "NQSO" means an option to purchase Shares that does not constitute an Incentive Stock Option under Code Section 422 (or any successor Code Section).

Section 2.28 Option. "Option" means a right to purchase Shares in accordance with the terms and conditions of the Plan.

Section 2.29 Option Exercise Price. "Option Exercise Price" means the price at which a Share may be purchased by a Participant pursuant to an Option.

Section 2.30 Participant. "Participant" means an Employee or Non-Employee Director who is selected to receive an Award or who has outstanding an outstanding Award granted under the Plan.

Section 2.31 Performance Measure. "Performance Measure" means one or more business criteria to be used by the Committee in establishing Performance Targets for 162(m) Awards under the Plan.

Section 2.32 Performance Shares. "Performance Shares" means an Award designated as Performance Shares and granted to a Participant in accordance with Article IX of the Plan.

Section 2.33 Performance Target. "Performance Target" means the specific, objective goal or goals that are timely set forth in writing by the Committee for grants of 162(m) Awards under the Plan with respect to any one or more Performance Measures.

Section 2.34 Performance Unit. "Performance Unit" means an Award designated as a Performance Unit and granted to a Participant in accordance with Article X of this Plan.

Section 2.35 Period of Restriction. "Period of Restriction" means the period during which the transfer of Shares underlying an Award is limited in some way, or the Shares are subject to a substantial risk of forfeiture.

Section 2.36 Plan. "Plan" means the NiSource Inc. 2010 Omnibus Incentive Plan, as may be amended from time to time.

Section 2.37 Prior Plans. "Prior Plans" means the LTIP, Director Incentive Plan, and the Corporate Incentive Plan.

Section 2.38 Restricted Stock. "Restricted Stock" means an Award that is a grant of Shares delivered to a Participant, subject to restrictions described in Article VIII of this Plan.

Section 2.39 Restricted Stock Unit or RSU. "Restricted Stock Unit" or "RSU" means an Award that is subject to the restrictions described in Article VIII of this Plan and is a promise of the Company to deliver at the end of a Period of Restrictions (a) one Share for each RSU, (b) cash in an amount equal to the Fair Market Value of one Share for each RSU, or (c) a combination of (a) and (b), as determined by the Committee.

Section 2.40 Retirement. "Retirement" means, with respect to Employees, retirement as defined in the Company's tax-qualified pension plan, unless defined otherwise in an Award Agreement.

Section 2.41 Service. "Service" means a Participant's work for the Company or an Affiliate, either as an Employee or Non-Employee Director.

Section 2.42 Shares. "Shares" means the shares of common stock of the Company, $0.01 par value per share.

Section 2.43 Stock Appreciation Right or SAR. "Stock Appreciation Right" or "SAR" means an Award designated as an SAR in accordance with the terms of Article VII of the Plan.

Section 2.44 Subsidiary. "Subsidiary" means any corporation, partnership, joint venture, or other entity in which the Company has a majority voting interest; provided, however, that with respect to ISOs, the term "Subsidiary" shall include only an entity that qualifies under Code Section 424(f) as a "subsidiary corporation" with respect to the Company.

Section 2.45 Tandem SAR. "Tandem SAR" means a SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (with a similar cancellation of the Tandem SAR when a Share is purchased under the Option). Except for the medium of payment, the terms of a Tandem SAR shall be identical in all material respects to the terms of the related Option.

Article III
Administration

Section 3.1 Administration by the Committee. The Plan shall be administered by the Committee. All questions of interpretation of the Plan, of any Award Agreement or of any other form of agreement or other document employed by the Company in the administration of the Plan or of any Award shall be determined by the Committee, and such determinations shall be final, binding and conclusive upon all persons having an interest in the Plan or such Award, unless fraudulent or

made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or Award Agreement or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest therein. Notwithstanding the foregoing, the Board shall perform the functions of the Committee for purposes of granting Awards under the Plan to Nonemployee Directors.

Section 3.2 Powers of the Committee. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Committee shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of Shares to be subject to each Award;

(b) to determine the type of Award granted;

(c) to determine the Fair Market Value of Shares or other property where applicable;

(d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any Shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of Shares pursuant to any Award, (ii) the method of payment for Shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with Award, including by the withholding or delivery of Shares, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any Shares acquired pursuant thereto, (v) the time of the expiration of any Award, (vi) the effect of the Participants termination of Service on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to any Award or Shares acquired pursuant thereto not inconsistent with the terms of the Plan;

(e) to determine how an Award will be settled, as provided under an Award Agreement;

(f) to approve one or more forms of Award Agreement;

(g) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any Shares acquired upon the exercise thereof;

(h) to accelerate, continue, extend or defer the exercisability of any Award or the vesting of any Shares acquired upon the exercise thereof, including with respect to the period following a Participants termination of Service;

(i) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternative versions of, the Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the

laws or regulations of or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose citizens may be granted Awards; and

(j) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

Section 3.3 Action by the Committee. A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee, and the act of a majority of the members present at any meeting at which a quorum is present or the act approved in writing by a majority of all the members of the Committee shall be the act of the Committee. In the performance of their duties under this Plan, the Committee members shall be entitled to rely upon information and advice furnished by the Company's officers, employees, accountants or counsel, or any executive compensation consultant or other professional retained by the Company or the Committee to assist in the administration of this Plan.

Section 3.4 Indemnification. No member of the Board or of the Committee shall be liable for any action taken, or determination made, hereunder in good faith. Service on the Committee shall constitute service as a Nonemployee Director of the company so that members of the Committee shall be entitled to indemnification and reimbursement as Nonemployee Directors of the Company, pursuant to the Company's bylaws.

Article IV
Stock Subject to the Plan

Section 4.1 Aggregate Shares. Subject to adjustment as provided under the Plan, the total number of Shares that are available for Awards under the Plan shall not exceed in the aggregate 8,000,000 Shares, plus any Shares subject to outstanding awards granted under a Prior Plan and that expire or terminate for any reason shall be available under this Plan. Any of the authorized Shares may be used for any type of Award under the Plan, and any or all of 8,000,000 Shares may be allocated to Incentive Stock Options. Such Shares may be authorized and unissued Shares, treasury Shares, or Shares acquired on the open market.

Section 4.2 Individual Award Limitations. Subject to adjustments as provided in herein, the following rules shall apply to grants of Awards under the Plan to Participants:

(a) **Options**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the number of Options granted) that may be covered by Awards of Options granted in any one fiscal year to any one Participant shall be $12,000,000 per year.

(b) **SARs**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the number of SARs granted) that may be

covered by Awards of SARs granted in any one fiscal year to any one Participant shall be $12,000,000 per year.

(c) **Restricted Stock and Restricted Stock Units**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times either the number of Shares of Restricted Stock granted or number of Shares underlying the RSUs granted) that may be covered by Restricted Stock or Restricted Stock Unit Awards granted to any one Participant shall be $7,000,000 per year.

(d) **Performance Shares**: The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the maximum number of Shares that could be earned under the Award) that may be granted to any one Participant shall be $10,000,000 per year.

(e) **Performance Units**: The maximum aggregate payout (determined as of the end of the applicable performance period) with respect to Performance Units that may be granted to any one Participant shall be $10,000,000 per year.

(f) **Cash-Based Awards**: The maximum aggregate payout (determined as of the end of the applicable performance period) with respect to Cash-Based Awards to any one Participant shall be $10,000,000 per year.

(g) **Other Article XII Stock-Based Awards**: The maximum aggregate Fair Market Value (as determined on the date of grant) of Shares subject to the Article XII stock-based Awards that may be granted to any one Participant shall be $10,000,000 per year.

Section 4.3 Share Counting. The following Shares related to Awards will be available for issuance again under the Plan: (a) Shares related to Awards paid in cash and (b) Shares related to Awards that expire, are forfeited, are cancelled, or terminate for any other reason without the delivery of the Shares. Notwithstanding any provision to the contrary, the following Shares related to Awards will be available for issuance again under the Plan: (a) Shares equal in number to the Shares withheld, surrendered or tendered in payment of the exercise price of an Award, including an award granted under the LTIP or Director Incentive Plan, (b) Shares tendered or withheld in order to satisfy tax withholding obligations, (c) Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Awards, including awards granted under the LTIP or Director Incentive Plan.

Section 4.4 Adjustment to Number of Shares.

(a) Appropriate adjustments in the aggregate number of Shares issuable pursuant to the Plan, the number of Shares subject to each outstanding award granted under the Plan, the Option price with respect to Options and Tandem SARs, the specified price of SARs not connected to Options, and the value for Performance Units, shall be made

to give effect to any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation of Shares, whether through recapitalization, stock split, reverse stock split, spin-off, spin-out or other distribution of assets to stockholders, stock distributions or combinations of Shares, payment of stock dividends, other increase or decrease in the number of such Shares outstanding effected without receipt of consideration by the Company, or any other occurrence for which the Committee determines an adjustment is appropriate.

(b) In the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, or an acquisition by the Company of the stock or assets of any other corporation or corporations, there shall be substituted on an equitable basis, as determined by the Committee in its sole discretion, for each Share then subject to the Plan, and for each Share then subject to an Award granted under the Plan, the number and kind of Shares of stock, other securities, cash or other property to which the holders of Shares of the Company are entitled pursuant to such transaction.

(c) Without limiting the generality of the foregoing provisions of this paragraph, any such adjustment shall be deemed to have prevented any dilution or enlargement of a Participant's rights, if such Participant receives in any such adjustment, rights that are substantially similar (after taking into account the fact that the Participant has not paid the applicable option price) to the rights the Participant would have received had he exercised his outstanding Award and become a stockholder of the Company immediately prior to the event giving rise to such adjustment. Adjustments under this paragraph shall be made by the Committee, whose decision as to the amount and timing of any such adjustment shall be conclusive and binding on all persons.

Section 4.5 **CEO's Pool of Shares.** A portion of the Shares available for Awards under this Plan, to be determined by the Committee, may be reserved for the CEO to make certain Awards (the "CEO's Pool"). The CEO may grant any type of Award with shares from the CEO Pool; provided however, that the CEO may not grant any Award to any Covered Officers or other executive officers. Awards available for grant from the CEO Pool will be authorized in a Committee resolution. Unless otherwise determined by the Committee, any Shares not used for Awards under the CEO Pool in one year shall remain available under the CEO Pool in subsequent years.

Article V
Eligibility and Participation

Section 5.1 **Eligibility to Receive Awards.** Persons eligible to receive Awards under the Plan are Employees and Nonemployee Directors.

Section 5.2 **Participation in the Plan.** Subject to the other provisions of this Plan, the Committee has the full discretion to grant Awards to eligible persons described in Section 5.1. Eligible persons may be granted more than one Award. Eligibility in accordance with this Section,

however, shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

Article VI
Options

Section 6.1 **Grant of Options.** Options shall be evidenced by Award Agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time. Award Agreements shall specify the Option Exercise Price, the duration of the Option, the number of Shares to which the Option pertains, provisions for vesting and exercisability, whether the Option is an ISO or NSO, and such other provisions as the Committee shall determine. Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with the following terms and conditions. Except in accordance with equitable adjustments as provided in Section 4.4 of this Plan, no Option granted under the Plan shall at any time be repriced or subject to cancellation and replacement without stockholder approval.

Section 6.2 **Option Exercise Price.** The Option Exercise Price shall not be less than 100% of the Fair Market Value of a Share on the day the Option is granted.

Section 6.3 **Exercise of Options.** Each Award Agreement shall state the period or periods of time within which the Option may be exercised by the optionee, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that the Option exercise period shall not end later than ten years after the date of the grant of the Option. The Committee shall have the power to permit in its discretion an acceleration of the previously determined exercise terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.

Section 6.4 **Payment of Option Exercise Price.** Except as otherwise provided in the Plan, or in any Award Agreement, the optionee shall pay the Option Exercise Price upon the exercise of any Option (i) in cash, (ii) by authorizing a third party with which the optionee has a brokerage or similar account to sell the Shares (or a sufficient portion of such Shares) acquired upon the exercise of the Option and remit to the Company a portion of the sale proceeds sufficient to pay the entire Option Exercise Price to the Company, (iii) by delivering Shares that have an aggregate Fair Market Value on the date of exercise equal to the Option Exercise Price; (iv) by authorizing the Company to withhold from the total number of Shares as to which the Option is being exercised the number of Shares having a Fair Market Value on the date of exercise equal to the aggregate Option Exercise Price for the total number of Shares as to which the Option is being exercised, (v) by such other means by which the Committee determines to be consistent with the purpose of the Plan and applicable law, or (vi) by any combination of (i), (ii), (iii), (iv), and (v). In the case of an election pursuant to (i) above, cash shall mean cash or check issued by a federally insured bank or savings and loan association and made payable to NiSource Inc. In the case of payment pursuant to (ii) or (iii) above, the optionee's authorization must be made on or prior to the date of exercise and shall be irrevocable. In lieu of a separate election governing each exercise of an Option, an optionee may file

a blanket election with the Committee, which shall govern all future exercises of Options until revoked by the optionee.

Section 6.5 Transfer of Shares. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

Section 6.6 Additional Rules for Incentive Stock Options.

(a) Employees. Incentive Stock Options may be granted only to Employees of the Company or a Subsidiary and not to Employees of any Affiliate unless such entity is classified as a "disregarded entity" of the Company or the applicable Subsidiary under the Code. Incentive Stock Options may not be granted to Nonemployee Directors.

(b) Exercise Limitations. The Committee, in its sole discretion, may provide in each Award Agreement the period or periods of time within which the Option may be exercised by the optionee, in whole or in part, provided that the Option period shall not end later than ten years after the date of the grant of the Option. The aggregate Fair Market Value (determined with respect to each Incentive Stock Option at the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year (under all incentive stock option plans of the Company and its Subsidiaries) shall not exceed $100,000. If the aggregate Fair Market Value (determined at the time of grant) of the Shares subject to an Option, which first becomes exercisable in any calendar year, exceeds this limitation, so much of the Option that does not exceed the applicable dollar limit shall be an Incentive Stock Option and the remainder shall be a Nonqualified Stock Option; but in all other respects, the original Award Agreement shall remain in full force and effect. Notwithstanding anything herein to the contrary, if an Incentive Stock Option is granted to an individual who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporations, within the meaning of Code Section 422(b)(6), (i) the purchase price of each Share subject to the Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Share on the date the Incentive Stock Option is granted, and (ii) the Incentive Stock Option shall expire, and all rights to purchase Shares thereunder shall cease, no later than the fifth anniversary of the date the Incentive Stock Option was granted.

(c) Rights Upon Termination of Service. The rules under Section 6.6 of this Plan generally shall apply when an optionee holding an ISO terminates Service. Notwithstanding the foregoing, in accordance with Code Section 422, if an Incentive

Stock Option is exercised more than ninety days after termination of Service, that portion of the Option exercised after such date shall automatically be a Nonqualified Stock Option, but, in all other respects, the original Award Agreement shall remain in full force and effect.

Article VII
Stock Appreciation Rights

Section 7.1 **Grant of SARs.** Stock Appreciation Rights shall be evidenced by Award Agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time. Award Agreements shall specify the Grant Price of the SAR, the duration of the SAR, the number of Shares to which the SAR pertains, provisions for vesting and exercisability, and such other provisions as the Committee shall determine. Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with the following terms and conditions.

Section 7.2 **Awards.** An SAR shall entitle the grantee to receive upon exercise the excess of (i) the Fair Market Value of a specified number of Shares at the time of exercise over (ii) the Grant Price, or, if connected with a previously issued Option, not less than 100% of the Fair Market Value of Shares at the time such Option was granted. An SAR may be a Tandem SAR or may not be granted in connection with an Option.

Section 7.3 **Term of SAR.** SARs shall be granted for a period of not more than ten years, and shall be exercisable in whole or in part, at such time or times and subject to such other terms and conditions, as shall be prescribed by the Committee at the time of grant, subject to the provisions of this Plan.

Section 7.4 **Special Rules for Exercise of Tandem SARs.** Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to Shares for which its related Option is then exercisable. Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Option Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

Section 7.5 **Payment.** Upon exercise of a Stock Appreciation Right, the Participant shall be entitled to receive payment from the Company in an amount determined by multiplying: (i) the difference between the Fair Market Value of a Share on the date of exercise over the Grant Price; by (ii) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, payment shall be made in cash, in the form of Shares at Fair Market Value, or in a combination thereof, as the Committee may determine.

Article VIII
Restricted Stock and Restricted Stock Units

Section 8.1 **Grants.** The Committee, at any time and from time to time, may grant Shares of Restricted Stock or grant Restricted Stock Units to Participants in such amounts as the Committee shall determine. Each Restricted Stock or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units issued to the Participant, and such other provisions as the Committee shall determine. Such Award Agreements shall be consistent with the provisions of this Article VIII.

Section 8.2 **Period of Restriction.** The end of any Period of Restriction for Restricted Stock or Restricted Stock Units may be conditioned upon the satisfaction of such conditions as are satisfied by the Committee in its sole discretion and set forth in an applicable Award Agreement. Such conditions include, without limitation, restrictions based upon the continued Service of the Participant, the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, and/or restrictions under applicable federal or state securities laws, prohibitions against transfer, and repurchase by the Company or right of first refusal. The Committee shall have the power to permit in its discretion, an acceleration of the expiration of the applicable Period of Restriction with respect to any part or all of the Shares or number of Restricted Stock Units awarded to a Participant.

Section 8.3 **Certificates.** If a certificate is issued in respect of Shares awarded to a Participant, each certificate shall be deposited with the Company, or its designee, and shall bear the following legend:

> "This certificate and the shares represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in the NiSource Inc. 2010 Omnibus Incentive Plan and an Award Agreement entered into by the registered owner. Release from such terms and conditions shall be obtained only in accordance with the provisions of the Plan and Award Agreement, a copy of each of which is on file in the office of the Secretary of said Company."

Section 8.4 **Lapse of Restrictions.** A Restricted Stock Award Agreement or Restricted Stock Unit Award Agreement shall specify the terms and conditions upon which any restrictions upon Shares awarded or RSUs awarded under the Plan shall lapse, as determined by the Committee. Upon the lapse of such restrictions, any Shares that have been awarded, free of the previously described restrictive legend, shall be issued to the Participant or his legal representative.

Section 8.5 **Termination of Service.** Each Restricted Stock Award Agreement and Restricted Stock Unit Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Shares of Restricted Stock or Restricted Stock Units following termination of the Participant's Service. Such provisions shall be determined

in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 8.6 **Code Section 83(b) Election.** If a Participant makes an election pursuant to Code Section 83(b) with respect to a Restricted Stock Award, the Participant shall be required to promptly file a copy of such election with the Company.

Article IX
Performance Shares Awards

Section 9.1 **Grants of Performance Shares.** The Committee, at any time and from time to time, may grant Awards of Performance Shares to Participants in such amounts as the Committee shall determine. Each Performance Shares grant shall be evidenced by an Award Agreement that shall specify the applicable performance period, the number of Shares subject to a Performance Shares Award that are to be delivered to the Participant upon satisfaction of the performance targets by the expiration of the performance period, and such other provisions as the Committee shall determine. Such Award Agreements shall be consistent with the provisions of this Article IX.

Section 9.2 **Performance Period and Performance Goals.** At the time of award, the Committee, in its sole discretion shall establish a performance period and the performance goals to be achieved during the applicable performance period with respect to an Award of Performance Shares.

Section 9.3 **Delivery of Shares.** Following the conclusion of each performance period, the Committee shall determine the extent to which performance goals have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine the amount of Shares, if any, to be delivered to the Participant in satisfaction of the Award.

Section 9.4 **Termination of Service.** Each Performance Shares Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Performance Shares following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Performance Shares Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 9.5 **Code Section 162(m).** If any Performance Shares are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Performance Shares.

Article X
Performance Units

Section 10.1 Grant of Performance Units. Subject to the terms of the Plan, Performance Units may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee. Performance Units shall be evidenced by Award Agreements that are subject to the terms of this Article X.

Section 10.2 Performance Period and Performance Goals. Unless otherwise determined by the Committee, at the time of award, the Committee shall establish with respect to each Performance Unit a performance period of not less than two years. At the time of award, the Committee also shall establish, in its sole discretion, the performance goals to be achieved during the applicable performance period with respect to an Award of Performance Units.

Section 10.3 Value of Performance Units. At the time Performance Units are granted, the Committee shall establish with respect to each such Award a value for each Performance Unit, which may vary thereafter determinable from criteria specified by the Committee at the time of Award.

Section 10.4 Code Section 162(m). If any Performance Units are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Performance Units.

Section 10.5 Payment of Performance Units. Following the conclusion of each performance period, the Committee shall determine the extent to which performance targets have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine what, if any, payment is due on the Performance Units. Payment shall be made as soon as practicable after the end of the applicable performance period, but no later than the March 15th of the year after the year in which such performance period ends, in cash, in the form of Shares, or in a combination thereof, as the Committee may determine.

Section 10.6 Termination of Service. Each Performance Unit Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Performance Units following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Performance Units Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 10.7 Other Terms. The Award Agreements with respect to Performance Units shall contain such other terms and provisions and conditions not inconsistent with the Plan as shall be determined by the Committee.

Article XI
Cash-Based Awards

Section 11.1 Grant of Cash-Based Awards. Subject to the terms of the Plan, Cash-Based Awards may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee, subject to the terms of this Article XI.

Section 11.2 Performance Period and Performance Goals. Unless otherwise determined by the Committee, the performance period for any Cash-Based Award shall be one year. At the time of award, the Committee also shall establish, in its sole discretion, the performance goals to be achieved during the applicable performance period with respect to Cash-Based Awards.

Section 11.3 Value of Cash-Based Awards. At the time Cash-Based Awards are granted, the Committee shall establish the value of such Awards, which may vary thereafter determinable from criteria specified by the Committee at the time of Award.

Section 11.4 Code Section 162(m). If the grant of any Cash-Based Awards are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Cash-Based Awards.

Section 11.5 Payment of Cash-Based Awards. If payable, the Participant's Cash-Based Award will be distributed to the Participant, or the Participant's estate in the event of the Participant's death before payment, in cash in a single sum as soon after the end of the applicable performance period as practicable, but no later than March 15th after the end of the performance period, in accordance with the Company's payroll practices.

Section 11.6 Termination of Service. With respect to Cash-Based Awards, the Committee shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of such Cash-Based Awards following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Cash-Based Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Article XII
Other Stock-Based Awards

The Committee may from time to time grant Shares and other Awards under the Plan that are valued in whole or in part by reference to, or are otherwise based upon and/or payable in Shares. The Committee, in its sole discretion, shall determine the terms and conditions of such Awards, which shall be consistent with the terms and purposes of the Plan.

Article XIII
Awards Under the Plan; Code Section 162(m)

Section 13.1 Compliance with Code Section 162(m).

(a) General. The Committee may grant Awards that are designed to qualify as 162(m) Awards and Awards that are not 162(m) Awards. In the case of Awards granted to Covered Officers that are intended to be 162(m) Awards, the Committee shall make in writing all determinations necessary to establish the terms of such 162(m) Awards within 90 days of the beginning of the applicable performance period (or such other time period required under Code Section 162(m)), including, without limitation, the designation of the Covered Officers to whom such 162(m) Awards are made, the Performance Measures applicable to the Awards and the Performance Targets that relate to such Performance Measures, and the dollar amounts or number of Shares payable upon achieving the applicable Performance Targets. To the extent required by Code Section 162(m), the provisions of such 162(m) Awards must state, in terms of an objective formula or standard, the method of computing the amount of compensation payable to the Covered Officer. The specific Performance Targets established by the Committee shall be made while the achievement of such Performance Targets remains substantially uncertain in accordance with Code Section 162(m). Subject to the terms of this Plan, after each applicable performance period has ended, the Committee shall determine the extent to which the Performance Targets have been attained or a degree of achievement between minimum and maximum levels with respect to 162(m) Awards in order to establish the level of payment to be made, if any, with respect to such 162(m) Awards, and shall certify the results in writing prior to payment of such 162(m) Awards.

(b) Performance Targets and Performance Measures. With respect to 162(m) Awards, at the time of grant of a 162(m) Award, the Committee shall establish in writing maximum and minimum Performance Targets to be achieved with respect to each Award during the performance period. The Participant shall be entitled to payment of the entire amount awarded if the maximum Performance Target is achieved during the performance period, but shall be entitled to payment with respect to a portion of the Award according to the level of achievement of Performance Targets, as specified by the Committee, for performance during the performance period that meets or exceeds the minimum Performance Target but fails to meet the maximum Performance Target. With respect to Cash-Based Awards, the Committee may assign payout percentages based upon various potential Performance Targets, ranging from a minimum "Trigger" percentage to a maximum "Stretch" percentage, to be applied if the Performance Targets are met. The Committee has full discretion and authority to determine the "Target," "Trigger," and "Stretch" payouts for Cash-Based Award's performance period.

The Performance Targets established by the Committee may relate to corporate, division, department, or business unit performance and may be established in terms of any one or a combination of the following Performance Measures: (i) growth in gross revenue, (ii) earnings per share, (iii) operating earnings per share, (iv) business unit operating earnings, (v) specified revenue targets, (vi) expense control, (vii) productivity, (viii) ratio of earnings to stockholders' equity or to total assets, (ix) dividend payments, (x) total stockholders' return, (xi) operating income, (xii) return on capital or return on investment, (xiii) return on assets, (xiv) return on net assets, (xv) operating margins, (xvi) earnings before interest and taxes, (xvii) earnings before interest taxes depreciation, amortization and depletion, (xviii) funds from operations, (xix) total debt or change in total debt or the rating on our debt as determined by external rating agencies, (xx) cash from operations, (xxi) gross margins, (xxii) return on equity, (xxiii) net income, (xxiv) pre-tax income, (xxv) specified customer satisfaction targets, (xxvi) specified safety targets, and (xxvii) specified reliability targets. Multiple Performance Targets may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

(c) Calculation and Adjustments. The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occur during a performance period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) mergers, acquisitions or divestitures, (f) foreign exchange gains and losses, and (g) extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial condition and results of operations appearing in the Company's consolidated report to the investment community or investor letters. To the extent such inclusions or exclusions affect Awards to Covered Officers, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility except as otherwise determined by the Committee in its sole discretion. Awards that are intended to qualify as 162(m) Awards may not be adjusted upward from the amount otherwise payable to a Covered Officer under the pre-established Performance Target. The Committee shall retain the discretion to adjust such Awards downward, either on a formulaic or discretionary basis or a combination of the two, as the Committee determines. If applicable tax and securities laws change to permit Committee discretion to alter the governing Performance Measures or Performance Targets without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

Section 13.2 Non-Code Section 162(m) Awards. In the case of Awards that are not intended to be qualifying as "performance-based compensation" under Code Section 162(m), the

Committee may designate performance targets from among the previously described Performance Measures in this Article or such other business criteria as it determines in its sole discretion. The Committee also may make adjustments to such Performance Measures or other business criteria in any manner it deems appropriate in its discretion.

Article XIV
Dividends and Dividend Equivalents

No dividends or dividend equivalents may be awarded with respect to any Options or SARs. An Award (other than Options or SARs) may, if so determined by the Committee, provide the Participant with the right to receive dividend payments, or, in the case of Awards that do not involve the issuance of Shares concurrently with the grant of the Award, dividend equivalent payments with respect to Shares subject to the Award (both before and after the Shares are earned, vested or acquired), which payments may be either made currently, credited to an account for the Participant, or deemed to have been reinvested in additional Shares which shall thereafter be deemed to be part of and subject to the underlying Award, including the same vesting and performance conditions. Notwithstanding the foregoing, with respect to Awards subject to performance conditions, any such dividend or dividend equivalent payments shall not be paid currently and instead shall either be credited to an account for the Participant or deemed to have been reinvested in additional Shares. Dividend or dividend equivalent amounts credited to an account for the Participant may be settled in cash or Shares or a combination of both, as determined by the Committee, and shall be subject to the same vesting and performance conditions as the underlying Award. Except as provided otherwise in an Award Agreement, any Participant entitled to receive a cash dividends or dividend equivalents pursuant to his applicable Award may, by written election filed with the Company, at least ten days before the date of payment of such dividend equivalent, elect to have such dividend equivalent credited to an account maintained for his benefit under a dividend reinvestment plan maintained by the Company.

Article XV
Beneficiary Designation

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article XVI
Change in Control

Section 16.1 Effect of Change in Control. Notwithstanding any of the provisions of the Plan or any Award Agreement granted hereunder, upon a Change in Control, all outstanding Awards

shall become fully exercisable and all restrictions thereon shall terminate; provided, however, that notwithstanding the above, with respect to Performance Shares, Performance Units, Cash-Based Awards, and other Article XII stock-based Awards, the Committee shall determine and provide through an Award Agreement or other means the extent of vesting and the treatment of partially completed performance periods for any such Performance Shares, Performance Units, Cash-Based Awards, and other Article XII stock-based Awards outstanding upon a Change in Control. Further, the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is granted hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the cancellation of any such Award for an amount of cash equal to the difference between the exercise price and the then Fair Market Value of the Shares covered thereby had such Award been currently exercisable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; or (iii) cause any such Award then outstanding to be assumed, by the acquiring or surviving corporation, after such Change in Control.

Section 16.2 Participant Elections to Minimize Code Section 4999 Excise Tax.

(a) Excess Parachute Payment. In the event that any acceleration of vesting pursuant to an Award and any other payment or benefit received or to be received by a Participant would subject the Participant to any excise tax pursuant to Code Section 4999 due to the characterization of such acceleration of vesting, payment or benefit as an excess parachute payment under Code Section 280G, the Participant may elect, in his or her sole discretion, to reduce the amount of any acceleration of vesting called for under the Award in order to avoid such characterization. Such an election, however, may not change the time and form of any payment in a manner that would cause the Participant to incur additional taxes or penalties under Code Section 409A.

(b) Determination by Independent Accountants. To aid the Participant in making any election called for under part (a) above, no later than the date of the occurrence of any event that might reasonably be anticipated to result in an excess parachute payment to the Participant as described in part (a) above, the Company shall request a determination in writing by independent public accountants selected by the Company (the "Accountants"). As soon as practicable thereafter, the Accountants shall determine and report to the Company and the Participant the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this subpart (b).

Article XVII
Deferrals

The Committee may permit (upon timely election by the Participant) or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock or Performance Shares, or the satisfaction of any requirements or goals with respect to Performance Units or Cash-Based Awards. If any such deferral election is required or permitted, the Committee may, in its sole discretion, establish rules and procedures for such payment deferrals in a manner consistent with Code Section 409A and the regulations thereunder.

Article XVIII
Withholding

Section 18.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

Section 18.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock, or upon any other taxable event arising as a result of Awards granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing before the date in which income is realized by the recipient in connection with the particular transaction, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. The amount of required withholding shall be a specified rate not less than the statutory minimum federal, state and local (if any) withholding rate, and not greater than the maximum federal, state and local (if any) marginal tax rate applicable to the Participant and to the particular transaction.

Article XIX
Compliance with Code Section 409A

Section 19.1 Awards Subject to Code Section 409A. The provisions of this Section 19.1 shall apply to any Award or portion thereof that is or becomes subject to Code Section 409A, notwithstanding any provision to the contrary contained in the Plan or the Award Agreement applicable to such Award. Awards subject to Code Section 409A include, without limitation:

(a) Any Nonqualified Stock Option having an exercise price per share less than the Fair Market Value determined as of the date of grant of such Option or that permits the deferral of compensation other than the deferral of recognition of income until the

exercise or transfer of the Option or the time the shares acquired pursuant to the exercise of the option first become substantially vested.

(b) Any Award that either provides by its terms, or under which the Participant makes an election, for settlement of all or any portion of the Award either (i) on one or more dates following the end of the Short-Term Deferral Period (as defined below) or (ii) upon or after the occurrence of any event that will or may occur later than the end of the Short-Term Deferral Period.

Subject to U.S. Treasury Regulations promulgated pursuant to Code Section 409A ("Section 409A Regulations") or other applicable guidance, the term "Short-Term Deferral Period" means the period ending on the later of (i) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Award is no longer subject to a substantial risk of forfeiture or (ii) the 15th day of the third month following the end of the Participant's taxable year in which the applicable portion of the Award is no longer subject to a substantial risk of forfeiture. For this purpose, the term "substantial risk of forfeiture" shall have the meaning set forth in Section 409A Regulations or other applicable guidance.

Section 19.2 **No Acceleration of Distributions.** Notwithstanding anything to the contrary herein, this Plan does not permit the acceleration of the time or schedule of any distribution under this Plan pursuant to any Award subject to Code Section 409A, except as provided by Code Section 409A and Section 409A Regulations.

Section 19.3 **Separation from Service.** If any amount shall be payable with respect to any Award hereunder as a result of a Participant's termination of employment or other Service and such amount is subject to the provisions of Code Section 409A, then notwithstanding any other provision of this Plan, a termination of employment or other Service will be deemed to have occurred only at such time as the Participant has experienced a "separation from service" as such term is defined for purposes of Code Section 409A.

Section 19.4 **Timing of Payment to a Specified Employee.** If any amount shall be payable with respect to any Award hereunder as a result of a Participant's separation from Service at such time as the Participant is a "specified employee" and such amount is subject to the provisions of Code Section 409A, then notwithstanding any other provision of this Plan, no payment shall be made, except as permitted under Code Section 409A, prior to the first day of the seventh (7th) calendar month beginning after the Participant's separation from Service (or the date of his or her earlier death). The Company may adopt a specified employee policy that will apply to identify the specified employees for all deferred compensation plans subject to Code Section 409A; otherwise, specified employees will be identified using the default standards contained in the regulations under Code Section 409A.

Article XX
Amendment and Termination

Section 20.1 Amendment, Modification, and Termination of the Plan. The Board or the Committee may at any time terminate, suspend or amend the Plan without the authorization of stockholders to the extent allowed by law, including without limitation any rules issued by the Securities and Exchange Commission under Section 16 of the 1934 Act, insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the requirements of Rule 16b-3 under the 1934 Act, or the rules of any applicable stock exchange. No termination, suspension or amendment of the Plan shall adversely affect any right acquired by any Participant under an Award granted before the date of such termination, suspension or amendment, unless such Participant shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization as provided for herein does not adversely affect any such right.

Section 20.2 Amendment of Awards. The Committee may unilaterally amend the terms of any Award Agreement previously granted, except that (i) no such amendment may materially impair the rights of any Participant under the applicable Award without the Participant's consent, unless such amendment is necessary to comply with applicable law, stock exchange rules or accounting rules; and (ii) in no event may an Option or SAR be amended or modified, other than as provided in Section 4.4, to decrease the Option or SAR exercise or base price thereof, or be cancelled in exchange for cash, a new Option or SAR with a lower exercise price or base price, or other Awards, or otherwise be subject to any action that would be treated for accounting purposes as a "repricing" of such Option or SAR, unless such action is approved by the Company's stockholders.

Article XXI
Miscellaneous

Section 21.1 Approval Restrictions. Each Award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Shares subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, or (iii) an agreement by the recipient of an Award with respect to the disposition of Shares is necessary or desirable as a condition of, or in connection with, the granting of such award or the issue or purchase of Shares thereunder, such Award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained, free of any conditions not acceptable to the Committee.

Section 21.2 Securities Law Compliance. With respect to Participants subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. If any provision of this Plan or of any Award Agreement would otherwise frustrate or conflict with the intent expressed in the preceding sentence, that provision to the extent possible shall be interpreted and deemed amended in the manner determined by the Committee so as to avoid the conflict. To the extent of any remaining irreconcilable conflict with this intent, the provision shall be deemed void as applicable to

Participants who are then subject to Section 16 of the 1934 Act. In addition, no Shares will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Shares may be listed, have been fully met. As a condition precedent to the issuance of Shares pursuant to the grant, exercise, vesting or settlement of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any Shares issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such Shares of the same class are then listed, and under any blue sky or other securities laws applicable to such Shares.

Section 21.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural.

Section 21.4 Rights as a Stockholder. The recipient of any Award under the Plan, unless otherwise provided by the Plan, shall have no rights as a stockholder with respect thereto unless and until certificates for Shares are issued to the recipient.

Section 21.5 Forfeiture. The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of Service for Cause or any act by a Participant, whether before or after termination of Service, that would constitute Cause for termination of Service.

Section 21.6 Rights as Employee or Nonemployee Director. No person, even though eligible pursuant to Article V, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee or Nonemployee Director or interfere with or limit in any way any right of the Company or Affiliate to terminate the Participant's Service at any time. To the extent that an Employee of an Affiliate receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

Section 21.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

Section 21.8 Effect on Other Plans. Unless otherwise specifically provided, participation in the Plan shall not preclude a Participant's eligibility to participate in any other benefit or incentive plan. Any Awards made pursuant to the Plan shall not be considered as compensation in determining the benefits provided under any other plan.

Section 21.9 **No Constraint on Corporate Action.** Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or an Affiliate's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or an Affiliate to take any action which such entity deems to be necessary or appropriate.

Section 21.10 **Over/Under Payments.** If any Participant or beneficiary receives an underpayment of Shares or cash payable under the terms of any Award, payment of any such shortfall shall be made as soon as administratively practicable. If any Participant or beneficiary receives an overpayment of Shares or cash payable under the terms of any Award for any reason, the Committee or its delegate shall have the right, in its sole discretion, to take whatever action it deems appropriate, including but not limited to the right to require repayment of such amount or to reduce future payments under this Plan, to recover any such overpayment. Notwithstanding the foregoing, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, and if the Participant knowingly or through gross negligence engaged in the misconduct, or knowingly or through gross negligence failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission of the financial document embodying such financial reporting requirement.

Section 21.11 **Unfunded Obligation.** Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974. No Affiliate shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee or any Affiliate and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of any Affiliate. The Participants shall have no claim against any Affiliate for any changes in the value of any assets which may be invested or reinvested by the Company with respect to the Plan.

Section 21.12 **No Liability With Respect to Adverse Tax Treatment.** Notwithstanding any provision of this Plan to the contrary, in no event shall the Company or any Affiliate be liable to a Participant on account of an Award's failure to (i) qualify for favorable U.S., foreign, state, local, or other tax treatment or (ii) avoid adverse tax treatment under U.S., foreign, state, local, or other law, including, without limitation, Code Section 409A.

Section 21.13 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

Section 21.14 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 21.15 Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the state of Indiana.

Section 21.16 Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company.

Section 21.17 Provisions Regarding Transferability of Awards.

(a) General. Except as otherwise provided below, Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder. Except as otherwise provided in the Plan, all rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to such Participant.

(b) Nonqualified Stock Options and Stock Appreciation Rights. No NSO or SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder. Notwithstanding the foregoing or anything in part (a) above, a Participant, at any time prior to his death, may assign all or any portion of the NSO or SAR to (i) his spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his spouse or lineal descendant, or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event the spouse, lineal descendant, trustee or tax-exempt organization shall be entitled to all of the rights of the Participant with respect to the assigned portion of such NSO or SAR, and such portion of the NSO or SAR shall continue to be subject to all of the terms, conditions and restrictions applicable to the NSO or SAR as set forth herein, and in the related Award Agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the Participant does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the

Participant, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment.

(c) Incentive Stock Options. Notwithstanding anything in part (a) and (b) above, no ISO may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent or distribution.

(d) Nonemployee Directors. Notwithstanding anything in parts (a), (b), or (c) to the contrary, a Nonemployee Director at any time prior to his or her death, may assign all or any portion of an Award granted to him or her under the Plan to (i) his or her spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his or her spouse or lineal descendant or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event, the spouse, lineal descendant, trustee, or tax-exempt organization shall be entitled to all of the rights of the Participant with respect to the assigned portion of such Award, and such portion of the Award shall continue to be subject to all of the terms, conditions and restrictions applicable to the Award as set forth herein, and in the related Award Agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the Participant does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the Participant, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment.

2014 CORPORATE INCENTIVE PLAN
TERMS AND CONDITIONS FOR PARTICIPANTS
WHO ARE NOT COVERED OFFICERS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan") provides that the Committee may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2014 and ends December 31, 2014, to the Participants who have not been designated as "Covered Officers" of the Corporation. Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Eligibility for Participation

All exempt and non-exempt employees of the Corporation and its affiliates who are active as of 12/31/2014, other than (i) "Covered Officers", (ii) employees who have received a last chance letter, final notice letter or equivalent during the Plan year, and (iii) certain exempt employees who participate in other specialized functional incentive plans, are eligible to participate in the Cash-Based Awards Program (the "Program") under the Plan; provided however, that the Committee may add additional employees and remove employees in its discretion ("Eligible Employees"). The Committee or the Corporation's Chief Executive Officer may determine which Eligible Employees or groups of Eligible Employees shall actually participate in the Program. The Committee and the Chief Executive Officer generally shall make this determination each calendar year (a "Performance Year"). Such officers and other Eligible Employees chosen to participate in the Program are "Participants." Designation by the Committee or Chief Executive Officer as a Participant in one Performance Year shall not confer on such Participant the right to be a Participant in another Performance Year.

A Participant who terminates his or her employment with the Corporation after the end of the Performance Year, but before the distribution of the incentive payment will be entitled to receive any payment due under this Program. However, any Participant that is terminated "for Cause" before the distribution of the incentive payment will not be entitled to receive any payment due under this Program. Notwithstanding the foregoing, any Participant who terminates employment with the Employer and their affiliates due to death, disability or retirement, pursuant to an Employer's qualified retirement plan, during a calendar year will be deemed a Participant on December 31 of such calendar year, and will receive an incentive payment for such year based on his or her Eligible Earnings through the date of termination of employment.

Notwithstanding the previous paragraphs, an employee described above shall be a "Limited Participant" if he or she has received one or more suspensions without pay totaling five days or

more during the calendar year. Each Limited Participant will have his or her individual incentive opportunity reduced by at least 50%. Any Participant not covered under the preceding sentences is a "Full Participant."

3. Performance Targets and Cash-Based Award Payouts

A. Designation of Groups

For incentive purposes, Participants shall participate as a member of one of the following "Groups": (a) Gas Distribution Business Unit, (b) NIPSCO Business Unit, (c) CPG Business Unit, and (d) Corporate Support. Groups (a), (b), and (c) above may also be referred to as a "Business Unit."

B. Corporation's Financial Trigger

The Corporation's financial trigger is the Corporation's achievement of net operating earnings per share, after accounting for the cost of payments under the Program ("NOEPS"), of $1.61 for the Performance Year. The Corporation shall have full discretion and authority to determine whether this trigger has been achieved and whether any adjustments need to be made in the calculation of NOEPS to reflect unusual or non-recurring events. If the Corporation's NOEPS for the Performance Year is less than $1.61, no amount shall be payable under the Program for NOEPS and amounts payable for Business Unit performance shall be reduced by fifty percent (50%).

C. Group Financial Triggers

Corporate Support

For Participants in Corporate Support, the performance criterion will be NOEPS and Corporate Funds from Operations ("CFFO"). Part (D) identifies the tiers of NOEPS, CFFO and the corresponding payout percentage of Eligible Earnings that will be used to calculate the amount of the Incentive Pool for the Corporate Support Group. Fifty percent (50%) of a Participant's incentive opportunity will be based upon NOEPS and fifty percent (50%) will be based upon CFFO; provided, however, that the incentive payout percentage for Corporate Support will not exceed the highest payout percentage of the three Business Units.

Business Units

For Participants in a Business Unit, the performance criteria will be NOEPS, the Business Unit's Net Operating Earnings ("BUNOE"), and the Business Unit's Funds from Operations ("BFFO"). Part (D) identifies the tiers of NOEPS, BUNOE and BFFO that will be used to calculate the amount of the Incentive Pool for each Business Unit. Twenty-Five percent (25%) of a Participant's incentive opportunity will be based upon NOEPS, thirty-seven and a half (37.5%) will be based upon BUNOE, and thirty-seven and a half (37.5%) will be based upon BFFO.

D. Goals and Payout Percentages

NOEPS Goals

NOEPS	Individual Payout Percentage
$1.71	Stretch %
$1.66	Target %
$1.61	Trigger %

CFFO Goals (millions)

CFFO	Individual Payout Percentage
$1,505M	Stretch %
$1,355M	Target %
$1,205M	Trigger %

Business Unit Goals

Gas Distribution Business Unit (millions)

BUNOE	Individual Payout Percentage
$231	Stretch %
$220	Target %
$214	Trigger %

BFFO	Individual Payout Percentage
$507	Stretch %
$397	Target %
$287	Trigger %

NIPSCO Business Unit (millions)

BUNOE	Individual Payout Percentage
$204	Stretch %
$193	Target %
$187	Trigger %

BFFO	Individual Payout Percentage
$473	Stretch %
$426	Target %
$379	Trigger %

CPG Business Unit (millions)

BUNOE	Individual Payout Percentage
$279	Stretch %
$269	Target %
$264	Trigger %

BFFO	Individual Payout Percentage
$483	Stretch %
$440	Target %
$397	Trigger %

E. Incentive Pool Creation

The individual incentive opportunity for a Corporate Support Participant shall equal:

(Participant's Eligible Earnings X NOEPS individual payout percentage X 50%)

PLUS

(Participant's Eligible Earnings X CFFO individual payout percentage X 50%)

The individual incentive opportunity for a Business Unit Participant shall equal[1]:

(Participant's Eligible Earnings X Individual Business Unit Net Operating Earning payout percentage X 37.5%)

PLUS

(Participant's Eligible Earnings X Individual Business Unit Funds from Operations payout percentage X 37.5%)

PLUS

(Participant's Eligible Earnings X NOEPS individual payout percentage X 25%)

[1] If the Corporation's NOEPS for the performance year is less than $1.61 no amount shall be payable under the Plan for NOEPS and amounts payable for Business Unit performance shall be reduced by fifty percent (50%).

Eligible Earnings consist of the Participant's base earnings for the calendar year. Additionally, Eligible Earnings for Participants who are non-exempt employees also include all shift premiums and overtime pay for the calendar year. Reimbursements for educational assistance, relocation, meals and mileage, as well as incentive payments, stock option gains, and long-term disability payments are not included in Eligible Earnings.

The individual incentive opportunity for each Participant in a Group will be added together, and the sum will equal the Incentive Pool for that Group.

F. Calculation of Bonus

In general, Participants who are non-exempt employees will receive 100% of their individual incentive amount, as calculated under this Program. The amount of the individual incentive opportunity for Participants who are exempt employees generally will be the amount calculated under this Program, divided into two categories:

- Discretionary: 67% of the Participant's individual incentive calculation will be discretionary; the Corporation may increase or decrease this amount based on the Corporation's assessment of the Participant's performance
- Non-discretionary: 33% of the Participant's individual incentive calculation will be fixed.

Notwithstanding the foregoing, the Committee retains the power, authority and discretion to reduce, eliminate, or otherwise modify the amount calculated as payable.

G. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards, the Committee may adjust the Cash-Based Awards to reflect the following extraordinary and other similar items:

1. Equity issuances;
2. Debt issuances;
3. Discontinued operations;
4. Mergers, acquisitions, and divestitures;
5. Capital expenditures;
6. Asset write-downs;
7. Litigation or claim judgments or settlements;
8. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
9. Any reorganization or restructuring programs;
10. Foreign exchange gains and losses;
11. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters;

12. Significant movements in gas prices; and
13. Significant changes in the law.

4. General Timing of Payment

If payable, the Participant's incentive will be distributed to the Participant, or the Participant's estate in the event of the Participant's death before payment, in cash in a single sum as soon after the end of the applicable Performance Year as practicable, but no later than March 15 after the end of the Performance Year, in accordance with the Corporation's payroll practices.

5. Notices.

Any notice required or permitted to be given by the Corporation or the Committee pursuant to the Plan shall be deemed given when personally delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Participant, his or her beneficiary, executors, administrators, successors, assigns or transferees, at the last address shown for the Participant on the records of the Corporation or subsequently provided in writing to the Corporation.

6. Miscellaneous Provisions.

1. Nothing contained herein will confer upon any Participant the right to be retained in the service of an Employer or any affiliate thereof nor limit the right of an Employer or any subsidiary thereof to discharge or otherwise deal with any Participant without regard to the existence of the Plan.

2. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Indiana, except as preempted by federal law.

Exhibit A

2014 CASH-BASED AWARDS
TERMS AND CONDITIONS FOR COVERED OFFICERS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the Plan provides that the Committee may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2014 and ends December 31, 2014, to the designated covered officers of the Corporation including the individuals listed below and any additional executive officer of the Corporation who holds the position held by one of the individuals listed below in Section 4 who is a "Named Executive Officer" within the meaning of the proxy disclosure rules of the Securities and Exchange Commission for the year-ended 2014 ("Covered Officers"). Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Performance Measure and Performance Target

The Performance Measure for determining Cash-Based Awards is the Corporation's Operating Income. The Performance Target is Operating Income that is greater than $0.00. If this Performance Target is not achieved, no Cash-Based Awards shall be paid.

3. Value of Awards and Creation of Incentive Pool

The total value of Cash-Based Awards paid to Covered Officers may not exceed an amount equal to one percent of the Corporation's Operating Income during the Performance Period. This amount shall represent the Incentive Pool from which Cash-Based Awards may be paid to Covered Officers.

4. Allocation of Incentive Pool

The value of Cash-Based Awards payable to each Covered Officer from the Incentive Pool shall be determined as follows:

Covered Officer	Percent of Incentive Pool
Skaggs	30% of Pool
Hamrock	15% of Pool
Smith	15% of Pool
Stanley	15% of Pool
Hightman	12.5% of Pool
Kettering	12.5% of Pool

The Cash-Based Award payable to any Covered Officer who is a Covered Officer because he or she holds the position held by one of the individuals listed above in this Section 4 shall succeed to such individual's percentage of the pool specified above. The Committee shall have no discretion to increase the value of Cash-Based Awards to an amount greater than those percentages specified in the table above.

5. Maximum Awards Payable to Covered Officers

Notwithstanding any provision to the contrary, in no event may the amount of any individual Cash-Based Award, when aggregated with other Cash-Based Awards during a Performance Period, exceed $10 million.

6. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards payable to a Covered Officer, the Committee shall adjust the Cash-Based Awards to reflect the following extraordinary and other similar items to the extent that they impact Operating Income by more than $50 million individually:

A. Asset write-downs;
B. Litigation or claim judgments or settlements;
C. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
D. Any reorganization or restructuring programs;
E. Mergers, acquisitions or divestitures;
F. Foreign exchange gains and losses; and
G. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters.

7. Discretion to Reduce Amounts Payable

Notwithstanding any provision to the contrary, the Committee shall have the discretion to reduce the amount of Cash-Based Awards payable to Covered Officers. For purposes of exercising such negative discretion, the Committee may be guided by the performance measures as defined and set forth in Exhibit B attached to the resolutions related to the adoption of 2014 Cash-Based Award Performance Targets under the NiSource Inc. 2010 Omnibus Incentive Plan as well as an additional performance measure related to safety as approved by the Committee. The Committee may consider the following weightings for Corporate Covered Officers: 50% NOEPS, 40% CFFO and 10% Corporate-wide safety and the following weightings for Covered Officers who lead a Business Unit: 25% NOEPS, 20% CFFO, and, with respect to the Business Units they lead, 10% Business Unit safety, 22.5% BUNOE and 22.5% BFFO. The Committee may also consider any other factors in its sole discretion in determining the actual Cash-Based Awards payable to Covered Officers.

2013 CORPORATE INCENTIVE PLAN - FINAL TERMS AND CONDITIONS FOR PARTICIPANTS WHO ARE NOT COVERED OFFICERS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan") provides that the Officer Nomination and Compensation Committee (the "Committee") may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2013 and ends December 31, 2013, to the Participants who have not been designated as "Covered Officers" of the Corporation. Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Eligibility for Participation

All exempt and non-exempt employees of the Corporation and its affiliates who are active as of 12/31/2013, other than (i) "Covered Officers", (ii) employees who have received a last chance letter, final notice letter or equivalent during the Plan year, and (iii) certain exempt employees who participate in other specialized functional incentive plans, are eligible to participate in the Cash-Based Awards Program (the "Program") under the Plan; provided however, that the Committee may add additional employees and remove employees in its discretion ("Eligible Employees"). The Committee or the Corporation's Chief Executive Officer may determine which Eligible Employees or groups of Eligible Employees shall actually participate in the Program. The Committee and the Chief Executive Officer generally shall make this determination each calendar year (a "Performance Year"). Such officers and other Eligible Employees chosen to participate in the Program are "Participants." Designation by the Committee or Chief Executive Officer as a Participant in one Performance Year shall not confer on such Participant the right to be a Participant in another Performance Year.

A Participant who terminates his or her employment with the Corporation after the end of the Performance Year, but before the distribution of the incentive payment will be entitled to receive any payment due under this Program. However, any Participant that is terminated "for Cause" before the distribution of the incentive payment will not be entitled to receive any payment due under this Program. Notwithstanding the foregoing, any Participant who terminates employment with the Employer and their affiliates due to death, disability or retirement, pursuant to an Employer's qualified retirement plan, during a calendar year will be deemed a Participant on December 31 of such calendar year, and will receive an incentive payment for such year based on his or her Eligible Earnings through the date of termination of employment.

Notwithstanding the previous paragraphs, an employee described above shall be a "Limited Participant" if he or she has received one or more suspensions without pay totaling five days or

more during the calendar year. Each Limited Participant will have his or her individual incentive opportunity reduced by at least 50%. Any Participant not covered under the preceding sentences is a "Full Participant."

3. Performance Targets and Cash-Based Award Payouts

A. Designation of Groups

For incentive purposes, Participants shall participate as a member of one of the following "Groups": (a) Gas Distribution Business Unit, (b) NIPSCO Business Unit, (c) CPG Business Unit, and (d) Corporate Support. Groups (a), (b), and (c) above may also be referred to as a "Business Unit."

B. Corporation's Financial Trigger

The Corporation's financial trigger is the Corporation's achievement of net operating earnings per share, after accounting for the cost of payments under the Program ("NOEPS"), of $1.50 for the Performance Year. The Corporation shall have full discretion and authority to determine whether this trigger has been achieved and whether any adjustments need to be made in the calculation of NOEPS to reflect unusual or non-recurring events. If the Corporation's NOEPS for the Performance Year is less than $1.50, no amount shall be payable under the Program for NOEPS and amounts payable for Business Unit performance shall be reduced by fifty percent (50%).

C. Group Financial Triggers

Corporate Support

For Participants in Corporate Support, the performance criterion will be NOEPS and Corporate Funds from Operations ("CFFO"). Part (D) identifies the tiers of NOEPS, CFFO and the corresponding payout percentage of Eligible Earnings that will be used to calculate the amount of the Incentive Pool for the Corporate Support Group. Fifty percent (50%) of a Participant's incentive opportunity will be based upon NOEPS and fifty percent (50%) will be based upon CFFO; provided, however, that the incentive payout percentage for Corporate Support will not exceed the highest payout percentage of the three Business Units.

Business Units

For Participants in a Business Unit, the performance criteria will be NOEPS, the Business Unit's Net Operating Earnings ("BUNOE"), and the Business Unit's Funds from Operations ("BFFO"). Part (D) identifies the tiers of NOEPS, BUNOE and BFFO that will be used to calculate the amount of the Incentive Pool for each Business Unit. Twenty-Five percent (25%) of a Participant's incentive opportunity will be based upon NOEPS, thirty-seven and a half (37.5%) will be based upon BUNOE, and thirty-seven and a half (37.5%) will be based upon BFFO.

D. Goals and Payout Percentages

NOEPS Goals

NOEPS	Individual Payout Percentage
$1.60	Stretch %
$1.55	Target %
$1.50	Trigger %

CFFO Goals (millions)

CFFO	Individual Payout Percentage
$1,350M	Stretch %
$1,250M	Target %
$1,150M	Trigger %

Business Unit Goals[1]

Gas Distribution Business Unit (millions)

BUNOE	Individual Payout Percentage
$196	Stretch %
$185	Target %
$179	Trigger %

BFFO	Individual Payout Percentage
$424	Stretch %
$382	Target %
$354	Trigger %

NIPSCO Business Unit (millions)

BUNOE	Individual Payout Percentage
$180	Stretch %
$169	Target %
$163	Trigger %

BFFO	Individual Payout Percentage
$567	Stretch %
$511	Target %
$474	Trigger %

[1]The Committee has granted the Chief Executive Officer the ability to set the Business Unit Goals.

CPG Business Unit (millions)

BUNOE	Individual Payout Percentage
$279	Stretch %
$270	Target %
$266	Trigger %

BFFO	Individual Payout Percentage
$534	Stretch %
$481	Target %
$446	Trigger %

E. Incentive Pool Creation

The individual incentive opportunity for a Corporate Support Participant shall equal:

(Participant's Eligible Earnings X NOEPS individual payout percentage X 50%)

PLUS

(Participant's Eligible Earnings X CFFO individual payout percentage X 50%)

The individual incentive opportunity for a Business Unit Participant shall equal[1]:

(Participant's Eligible Earnings X Individual Business Unit Net Operating Earning payout percentage X 37.5%)

PLUS

(Participant's Eligible Earnings X Individual Business Unit Funds from Operations payout percentage X 37.5%)

PLUS

(Participant's Eligible Earnings X NOEPS individual payout percentage X 25%)

Eligible Earnings consist of the Participant's base earnings for the calendar year. Additionally, Eligible Earnings for Participants who are non-exempt employees also include all shift premiums and overtime pay for the calendar year. Reimbursements for educational assistance, relocation, meals and mileage, as well as incentive payments, stock option gains, and long-term disability payments are not included in Eligible Earnings.

[1] If the Corporation's NOEPS for the performance year is less than $1.50 no amount shall be payable under the Plan for NOEPS and amounts payable for Business Unit performance shall be reduced by fifty percent (50%).

The individual incentive opportunity for each Participant in a Group will be added together, and the sum will equal the Incentive Pool for that Group.

F. Calculation of Bonus

In general, Participants who are non-exempt employees will receive 100% of their individual incentive amount, as calculated under this Program. The amount of the individual incentive opportunity for Participants who are exempt employees generally will be the amount calculated under this Program, divided into two categories:

- Discretionary: 67% of the Participant's individual incentive calculation will be discretionary; the Corporation may increase or decrease this amount based on the Corporation's assessment of the Participant's performance
- Non-discretionary: 33% of the Participant's individual incentive calculation will be fixed.

Notwithstanding the foregoing, the Committee retains the power, authority and discretion to reduce, eliminate, or otherwise modify the amount calculated as payable.

G. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards, the Committee may adjust the Cash-Based Awards to reflect the following extraordinary and other similar items:

1. Equity issuances;
2. Debt issuances;
3. Discontinued operations;
4. Mergers, acquisitions, and divestitures;
5. Capital expenditures;
6. Asset write-downs;
7. Litigation or claim judgments or settlements;
8. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
9. Any reorganization or restructuring programs;
10. Foreign exchange gains and losses;
11. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters;
12. Significant movements in gas prices; and
13. Significant changes in the law.

4. General Timing of Payment

If payable, the Participant's incentive will be distributed to the Participant, or the Participant's estate in the event of the Participant's death before payment, in cash in a single sum as soon after the end of the applicable Performance Year as practicable, but no later than March 15 after the end of the Performance Year, in accordance with the Corporation's payroll practices.

5. Notices

Any notice required or permitted to be given by the Corporation or the Committee pursuant to the Plan shall be deemed given when personally delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Participant, his or her beneficiary, executors, administrators, successors, assigns or transferees, at the last address shown for the Participant on the records of the Corporation or subsequently provided in writing to the Corporation.

6. Miscellaneous Provisions

1. Nothing contained herein will confer upon any Participant the right to be retained in the service of an Employer or any affiliate thereof nor limit the right of an Employer or any subsidiary thereof to discharge or otherwise deal with any Participant without regard to the existence of the Plan.

2. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Indiana, except as preempted by federal law.

Exhibit A

2013 CASH-BASED AWARDS
TERMS AND CONDITIONS FOR COVERED OFFICERS

NiSource Inc.
2010 Omnibus Incentive Plan

1. Background

Article XI of the Plan provides that the Committee may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2013 and ends December 31, 2013, to the designated covered officers of the Corporation including the individuals listed below and any additional active executive officer of the Corporation who holds the position held by one of the individuals listed below in Section 4 who is a "Named Executive Officer" within the meaning of the proxy disclosure rules of the Securities and Exchange Commission for the year-ended 2013 ("Covered Officers"). Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Performance Measure and Performance Target

The Performance Measure for determining Cash-Based Awards is the Corporation's Operating Income. The Performance Target is Operating Income that is greater than $0.00. If this Performance Target is not achieved, no Cash-Based Awards shall be paid.

3. Value of Awards and Creation of Incentive Pool

The total value of Cash-Based Awards paid to Covered Officers may not exceed an amount equal to one percent of the Corporation's Operating Income during the Performance Period. This amount shall represent the Incentive Pool from which Cash-Based Awards may be paid to Covered Officers.

4. Allocation of Incentive Pool

The value of Cash-Based Awards payable to each Covered Officer from the Incentive Pool shall be determined as follows:

Covered Officer	Percent of Incentive Pool
Skaggs	30% of Pool
Hamrock	12.5% of Pool
Smith	12.5% of Pool
Stanley	12.5% of Pool
Staton	12.5% of Pool
Hightman	10% of Pool
Kettering	10% of Pool

The Cash-Based Award payable to any Covered Officer who is a Covered Officer because he or she holds the position held by one of the individuals listed above in this Section 4 shall succeed to such individual's percentage of the pool specified above.

The Committee shall have no discretion to increase the value of Cash-Based Awards to an amount greater than those percentages specified in the table above.

5. Maximum Awards Payable to Covered Officers

Notwithstanding any provision to the contrary, in no event may the amount of any individual Cash-Based Award, when aggregated with other Cash-Based Awards during a Performance Period, exceed $10 million.

6. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards payable to a Covered Officer, the Committee shall adjust the Cash-Based Awards to reflect the following extraordinary and other similar items to the extent that they impact Operating Income by more than $50 million individually:

A. Asset write-downs;
B. Litigation or claim judgments or settlements;
C. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
D. Any reorganization or restructuring programs;
E. Mergers, acquisitions or divestitures;
F. Foreign exchange gains and losses; and
G. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters.

7. Discretion to Reduce Amounts Payable

Notwithstanding any provision to the contrary, the Committee shall have the discretion to reduce the amount of Cash-Based Awards payable to Covered Officers.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-28:

Please provide the percentage wage rate increases granted by the Company by date and employee category for the three most recent calendar years and the current year to date.

Response:

	2011	2012	2013	2014
Exempt	1-Jun	1-Jun	1-Jun	1-Jun
	3.25%	3.00%	3.00%	3.00%
Non-Union, Non-Exempt	1-Jun	1-Jun	1-Jun	1-Jun
	3.00%	2.50%	2.50%	3.00%
United Steelworkers of America	15-Sep	15-Sep	15-Sep	15-Sep
Local 7139-03	2.00%	2.00%	3.00%	2.00%
United Steelworkers of America	15-Sep	15-Sep	15-Sep	15-Sep
Local 13836-14	2.00%	2.00%	3.00%	2.00%
Utility Workers Union of America	30-Sep	30-Sep	30-Sep	30-Sep
Local 475	2.00%	2.00%	3.00%	2.00%
Utility Workers Union of America	1-Nov	1-Nov	1-Nov	1-Nov
Local 479	2.00%	2.00%	3.00%	2.00%
United Steelworkers of America	1-Apr	1-Apr	1-Apr	1-Apr
Local 1852-17	2.00%	2.00%	2.00%	3.00%

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-029:

Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold for the lesser of the last three years or since the Company's last rate case or anticipated during the FTY. Explain how such amounts have been treated for ratemaking purposes.

Response:

The Company has not sold any utility property since the Company's last rate case and does not anticipate selling any utility property during the FTY or the FFRY.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-30:

Please provide the level of each of the following which is included in the Company's cost of service by separate type and/or payee, which are incurred directly by the Company or are allocated or billed to the Company by affiliates or its parent company.

a. fines and penalties

b. contributions and donations

c. membership dues

d. lobbying expense

e. employee activity costs (e.g., picnics, parties, awards)

f. investor relations expenses

Response:

a. All fines and penalties are booked below the line in account 426-3000.

b. There is $200 in charitable organizations included in account 880 Operating Expenses, There is $485,297 in various charitable organizations booked below the line in account 426. See Exhibit No. 4, Schedule 15, for a listing of the various payees.

c. See GAS-RR-030 Attachment A.

d. There is $149,326 in lobbying expenses included in operating costs for the fully forecasted rate year (twelve months ended December 31, 2016). This was removed from the cost of service by a ratemaking adjustment on Exhibit No. 104, Schedule No. 1, Page 2 of 2, Line 24.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

e. Columbia Gas of Pennsylvania has discontinued its sponsorship of all athletic associations and employee social clubs. There was $39,894 spent on employee activities and recognition awards during the historic test year.

f. NiSource Corporate Services Company (NCSC) billed Columbia Gas of Pennsylvania $69,464 during the historic test year for Investor Relations expenses.

Columbia Gas of Pennsylvania, Inc.
Memberships Dues
Booked to Various O&M Accounts
Twelve Months Ended November 30, 2014

Line No.	Description		Amount $
	CIVIC CONTRIBUTIONS		
1	Civic Contributions are recorded in Account 426, and not included in the rate claim		0
	INDUSTRIAL ASSOCIATIONS		
2	African American Chamber of Commerce - 2014 Membership Fee		3,000
3	American Gas Association - 1st Quarter Dues 2014		35,983
4	American Gas Association - 2nd Quarter Dues 2014		35,983
5	American Gas Association - 3rd Quarter Dues 2014		35,983
6	American Gas Association - 4th Quarter Dues 2014		35,983
7	American Gas Association - Annual Event at NARUC Convention		417
8	Beaver County Chamber of Commerce - 2014 Membership Fee		407
9	Beaver County Corporation for Economic Development - 2014 Membership Fee		200
10	Bradford Area Chamber of Commerce - 2014 Membership Fee		145
11	Butler County Chamber of Commerce - 2014 Membership Fee		210
12	Chamber of Business and Industry of Centre County - 2014 Membership Fee		235
13	Common Ground Alliance - 2014 Bronze Sponsorship		1,618
14	Energy Association of Pennsylvania - 2014 Membership Fee		89,224
15	Fay Penn Economic Development Council - 2014 Membership Fee		2,000
16	Hanover Area Chamber of Commerce - 2014 Membership Fee		1,074
17	Lawrence County Chamber of Commerce - 2014 Membership Fee		425
18	McMurray Rotary Club - 2014 Membership Fee		680
19	Mon Valley Regional Chamber of Commerce - 2014 Membership Fee		396
20	Pennsylvania Chamber of Business & Industry - 2014 Membership Fee		20,000
21	Pittsburgh Airport Area - The Chamber - 2014 Membership Fee		590
22	Pittsburgh Region Clean Cities - 2014 Membership Fee		500
23	Rochester Chamber of Commerce - 2014 Membership Fee		100
24	Southpointe CEO Association - 2014 Membership Fee		2,000
25	Southpointe Chamber of Commerce - 2014 Membership Fee		225
26	The Engineering Society of York - 2014 Membership Fee		4
27	The Pennsylvania Society - 2014 Membership Fee		75
28	The Pennsylvania Society - 2014 Membership Fee		325
29	Utility State Government Organization - 2014 Membership		1,875
30	Washington County Chamber of Commerce - 2014 Membership fee		450
31	York County Economic Alliance - 2014 Membership Fee		1,084
32	Total Industrial Organizations		271,191
33	Total Membership Dues	Ln 1 + Ln 32	271,191

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-031:

Please provide a description and the purpose for membership for each organization listed in the previous response.

Response:

These business and service associations comprise a widely varied group that all contribute either toward helping Columbia personnel perform their jobs more efficiently or to improving the service territories where Columbia facilities are located.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-032:

Please provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project.

Response:

Please see GAS-RR-032 Attachment A.

Columbia Gas of Pennsylvania, Inc.
Company Memberships - Industrial and Civic Associations
Twelve Months Ended November 30, 2014

Line No.	Description	Reference	Amount $	Amount $
1	INDUSTRIAL ASSOCIATIONS			
2	African American Chamber of Commerce - 2014 Membership Fee		3,000	
3	American Gas Association - 1st Quarter Dues 2014		35,983	
4	American Gas Association - 2nd Quarter Dues 2014		35,983	
5	American Gas Association - 3rd Quarter Dues 2014		35,983	
6	American Gas Association - 4th Quarter Dues 2014		35,983	
7	American Gas Association - Annual Event at NARUC Convention		417	
8	Beaver County Chamber of Commerce - 2014 Membership Fee		407	
9	Beaver County Corporation for Economic Development - 2014 Membership Fee		200	
10	Bradford Area Chamber of Commerce - 2014 Membership Fee		145	
11	Butler County Chamber of Commerce - 2014 Membership Fee		210	
12	Chamber of Business and Industry of Centre County - 2014 Membership Fee		235	
13	Common Ground Alliance - 2014 Bronze Sponsorship		1,618	
14	Energy Association of Pennsylvania - 2014 Membership Fee		89,224	
15	Fay Penn Economic Development Council - 2014 Membership Fee		2,000	
16	Hanover Area Chamber of Commerce - 2014 Membership Fee		1,074	
17	Lawrence County Chamber of Commerce - 2014 Membership Fee		425	
18	McMurray Rotary Club - 2014 Membership Fee		680	
19	Mon Valley Regional Chamber of Commerce - 2014 Membership Fee		396	
20	Pennsylvania Chamber of Business & Industry - 2014 Membership Fee		20,000	
21	Pittsburgh Airport Area - The Chamber - 2014 Membership Fee		590	
22	Pittsburgh Region Clean Cities - 2014 Membership Fee		500	
23	Rochester Chamber of Commerce - 2014 Membership Fee		100	
24	Southpointe CEO Association - 2014 Membership Fee		2,000	
25	Southpointe Chamber of Commerce - 2014 Membership Fee		225	
26	The Engineering Society of York - 2014 Membership Fee		4	
27	The Pennsylvania Society - 2014 Membership Fee		75	
28	The Pennsylvania Society - 2014 Membership Fee		325	
29	Utility State Government Organization - 2014 Membership		1,875	
30	Washington County Chamber of Commerce - 2014 Membership fee		450	
31	York County Economic Alliance - 2014 Membership Fee		1,084	
32	Total Industrial Organizations		271,191	
33	Total Company Memberships Per Normalized HTY	Ex. 4, Sch. 1, Pg. 2, Ln. 12		271,191

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-033:

Please provide the following information related to the Company's membership in AGA:

a. Cost included in requested cost of service

b. Cost excluded from requested cost of service

c. Copy of the most recent audit report of AGA expenditures prepared by NARUC.

d. Most recent correspondence received from AGA which addresses the percentage of dues related to lobbying or other separate activities.

e. Policy statement, objective, purpose, etc. of AGA.

Response:

a. Net AGA costs included in the FFRY requested cost of service are $143,939.

b. $3,598 of AGA costs related to lobbying was excluded from the total budgeted annual $143,939 AGA dues. This exclusion represents 2.5% of the total dues.

c. NARUC has not audited AGA expenditures for a number of years.

d. Please see GAS-RR-033 Attachment A for the AGA 2014 Budget and the definitions of functional cost centers for the year ended December 31, 2014.

e. Please see GAS-RR-033 Attachment B for the AGA Vision and Mission Statement approved September 15, 2009. AGA's Vision and Mission Statements can also be viewed under the "About AGA" section of the American Gas Association web site at www.aga.org.

AMERICAN GAS ASSOCIATION
2014 BUDGET

	$ 2014 ALLOCATION	% 2014 ALLOCATION
Programs Funded by Dues		
Communications	$3,195,000	10.38%
Corporate Affairs	$2,704,000	8.79%
General & Administrative	$6,032,000	19.60%
General Counsel	$1,326,000	4.31%
Government Relations: Federal	$2,295,000	7.46%
Government Relations: State	$1,634,000	5.31%
Industry Finance & Administrative Programs	$1,186,000	3.85%
Operations & Engineering	$6,953,000	22.59%
Policy, Planning & Regulatory Affairs	$3,571,000	11.60%
Policy Strategy & Demand Growth	$1,879,000	6.11%
Expense Budget	$30,775,000	100.00%

Note
AGA estimates that lobbying expenses, as defined under IRC Section 162, will account for 2.5% of member dues in 2014.

Communications develops informational material for member companies and consumers and coordinates all media activity.

Corporate Affairs provides opportunities for interaction between member companies and the financial community. The focus is to promote interest in the investment opportunities in the industry.

General and Administrative includes:

1. Office of the President provides senior management guidance for all AGA activities.
2. Human Resources develops and administers employee programs and provides office and personnel services.
3. Finance and Administration develops and administers financial accounting and treasury services and maintains computer services capability.

General Counsel provides legal counsel to the Association.

Government Relations provides members with information on legislative development; prepares testimony, comments, and filings regarding legislative activities, lobbies on behalf of the industry.

Industry Finance and Administration develops and implements programs in such areas as accounting, human resources, and risk management for member companies.

Operations and Engineering develops and implements programs and practices to meet the operational, safety, and engineering needs of the industry.

Policy, Planning & Regulatory Affairs includes:

1. Policy & Analysis identifies the need for and conducts energy analyses and modeling efforts in the areas of gas supply and demand, economics, and the environment.
2. Regulatory Affairs provides members with information on FERC and state regulatory developments; prepares testimony, comments, and filings regarding regulatory activities.

Policy Strategy & Demand Growth leads AGA's policy strategy development, engages key stakeholders and policy makers and develops studies and joint initiatives that support advancing the industry's advocacy priorities. It supports the growth objectives of members by advancing sustainable growth opportunities for the direct and distributed use of natural gas in the residential, commercial and industrial markets.

AGA Vision and Mission Statement

VISION STATEMENT

AGA's vision is to provide clear value to our membership and serve as the indispensable voice, and facilitator, on its behalf in promoting the safe, reliable and cost effective delivery of natural gas to the more than 64 million customers in the American homes and businesses that our membership serves.

MISSION STATEMENT

The American Gas Association represents companies delivering natural gas to customers to help meet their energy needs. AGA members are committed to delivering natural gas safely, reliably, cost-effectively and in an environmentally responsible way. AGA advocates the interests of its members and their customers, and provides information and services promoting efficient demand and supply growth, and operational excellence, in the safe, reliable and efficient delivery of natural gas.

To further this mission, AGA:

1. Focuses on the advocacy of natural gas issues that are priorities for the membership and that are achievable in a cost-effective way;
2. Promotes growth in the efficient use of natural gas on behalf of natural gas utilities, and the customers the industry serves, by emphasizing before a variety of audiences the attributes of natural gas as a clean, abundant, efficient and secure energy source that is recognized as part of the solution to the nation's environmental and energy efficiency goals;
3. Encourages, facilitates and assists members in sharing information designed to achieve operational excellence by improving their safety, security, reliability, efficiency, environmental and other performance metrics;
4. Assists members in managing and responding to customer energy needs, regulatory trends, natural gas markets, capital markets and emerging technologies; facilitates the identification of, and advocates for, regulatory constructs and business models that provide members the opportunity to remain financially viable, while allowing them to grow;
5. Collects, analyzes and disseminates information on a timely basis to opinion leaders, policy makers and the public about the benefits provided by energy utilities and the natural gas industry;
6. Encourages the identification, development, commercialization, demonstration and regulatory acceptance of end-use technologies that will allow natural gas applications to successfully compete in the marketplace; and
7. Delivers measurable value to AGA members.

Approved: September 15, 2009

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-034:

Please provide a copy of the most recent FERC audit findings, the Company's response and final disposition of audit exceptions.

Response:

NiSource Inc. (NiSource), including its service company, underwent a FERC audit, Docket No. FA11-5-000, that covered the period January 1, 2009 through December 31, 2010. Please refer to GAS-RR-034 Attachment A dated October 24, 2012 for the Final Audit Report issued by the FERC audit staff along with the Company's response. As indicated in the Final Report, the Audit Staff reviewed and tested the supporting details for NCSC's cost allocation methods. They then sampled and selected supporting documents to ensure that NCSC's billings and accounting comply with the USOA (Uniform System of Accounts). FERC identified several instances in which amounts were recorded in incorrect accounts and several instances where reports were not correctly submitted to FERC. FERC did not issue any adverse comments to NCSC related to its allocation methods.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
Office of Enforcement
Docket No. FA11-5-000
October 24, 2012

NiSource Inc.
Attention: Stephen P. Smith
Executive Vice President and Chief Financial Officer
801 East 86th Ave.
Merrillville, IN 46410

Dear Mr. Smith:

1. The Division of Audits within the Office of Enforcement (OE) has completed the audit of NiSource Inc. (NiSource or Company) and its associated companies from January 1, 2009 through December 31, 2010. The enclosed audit report explains our audit findings and recommendations.

2. On August 21, 2012, you notified us that NiSource agrees with our findings and recommendations. A copy of your verbatim response is included as an appendix to this report. I hereby approve the audit findings and recommended corrective actions. Within 30 days of this letter order, NiSource should submit a plan to comply with the corrective actions. NiSource should make quarterly filings describing how and when it plans to comply with the corrective actions, including dates it has completed each corrective action. The submissions should be made no later than 30 days after the end of each calendar quarter, beginning with the first quarter after this audit report is issued, and continuing until all the corrective actions are completed.

3. The Commission delegated the authority to act on this matter to the Director of OE under 18 C.F.R. § 375.311 (2011). This letter order constitutes final agency action. Your Company may file a request for rehearing with the Commission within 30 days of the date of this order under 18 C.F.R. § 385.713 (2011).

4. This letter order is without prejudice to the Commission's right to require hereafter any adjustments it may consider proper from additional information that may come to its attention. In addition, any instance of noncompliance not addressed herein or that may occur in the future may also be subject to investigation and appropriate remedies.

5. I appreciate the courtesies extended to the auditors. If you have any questions, please contact Mr. Bryan K. Craig, Director and Chief Accountant, Division of Audits at (202) 502-8741.

Sincerely,

Norman C. Bay
Director
Office of Enforcement

Enclosure

Federal Energy Regulatory Commission

Audit of NiSource Inc.

Affiliate Transactions, including its Compliance with:

- Cross-Subsidization Restrictions on Affiliate Transactions;
- Regulations Under the Public Utility Holding Company Act of 2005; and
- Uniform System of Accounts for Public Utilities and Natural Gas Companies' Accounting for Service Company Transactions

Docket No. FA11-5-000
October 24, 2012

Office of Enforcement
Division of Audits

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I. Executive Summary

A. Overview

The Division of Audits within the Office of Enforcement has completed an audit of NiSource Inc. (NiSource or the Company) including its service companies, and associated companies (collectively Companies). The audit was initiated to evaluate the Companies' compliance with the Federal Energy Regulatory Commission's (FERC or the Commission's): (1) cross-subsidization restrictions on affiliate transactions under 18 C.F.R. Part 35 (2010); (2) accounting, recordkeeping, and reporting requirements under 18 C.F.R. Part 366 (2010); (3) Uniform System of Accounts (USofA) for centralized service companies under 18 C.F.R. Part 367 (2010); (4) preservation of records requirements for holding companies and service companies under 18 C.F.R. Part 368 (2010); and (5) FERC Form No. 60 Annual Report requirements under 18 C.F.R. Part 369 (2010).

The audit also evaluated the associated public utility and natural gas companies' compliance with the Commission's accounting requirements for transactions with associated companies under 18 C.F.R. Parts 101 and 201 (2010), and the applicable reporting requirements in the FERC Form Nos. 1 and 2. The audit period covered January 1, 2009 through December 31, 2010.

B. NiSource Inc.

NiSource, headquartered in Merrillville, IN, is an energy holding company whose subsidiaries provide natural gas, electricity, and other products and services to approximately 3.8 million customers in a corridor that runs from the Gulf Coast through the Midwest to New England.

NiSource is organized into three primary business segments. The Gas Transmission and Storage Operations business segment operates interstate natural gas pipelines and storage facilities. NiSource's natural gas transmission subsidiaries include Columbia Gulf Transmission Company (CGT), Columbia Gas Transmission Company (TCO), Granite State, and others. NiSource's electric operation segment generates, transmits, and distributes electricity through its domestic public utility subsidiary, Northern Indiana Public Service Company (NIPSCO), to approximately 458,000 customers in 20 counties in northern Indiana. NiSource's natural gas distribution operations segment serves more than 3.3 million customers in seven states and operates approximately 59,000 miles of pipeline.

NiSource affiliates are served by two traditional centralized service companies, NiSource Corporate Services Company (NCSC) and NiSource Gas Transmission & Storage Company (NGTSC). Both service companies generally provide human capital services that include accounting, human resources, legal, and information technology support. NCSC provides human capital services to all of NiSource's subsidiaries, whereas NGTSC provides human capital services to only Columbia Gulf Transmission Company, one of NiSource's interstate gas transmission pipeline and storage companies.

C. Summary of Compliance Findings

Audit staff's compliance findings are summarized below. Details are in section IV of this report. Audit staff found eight areas of noncompliance:

- *Electric Public Utility's Accounting for Billings from the Service Company:* NIPSCO did not record some of the costs it received from NCSC in the appropriate accounts as required by the Commission's accounting regulations.

- *Prepayment for the use of Finance and Accounting Transformation Servers:* NCSC improperly accounted for a prepayment for the use of accounting servers in Account 186, Miscellaneous Deferred Debits, when it should have accounted for this prepayment in Account 165, Prepayments.

- *Accounting for Over-Funding of a Single-Employer, Defined Post-Retirement Benefit Plan:* NCSC inappropriately recorded the overfunding of a single-employer, defined post-retirement life insurance benefit plan in Account 186, Miscellaneous Deferred Debits, for 2009 and 2010. The Company should have recorded the overfunded status in Account 128, Other Special Funds.

- *Improperly Recorded Transferred Employee Benefits:* NCSC improperly recorded transferred employee benefits in Account 186, Miscellaneous Deferred Debits, for 2009 and 2010. The Company should have recorded these benefits in Account 146, Accounts Receivable from Associated Companies, until they were paid.

- *FERC-61Reporting:* NiSource did not submit FERC-61, Narrative Description of Service Company Functions, filings for three special-purpose companies between 2006 and 2010, as the Commission regulations require.

- *Untimely Filing for Cash Management Agreement:* NiSource did not file changes to its cash management agreement within 10 days of the change in one occurrence during the audit period, as Commission regulations require.

- *Reporting of Transactions with Associated (Affiliated) Companies:* NiSource's public utility affiliate, NIPSCO, did not report the required information on page 429, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 1s filed in 2009 and 2010. NiSource's natural gas pipeline and storage affiliates, TCO and CGT, did not report the required information on page 358, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 2s filed in 2009 and 2010. Specifically, each entity did not report the accounts charged or credited for certain non-power goods and services provided for or by affiliates.

- *Miscellaneous Accounting Classification Errors:* NCSC improperly classified certain expenses in the wrong FERC accounts. NCSC should have classified these transactions in the proper accounts as the USofA for centralized service companies prescribed under 18 C.F.R. Part 367.

D. Summary of Recommendations

Audit staff's recommendations to remedy these findings are summarized below. Details are discussed in section IV of this report. To address each area of non-compliance, audit staff recommends that NiSource:

- Develop and implement policies and procedures to ensure that NCSC and NIPSCO comply with the Commission's accounting regulations for billings from NCSC.

- Conduct a study from the beginning of the audit period to present to determine the accuracy of the accounts that NIPSCO used to reallocate and record service company billings, and submit the results of this study to audit staff. NiSource should complete this study and submit it to the DA no later than 180 days after the date this audit report is issued.

- Make correcting entries to NIPSCO's accounting records to properly classify all charges the service company billed from the beginning of the audit period to present, and submit these journal entries to audit staff.

- Require NCSC to reclassify the remaining noncurrent prepayment portion of the finance and accounting transformation servers to Account 165.

- Reclassify the overfunded portion of its postretirement life insurance benefit from Account 186 to Account 128 for compliance with Docket No. IA07-1-000.

- Develop policies to ensure that long-term disability insurance for transferred employees is properly accounted for in Account 146.

- Develop and implement a process that periodically reviews all corporate entities that require a FERC-61 filing.

- Develop and/or strengthen policies and procedures for submitting its cash management agreements and subsequent changes or modifications to ensure compliance with Commission filing requirements.

- Strengthen its policies and procedures for submitting data on its FERC Form Nos. 1 and 2 to ensure accurate and complete reporting.

- Implement accounting policies, processes, and procedures to ensure the types of transactions indentified above are recorded according to Commission regulations.

- Post correcting entries to NCSC's accounting records to properly classify all lobbying and political activity charges from the beginning of the audit period to present.

E. Compliance and Implementation of Recommendations

Audit staff further recommends that NiSource:

- Submit its plans for implementing audit staff's recommendations for audit staff's review. NiSource should provide its plan to audit staff within 30 days of the issuance of the final audit report in this docket.

- Submit all correcting entries to the Division of Audits within 30 days of the issuance of the final audit report in this docket, including all correcting entries affecting the books of the service company and associated franchised public utility (FPU).

- Submit quarterly reports to the Division of Audits describing the Companies' progress in completing each corrective action recommended in the final audit report in this docket. NiSource should make its quarterly filings no later than 30 days after the end of each calendar quarter, beginning with the first quarter after the final audit report in this docket is issued, and continuing until NiSource completes all recommended corrective actions.

- Submit copies of any written policies and procedures developed in response to the recommendations in the final audit report. These policies and procedures should be submitted for audit staff's review in the first quarterly filing after the Companies complete these items.

II. Background

A. Service Agreements, Cost Allocations, and Corporate Accounting System

The provisions of the General Service Agreement (GSA) between NCSC and NiSource's affiliates serve as the source of accounting policy and practice for billings of non-power goods and services. A regulated or nonregulated affiliate may select any or all of the services under the GSA. NCSC and its NiSource affiliates review their service agreements annually and agree on what NCSC services will be provided through budgeting. Such goods and services between affiliates are priced at fully allocated cost and to the extent possible, directly charged to the client or clients benefiting from a service. Any remaining charges that cannot be directly charged to an affiliate are allocated between the companies receiving the benefit of the service.

NCSC uses a central accounting system, also known as a work order system, to accumulate costs. This system is used to create and maintain all NCSC work orders, which receive all NCSC costs to bill the proper NiSource affiliate for work performed. The system also assigns a 10-digit alphanumeric code to the project or projects that details how expenses will be charged. The Company said much "front-end" work occurs in meetings between a department head working with an affiliate and NCSC personnel. These meetings help management build a consensus on how a new project's costs will be allocated to NiSource affiliates. Attendees at these meetings discuss the work that will take place to accurately determine which costs should be included in the work order system, the cost allocation base that should be used for the project, which companies benefit from the costs, and the portion of the cost each affiliate should receive and record in its accounting records.

Once NiSource management agrees to the basics of the newly created work order system project, costs are assigned using one of the base allocations[1] the Security and Exchange Commission (SEC) previously approved, or a direct company billing code. The work order system is designed so base allocations never change, but the companies that receive the costs can and do change. NCSC reviews and updates the amounts allocated to its affiliates every six months or

[1] The SEC approved all of NiSource's base allocations, and no other base allocations have been created since the Energy Policy Act of 2005 went into effect.

before, if an affiliated company is sold or no longer receives NCSC services.[2] Both the Company's external and internal auditors analyze the cost allocators yearly, and state public utility commissions also review the Company's cost allocations as they pertain to filed rate cases. The Company said NiSource has never had a cost allocation refused by a regulatory authority.

NCSC's total billings to associated companies for 2009 were $377,469,976. Of that, $276,719,054 was direct-charged (73.3 percent); $99,430,359 (26.3 percent) was indirectly charged; and $1,320,563 (0.3 percent) was compensation for the use of capital. Compensation for the use of capital represents interest expense paid on long-term intercompany notes.

NCSC's total billings to associated companies for 2010 were $409,702,831. Of that, $302,753,123 was direct-charged (73.9 percent); $105,629,146 (25.8 percent) was indirectly charged; and $1,320,562 (0.3 percent) was compensation for the use of capital.

B. Internal Audit Role and Reporting

NiSource's Internal Audit department (Internal Audit) is responsible for reviewing accounting systems, source documents, allocation bases, and billing procedures NCSC used to allocate costs to NiSource's parent holding company and all of its subsidiaries.

Annually, Internal Audit reviews cost allocation bases and billing procedures NCSC uses and recommends improvements to allocation and billing processes. For 2010, the primary business risks associated with these activities were that:

- Allocation factors may not be updated regularly to reflect current statistical data to ensure that NCSC charges are billed relative to current operations;
- Contract and convenience billings may not be properly billed to affiliates;
- Holding company costs may not be properly segregated and paid by the holding company;

[2] If an affiliate that receives allocated costs is sold, the cost allocations it participates in are updated. When an update occurs, the entire allocation system is updated.

- Executive time allocation may not accurately reflect the companies benefiting from their services;

- Not all indirect costs may be appropriately allocated to affiliates monthly; and

- Intercompany payables and receivables may not be billed and settled accurately and on time.

The Internal Audit department performed the annual audit and concluded that the methods and procedures used to allocate costs/expenses and bill subsidiary Companies, including the holding company, were reasonable.

C. Formula Rates

NiSource has one electric FPU jurisdictional to FERC with formula rates, and that company is NIPSCO. NIPSCO is a combination electric and natural gas public utility company that is a transmission-owning member of the Midwest Independent Transmission Service Operator, Inc. (MISO), whose transmission rates are set under formula rate in Attachment O of the MISO Open Access Transmission Energy and Operating Reserve Energy Markets Tariff. Attachment O uses data from the FERC Form No. 1 as inputs to calculate certain transmission rates for service.

To provide rate stability and certainty, rates are updated May 1 of each year, and are not updated out of cycle or recalculated retroactively due to late submissions of information. When MISO is informed of an error in a rate calculation, it reviews and corrects the error prospectively. At the request of the transmission owner, MISO will retroactively recalculate rates, and make refunds and/or charges for the current billing year.

III. Introduction

A. Objectives

The audit's objectives were to evaluate whether the Companies complied with Commission: (1) cross-subsidization restrictions on affiliate transactions under 18 C.F.R. Part 35 (2010); (2) accounting, recordkeeping, and reporting requirements under 18 C.F.R. Part 366 (2010); (3) Uniform System of Accounts (USofA) for centralized service companies under 18 C.F.R. Part 367 (2010); (4) preservation of records requirements for holding companies and service companies under 18 C.F.R. Part 368 (2010); and (5) FERC Form No. 60 Annual Report requirements under 18 C.F.R. Part 369 (2010).

The audit also evaluated associated public utility and natural gas companies' compliance with Commission accounting requirements for transactions with associated companies under 18 C.F.R. Parts 101 and 201 (2010), respectively; and, the applicable reporting requirements in FERC Form Nos. 1 and 2, respectively. The audit covered January 1, 2009 through December 31, 2010.

B. Scope and Methodology

To address audit objectives, audit staff:

- Reviewed NCSC's FERC Form No. 60 Annual Reports and NiSource's notification of holding company status FERC-65 filing. Audit staff reviewed these reports and filings to ensure that the information was reliable, accurate, and complete.

- Reviewed publicly available materials to understand NiSource operations, including select filings to the SEC (10-K and 10-Q), FERC Form Nos. 1, 2, and 2-A filings, prior audits, and other filings with the Commission.

- Identified the standards and criteria for evaluating Company compliance with each of the objectives of the audit scope. These standards and criteria include FERC rules, regulations, letter orders, and other requirements for holding and service companies, and FERC accounting regulations related to public utilities and natural gas companies.

- Conducted one site visit to NiSource offices in Columbus, OH. The site visit helped staff to understand NiSource's structure, activities, functions, systems, and processes used in its operations. While on site, audit staff reviewed and tested the supporting details for NCSC's cost allocation

methods; sampled and selected supporting documents to ensure that NCSC's billings and the FPU's accounting comply with the USofA; sampled and selected supporting documents to ensure that NCSC's accounting complies with the USofA; and ensured that NiSource and NCSC comply with preservation of records requirements.

- Held numerous discussions with Company employees to clarify and supplement Company responses to data requests and provide additional information on other areas of concern.

- Reviewed relevant audit reports and working papers of NiSource's Internal Audit department and external audit firm, Deloitte and Touche. Audit staff also reviewed several prior SEC audit reports.

- Conferred with officials from the Indiana Utility Regulatory Commission who have jurisdiction over NCSC's associated FPU.

- Conferred with other Commission staff on various compliance issues to ensure that audit findings would be wholly consistent with Commission precedent and policy. For example, audit staff conferred with staff from other divisions within the Office of Enforcement, and with technical and legal staff from other Commission offices, including the Office of Energy Market Regulation and Office of General Counsel.

Besides these actions, audit staff reviewed NiSource's regulatory compliance program. Audit staff assessed the compliance program for the audit scope areas consistent with prior Commission orders and policy statements. Specifically, audit staff:

- Reviewed NiSource's regulatory compliance program structure, including its authority and responsibilities for overseeing corporate compliance and the delegation of compliance responsibilities at the department level.

- Reviewed NiSource's Internal Audit department structure, including chain-of-command and access to the Board of Directors through the Audit Committee to assess the effectiveness and independence of the audit process.

- Interviewed executives, managers, and operational employees to evaluate their knowledge and application of NiSource's compliance program.

Audit staff performed several specific actions to evaluate the Companies' compliance with all relevant requirements of audit objectives. A summary of these actions include:

Cross-subsidization Restrictions

To evaluate compliance with Commission's cross-subsidization restrictions on affiliate transactions, audit staff:

- Reviewed policies, procedures, and practices as to the sale of non-power goods and services;
- Interviewed NiSource employees, particularly those who work in accounting and supply chain management on transfers of non-power goods and services;
- Reviewed and tested pricing methods for transferring non-power goods and services between the FPU, market-regulated power sales affiliates, and non-utility affiliates; and
- Sampled charges and payments to determine accurate pricing for the sale of goods and services to verify compliance with Commission pricing rules.

Accounting, Recordkeeping, and Financial Reporting

To evaluate compliance with the FERC's books, records, and filing requirements, audit staff reviewed NCSC's FERC Form No. 60 Annual Reports, NiSource's Notification of Holding Company Status – FERC-65 filing, and the FERC Form Nos. 1, 2, and 2-A reports of the associated FPU and natural gas companies. Select, electronically filed information in the FERC Form No. 60 was verified with supporting documentation to ensure that required information was reported accurately and consistently. Select information in the FERC Form No. 1 was also compared to the FERC Form No. 60 to ensure it was reported accurately.

To facilitate our review of NCSC's compliance with the USofA, audit staff reviewed, sampled, analyzed, and tested electronic data of NCSC's books to ensure that centralized service company accounting follows the USofA. When necessary, audit staff followed up with additional data requests and interviews.

With respect to the jurisdictional FPU's compliance with the Commission's USofA, audit staff selected and reviewed associated FPU accounts for NCSC's billed costs. Audit staff reviewed the charges billed and identified the accounts the FPU used to ensure that the jurisdictional FPU was properly accounting for service company costs.

We also reviewed NCSC's associated FPU accounting with the FERC Form No. 1 to ensure that NCSC billings for non-power goods and services were properly recorded and reported.

Preservation of Records

To evaluate compliance with preservation of records requirements for NiSource, audit staff interviewed the Company's Corporate Management Records officials responsible for complying with Commission requirements. Audit staff created a sample test for records to ensure that the Company's policies and procedures were being followed.

Cost Allocation and Billings

To facilitate our review of NCSC's cost allocation methods and costs NCSC billed to the associated FPU, audit staff identified all SEC-approved cost allocation methods by NCSC. Audit staff also inquired about any new allocation methods created after the Energy Policy Act of 2005 was implemented. Audit staff reviewed and tested supporting details of select cost allocation methods by reviewing select service company billings and corresponding jurisdictional utilities' accounting entries to determine compliance with the USofA.

IV. Findings and Recommendations

1. Electric Public Utility's Accounting for Billings from the Service Company

Northern Indiana Public Service Company (NIPSCO) did not record some of the costs it received from NCSC in the appropriate accounts as required by the Commission's accounting regulations.

Pertinent Guidance

18 C.F.R. Part 101 Account 163, Stores expense undistributed, states:

> A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

18 C.F.R. Parts 101 Account 182.3, Other regulatory assets, states in part:

> A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (*See* Definition No. 30.)

18 C.F.R. Parts 201 Account 182.3, Other regulatory assets, states in part:

> A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (*See* Definition No. 31.)

18 C.F.R. Parts 101 and 201 Account 923, Outside services employed, state in part:

> A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

18 C.F.R. Part 201, Account 870, Operation supervision and engineering, states:

> This account shall include the cost of labor and expenses incurred in the general supervision and direction of distribution system operations. Direct supervision of specific activities such as load dispatching, main operation, removing and resetting meters, etc., shall be charged to the appropriate account.

18 C.F.R. § 367.4261 Account 426.1, Donations, states:

> This account must include all payments or donations for charitable, social or community welfare purposes.

Order No. 684 Paragraph 124 states in part:

> Therefore, we will require centralized service companies to record the expenses it incurs for conducting operation and maintenance activities related to generation, transmission, distribution and customer services in the same expense accounts public utilities are required to use to record these costs. Using the 500 and 800 series of accounts also provides better assurance that costs are properly assigned because like items will be identified and measured in the same way regardless of the entity performing the work.

Order No. 684 Paragraph 125 states:

> In responding to NARUC's concern, we will not prohibit the recording of charges in Account 923, Outside services. Prohibiting the use of this account would be overly prescriptive. It is possible that some service company costs would be accurately reported in Account 923. However, we believe that it is appropriate for utilities that receive bills from service companies to classify those costs in the appropriate accounts. Utilities would not be in compliance with Part 101, General Instruction 14, if they do otherwise. Specifically, General Instruction 14 requires that transactions with associated companies be recorded in the appropriate accounts for transactions of the same nature. We will require that centralized service companies performing services such as operation and maintenance services related to generation, distribution, transmission, and customer service on behalf of service companies to use the appropriate accounts for those services performed.

Order No. 684 Paragraph 126 states in part:

> As discussed above, the use of the 500 and 800 accounts provides clarity about the types of services performed by centralized service companies and the costs of providing those services. Proper classification of service company costs facilitates proper classification of the costs at the utility. Therefore, we will require centralized service companies to use the 500 and 800 series of accounts as proposed.

Background

During the course of the audit, audit staff tested NIPSCO's accounting for billings received from NCSC, NiSource's primary service company. Audit staff sampled NCSC's transactions and costs billed to NIPSCO to determine how each company accounted for the billed costs. Audit staff discovered inconsistencies between how NCSC and NIPSCO recorded these costs. These inconsistencies occurred because NIPSCO reclassified these billed costs into accounts that differed from how NCSC accounted for these costs.

For example, NCSC billed certain costs to NIPSCO that it accounted for in Account 923, but NIPSCO reclassified some of these costs to Accounts 163, 870, and 182.3. Audit staff is concerned with NIPSCO's reclassifying these costs because the accounting used did reflect the appropriate accounting based on the description of the costs incurred. The costs reflected in the billings from the NCSC are of the nature of outside services that should be properly classified in Account 923. This would be consistent in how NCSC originally accounted for these costs.

Also, audit staff discovered the same inconsistency in NCSC's billings of amounts included in Account 426.1 to NIPSCO. NCSC billed NIPSCO for donations in Account 426.1, which is a below-the-line account,[3] but NIPSCO reclassified these billings to FERC operational Accounts 923 and 163. These transactions not only concern audit staff because the reclassification of service company billings did not result in the appropriate accounting for such costs, but in this instance NIPSCO reclassified these costs from a below-the-line to above-the-line accounts. Since NIPSCO recovers it costs under the MISO formula rate

[3] The "line" is the net utility operating income on the income statement. Above-the-line accounts refer to costs that are recovered by the ratepayer and are accounted for as part of net utility operating income. Below-the-line accounts record costs that are the responsibility of the shareholder and are accounted for on the income statement below net utility operating income.

recovery mechanism, this reclassification was improperly recovered from wholesale customers.

NiSource believes it has complied with Order No. 684 because it allows service companies to use the 500 and 800 accounts to record charges related to generation, transmission, distribution operations, and customer service in the same expense accounts public utilities are required to use to record these costs. Audit staff agrees that Order No. 684 allows service companies to use the 500 and 800 accounts, but it does not circumvent General Instruction 14. Instead, Order No. 684 reaffirms General Instruction 14. Specifically, the instruction requires that transactions with associated companies be recorded in the appropriate accounts for transactions of the same nature. Audit staff determined that NiSource should have accounted for costs billed by NCSC in the appropriate accounts based on the Commission's accounting regulations, which means that it should have accounted for the outside services in Account 923 and donations in Account 426.1. The misclassifications resulted in a *de minimus* increase on NIPSCO's formula rate revenue requirement and did not result in refunds.

Recommendations

We recommend NiSource:

1. Develop and implement policies and procedures to ensure that NCSC and NIPSCO comply with the Commission's accounting regulations for billings from NCSC.

2. Conduct a study from the beginning of the audit period to present to determine the accuracy of the accounts that NIPSCO used to reallocate and record service company billings, and submit the results of this study to audit staff. NiSource should complete this study and submit it to the Division of Audits no later than 180 days after the date this audit report is issued.

3. Make correcting entries to NIPSCO's accounting records to properly classify all charges the service company billed from the beginning of the audit period to present, and submit these journal entries to audit staff.

2. Prepayment for the Use of Finance and Accounting Transformation Servers

NCSC improperly accounted for a prepayment for the use of accounting servers in Account 186, Miscellaneous Deferred Debits, when it should have accounted for this prepayment in Account 165, Prepayments.

Pertinent Guidance

18 C.F.R. § 367.1860 (a) Account 186, Miscellaneous deferred debits, states:

> (a) This account must include all debits not provided for elsewhere, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, that are in the process of amortization and items the proper final disposition of which is uncertain.

18 C.F.R. § 367.1650 Account 165, Prepayments, states:

> This account must include amounts representing prepayments of insurance, rents, taxes, interest and miscellaneous items, and must be kept or supported in a manner so as to disclose the amount of each class of prepayment.

Background

As part of the audit, audit staff tested select accounts that had large increases or decreases during the audit period, or warranted further review due to unusual explanations or circumstances discussed in the notes for the FERC Form No. 60. During this process, audit staff learned that in 2005 NiSource wanted to outsource specific services in finance and accounting, IT, metering cash, human resources, supply chain, and storage services, and asked for bids from several companies that NiSource believed could adequately perform these services. IBM won the contract. These services were known as "towers," and these six towers made up the services IBM provided to NiSource. The 10-year term of the contract expires in June 2015.

From June 2005 to the fall of 2007, NiSource and IBM executed 22 amendments to this agreement. Due to the number of amendments to the 2005 agreement and other issues, NiSource and IBM agreed to negotiate to restructure the nature and manner of services being provided under the original agreement. NiSource and IBM agreed to execute the First Amended and Restated Agreement in December 2007.

In the First Amended and Restated Agreement, NiSource moved back in-house several functions originally outsourced to IBM in June 2005. They included, but were not limited to, finance and accounting, human resources, and supply chain. The cost of the original agreement was adjusted down to reflect the services provided by the newly scaled-back agreement. The term of the new agreement was for the original 10 years and will expire in June 2015.

When this transition occurred, both NiSource and IBM agreed to a financial settlement that included: (1) termination fees of $9.8 million paid to IBM and expensed immediately by NiSource in December 2007; (2) "wind-down" fees (IBM's fee to move work back to NiSource) of approximately $1 million that were immediately expensed on NiSource's books in December 2007 and another $1.2 million expensed over the time it took for the specific functions to be moved back to NiSource; (3) purchases of $2.4 million for meter-to-cash equipment, and $17.5 million for finance and accounting transformation software that NiSource capitalized; and (4) a $12 million prepayment for the future use and support of finance and accounting transformation servers in which the current monthly amortized portion was recorded in Account 165, Prepayments, and the noncurrent portion was accounted for in Account 186, Miscellaneous Deferred Debits. This prepayment is expensed monthly over the remaining term of the IBM contract (91 months) starting back in December 2007, or $131,868 per month ($12,000,000/91 months = $131,868).

Audit staff concluded that the Company should record the current portion of the prepayment in Account 165, but the remaining noncurrent portion should not be accounted for in Account 186. The remaining noncurrent portion of the prepayment should also be accounted for in Account 165.

Recommendations

We recommend NiSource:

4. Require NCSC to reclassify the remaining noncurrent prepayment portion of the finance and accounting transformation servers to Account 165; and

5. Develop policies and procedures to ensure that prepayments are accounted for in Account 165.

3. Accounting for Overfunding of a Single-Employer, Defined Postretirement Benefit Plan

NCSC inappropriately recorded the overfunding of a single employer, defined postretirement life insurance benefit plan in Account 186, Miscellaneous Deferred Debits, for 2009 and 2010. The Company should have recorded the overfunded status in Account 128, Other Special Funds.

Pertinent Guidance

18 C.F.R. § 367.1860 (a) Account 186, Miscellaneous deferred debits, states:

> (a) This account must include all debits not provided for elsewhere, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, that are in the process of amortization and items the proper final disposition of which is uncertain.

18 C.F.R. § 367.1280 (a) Account 128, Other special funds, states:

> (a) This account must include the amount of cash and book cost of investments that have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. This account must also include unrealized holding gains and losses on trading and available-for-sale types of security investments. A separate account with appropriate title, must be kept for each fund.

Docket No. AI07-1-000; To All Jurisdictional Public Utilities and Licensees, Natural Gas Companies, Oil Pipeline and Companies and Centralized Service Companies, states in No. 2:

> 2. Accounts for Recording the Overfunded or Underfunded Status of Postretirement Defined Benefits Plans states in part:
>
> **Question 2A:** What FERC accounts should jurisdictional entities use to record an asset for the overfunded status of one or more employee postretirement benefit plans?
>
> **Response:** Public utilities and licensees, natural gas companies, oil pipeline companies and centralized service companies should use the accounts shown below to record assets for the overfunded status of

their employees postretirement benefit plans. Separate subaccounts should be maintained for each postretirement benefit plan and overfunded plans should not be netted against underfunded plans, consistent with paragraph number 4 of SFAS No. 158.

Jurisdictional Entity	**FERC Accounts**
Public utilities and licensees (Major)	Account 129, Special funds
Public utilities and licensees (Nonmajor)	Account 128, Other special funds, or Account 129, Special funds
Natural gas companies	Account 128, Other special funds
Oil pipeline companies	Account 22, Sinking and other funds
Centralized service companies	
▪ Periods prior to January 1, 2008	Account 124, Other investments, or Account 128, Other special funds
▪ January 1, 2008 and subsequent periods	Account 128, Other special funds

Background

During the testing and verification of service company accounts, audit staff learned that NCSC provided a retiree life insurance benefit for its employees through Prudential Insurance Company (Prudential). An employee's premium is paid by NiSource to Prudential, which provides the benefit. This benefit is available to any active NiSource employee who is 55 years of age and has 10 years of service at retirement. The benefit amount is determined by employee classification (e.g., exempt, nonexempt, nonunion, and by each separate union). A retiree's beneficiary receives life insurance proceeds directly from Prudential.

Aon Hewitt, NiSource's actuary, provides actuarial services at least once annually for NiSource, as ASC 715 (formally SFAS 106) requires, to determine the funded status of NiSource's Postretirement Welfare Plans, for which health care and life insurance benefits are determined separately. Aon Hewitt receives from NiSource the fair value of trust assets on December 31 and determines the obligation associated with the retiree life insurance benefit. The net overfunded status is recorded as a net asset on a respective subsidiary's books, or conversely, the unfunded amount would be recorded as a net liability. NCSC accounted for this overfunding of contributions in Account 186.

Audit staff concluded that the overfunded status of retiree life insurance benefits should not be posted in Account 186. The Company should follow the instructions in Docket No. IA07-1-000 for the overfunded status of one or more employee postretirement benefit plans and use Account 128, Other Special Funds.

Recommendations

We recommend NiSource:

6. Reclassify the overfunded portion of its postretirement life insurance benefit from Account 186 to Account 128 for compliance with Docket No. IA07-1-000; and

7. Properly account for future over- and under-funding of its postretirement life insurance benefit under the requirements in Docket No. IA07-1-000.

4. Improperly Recorded Transferred Employee Benefits

NCSC improperly recorded transferred employee benefits in Account 186, Miscellaneous Deferred Debits, for employees who transferred from Columbia Energy Group (CEG) to NCSC in both 2009 and 2010. The Company should have recorded these benefits in Account 146, Accounts Receivable from Associated Companies, until they were paid.

Pertinent Guidance

18 C.F.R. § 367.1860 (a) Account 186, Miscellaneous deferred debits, states:

> (a) This account must include all debits not provided for elsewhere, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, that are in the process of amortization and items the proper final disposition of which is uncertain.

18 C.F.R. § 367.1460 (a) Account 146, Accounts receivable from associate companies, state:

> (a) This account must include notes and drafts upon which associate companies are liable, and that mature and are expected to be paid in full not later than one year from the date of issue, together with any related interest thereon, and debit balances subject to current settlement in open accounts with associate companies. Items that do not bear a specified due date but that have been carried for more than twelve months and items that are not paid within twelve months from due date must be transferred to account 123, Investment in associate companies (§367.1230).

Background

During review and testing of several select service company accounts, audit staff learned that all NiSource employees are eligible on the date of hire to receive long-term disability (LTD) benefits. Each year, NiSource calculates the LTD estimate based on future medical, dental, and life insurance costs for the next 15 years. Each LTD employee's birthdate is used to determine how much money to accrue per LTD employee per company because employees are eligible to receive these benefits only until age 65. Aon Hewitt, NiSource's actuary, provides the actuarial services for this annual true-up calculation.

NiSource pays an employee's premium for LTD insurance to Prudential. If the employee becomes disabled, Prudential provides LTD coverage and pays benefits directly to the employee.

If an employee transfers to a different affiliate within the NiSource holding company system, the LTD liability balance associated with that employee is also transferred and accounted for in Account 186, Miscellaneous Deferred Debits. In this instance, employees transferred from CEG to NCSC.

Audit staff concluded that the Company's use of Account 186 as an associate company's accounts receivable account was inappropriate. The Company should use Account 146, Accounts Receivable from Associate Companies, for this type of transaction.

Recommendations

We recommend NiSource:

8. Develop policies and procedures to ensure that LTD insurance for transferred employees is properly accounted for in Account 146; and

9. Transfer any remaining LTD amounts for transferred employees to the appropriate account.

Corrective Action

During the audit, NCSC calculated the total deferred debit related to employee transfers and transferred these amounts to Account 146, Accounts Receivable from Associated Companies. NCSC also provided audit staff with journal entries and computer screen images of the completed transactions.

5. FERC-61 Reporting

NiSource did not submit FERC-61, Narrative Description of Service Company Functions, filings for three special-purpose companies between 2006 and 2010, as required under the Commission's regulations.

Pertinent Guidance

18 C.F.R. Part 366.23 (a)(2), FERC Form No. 60, Annual reports of centralized service companies, and FERC-61, Narrative description of service company functions, states:

> (a)(2) FERC–61. Unless otherwise exempted or granted a waiver by Commission rule or order pursuant to §§366.3 and 366.4, every service company in a holding company system, including a special-purpose company (e.g., a fuel supply company or a construction company), that does not file a FERC Form No. 60 shall instead file with the Commission by May 1, 2007 and by May 1 each year thereafter, a narrative description, FERC–61, of the service company's functions during the prior calendar year. In complying with this section, a holding company may make a single filing on behalf of all such service company subsidiaries.

18 C.F.R. Part 366.1, Definitions, codifies the definitions of "goods" and "service" under PUHCA 2005:

> *Goods.* The term "goods" means any goods, equipment (including machinery), materials, supplies, appliances, or similar property (including coal, oil, or steam, but not including electric energy, natural or manufactured gas, or utility assets) which is sold, leased, or furnished, for a charge.
>
> *Service.* The term "service" means any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service (including supervision or negotiation of construction or of sales), information or data, which is sold or furnished for a charge.

18 C.F.R. Part 367.1, Definitions, codifies the definitions of "centralized service company" and "service company":

> (a)(7) *Centralized service company* means a service company that provides services such as administrative, managerial, financial, accounting, recordkeeping, legal or engineering services, which are sold, furnished, or otherwise provided (typically for a charge) to other companies in the same holding company system. Centralized service companies are different from other service companies that only provide a discrete good or service.
>
> (a)(45) *Service company* means any associate company within a holding company system organized specifically for the purpose of providing non-power goods or services or the sale of goods or construction work to any public utility or any natural gas company, or both, in the same holding company system.

In Order No. 667, the Commission further clarified the distinction between centralized service companies and special-purpose companies:

> "Our adoption of different policies for traditional, centralized service companies compared to special-purpose companies could make the distinction between the two more important than it has been previously. We view the former as performing generally corporate administration functions and the latter as providing generally a single input to utility operations, such as fuel supply, construction, or real estate."[4]

Background

Audit staff reviewed all the entities in NiSource's corporate structure to identify any special-purpose companies. Audit staff discovered that NiSource did not submit a FERC-61 describing non-power goods or services provided by CNS Microwave, Inc., NiSource Insurance Corporation, Inc. (insurance company), and NIPSCO Accounts Receivable Corporation (financing subsidiary) for 2009 or 2010.

CNS Microwave, Inc. leases space on communication towers for its customers, including two of NiSource's interstate pipelines, to install antennas. Also, the company leases ground space in the tower compound for customers to place shelters or cabinets with ground equipment. NiSource Insurance Corporation, Inc. (NICI) is a wholly owned insurance subsidiary of NiSource, Inc. NICI was set up for the purpose of decreasing the reliance on commercial insurance markets to reduce price and coverage volatility, provide stable insurance costs and programs, and reduce the long-term cost of risk for NiSource as a whole.

[4] Order No. 667 at n. 178.

NICI participates as a reinsurer within the NiSource insurance program for NiSource companies, including their interstate pipelines and jurisdictional electric company, on these lines of coverage: Property, Workers' Compensation, General Liability, Auto Liability, Long-Term Disability, and Group Life Insurance. NIPSCO Accounts Receivable Corporation is a wholly owned financing subsidiary that buys trade receivables from NIPSCO and sells them to the Royal Bank of Scotland PLC.

After discussions with NiSource's staff, audit staff concluded that these entities should have made FERC-61 filings to the Commission since they provided goods or services to its public utilities or natural gas companies, or both, within NiSource's corporate structure.

NiSource stated that it inadvertently failed to submit FERC-61 filings for their special-purpose companies due to a lack of formal processes and procedures for identifying them.

Recommendations

We recommend NiSource:

10. Submit FERC-61 filings to the Commission for these special-purpose companies in 2009 and 2010;

11. Develop and implement a process that periodically reviews all corporate entities that require a FERC-61 filing; and

12. Submit copies of any written policies and procedures developed in response to this recommendation to the Commission, within 30 days of the issuance of the final report in this docket.

Corrective Actions

On June 10, 2011, NiSource submitted FERC-61 filings to the Commission for its three special-purpose companies for the calendar years 2006 through 2010 under Docket Nos. HC07-7-000, HC08-7-000, HC09-7-000, HC10-7-000, and HC11-7-000.

6. Untimely Filing for Cash Management Agreement

NiSource did not file changes to its cash management agreement within 10 days of the change in one occurrence during the audit period, as Commission regulations required.

Pertinent Guidance

18 C.F.R. § 141.500 Cash management programs states:

> Public utilities and licensees subject to the provisions of the Commission's Uniform System of Accounts prescribed in part 101 and § 141.1 or § 141.2 of this title that participate in cash management programs must file these agreements with the Commission. The documentation establishing the cash management program and entry into the program must be filed within 10 days of the effective date of the rule or entry into the program. Subsequent changes to the cash management agreement must be filed with the Commission within 10 days of the change.

Background

NiSource operates a cash management program known as "the money pool" to facilitate short-term loans to its affiliates. NiSource's cash management agreement provides the terms and conditions that govern money pool contributions and loans. The cash management agreement contains borrowing and lending terms and conditions, and a listing of companies authorized to participate in the money pool, as well as the handling of excess money pool funds and deficiencies.

NiSource files its cash management agreements with the Commission under Docket No. RM02-14. During the audit, audit staff identified five cash management agreements that NiSource filed. However, when audit staff compared the effective dates of the agreements to the filing dates, it was determined that NiSource filed one cash management agreement 14 days after the effective date and not within the 10 days the Commission requires. NiSource stated that the reason for the late filing was due to an oversight on the part of the company.

Recommendation

13. We recommend NiSource develop and/or strengthen policies and procedures for submitting its cash management agreements and subsequent changes or modifications to ensure compliance with Commission filing requirements.

7. Reporting of Transactions with Associated (Affiliated) Companies

NiSource's electric affiliate, NIPSCO, did not report the required information on page 429, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 1s filed in 2009 and 2010. Similarly, NiSource's gas affiliates, Columbia Gas Transmission Company (TCO) and Columbia Gulf Transmission Company (CGT), did not report the required information on page 358, Transactions with Associated (Affiliated) Companies, in the FERC Form No. 2s filed in 2009 and 2010. Specifically, they did not report the accounts charged or credited for certain non-power goods and services provided for or by affiliates.

Pertinent Guidance

In Order No. 715,[5] the Commission added a new schedule on page 429 of the 2008 FERC Form No. 1 to provide further transparency and improve the detection of cross-subsidization. The new schedule, "Transactions with Associated (Affiliated) Companies," provides information concerning affiliate transactions which includes:

> (1) a description of the good or service charged or credited; (2) the name of the associated (affiliated) company; (3) the USofA account charged or credited; and (4) the amount charged or credited.

In Order No. 710,[6] the Commission added a new schedule on page 358 of the 2008 FERC Form No. 2 to provide further transparency and improve the detection of cross subsidization. The new schedule, "Transactions with Associated (Affiliated) Companies," provides information concerning affiliate transactions which includes:

> (1) a description of the good or service transacted; (2) the name of the associated (affiliated) company; (3) the FERC account charged or credited; and (4) the amount charged or credited.

[5] Revisions to Forms, Statements and Reporting Requirements for Electric Utilities and Licensees, Order No. 715, FERC Stats. & Regs. ¶ 31,277 (2008).

[6] Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines, Order No. 710, FERC Stats. & Regs. ¶ 31,267 (2008).

Background

NiSource's holding company includes one regulated electric utility and two regulated gas pipelines. As part of the audit scope relating to affiliate transactions, audit staff reviewed page 429 of NIPSCO's FERC Form No. 1 and page 358 of TCO and CGT's FERC Form No. 2s.

FERC Form No. 1, page 429, requires electric utilities to disclose the non-power goods and services provided by or for affiliates during the calendar year, including a description of services, an affiliate's name, the accounts used to record the services, and the dollar amount of the services. Specifically, column C requires the company to list the accounts used to record services and prohibits it from using general terms such as "various." For 2009 and 2010, NIPSCO reported the accounts in column C as "various" for multiple charges for both non-power goods provided by and for affiliates. NIPSCO should have either listed the accounts used or footnoted them in the notes following page 429.

FERC Form No. 2, page 358, requires jurisdictional gas pipelines to disclose the non-power goods and services provided by or for affiliates during a calendar year, including a description of services, an affiliate's name, the accounts used to record the services, and the dollar amount of the services. As in the FERC Form No. 1, column C of FERC Form No. 2 requires gas pipelines to list the accounts used to record services and prohibits the company from using general terms such as "various." For both 2009 and 2010, TCO and CGT reported the accounts in column C as "various" for multiple charges for both non-power goods provided by and for affiliates. TCO and CGT should have either listed the accounts used or footnoted the accounts in the notes following page 358.

Recommendations

We recommend NiSource:

14. Strengthen its policies and procedures for submitting data on its FERC Form Nos. 1 and 2 to ensure accurate and complete reporting.

15. Resubmit its 2011 FERC Form Nos. 1 and 2 to correct pages 429 and 358, respectively.

8. Miscellaneous Accounting Classification Errors

NCSC improperly classified certain expenses in the wrong FERC accounts. NCSC should have classified these transactions in the proper accounts as the USofA for centralized service companies prescribed under 18 C.F.R. Part 367.

Pertinent Guidance

18 C.F.R. § 367.2 (a) Companies for which this system of accounts is prescribed, states in part:

(a) Unless otherwise exempted or granted a waiver by Commission rule or order pursuant to §§366.3 and 366.4 of this chapter, this Uniform System of Accounts applies to any centralized service company operating, or organized specifically to operate, within a holding company system for the purpose of providing non-power services to any public utility or any natural gas company, or both, in the same holding company system.

Background

As part of the audit, audit staff tested a sample of transactions to determine if the service company's accounting system was accurately charging the proper amounts to the appropriate FERC accounts. Audit staff identified various income statement items in several accounts. In particular, the errors related to:

Description	Account Used	Proper Account
Charitable Contributions	807.2	426.1
	870	426.1
	921	426.1
	930.2	426.1
Lobbying	930.1, then reclassified to 930.2	426.4
Employee Dues and Memberships	408	921
	923	921
	930.2	921

Description	Account Used	Proper Account
Meals and Entertainment	923	921
	930.2	921
	932	921
Company Dues and Memberships	870	930.2
	885	930.2
	903	930.2
	921	930.2
	923	930.2
	932	930.2

NiSource should have classified these transactions mentioned above in the proper account as prescribed by the USofA for centralized service companies under 18 C.F.R. Part 367. Audit staff has determined that such misclassifications are immaterial and have no effect on transmission formula rate billings.

Recommendations

We recommend NiSource:

16. Implement accounting policies, processes, and procedures to ensure the types of transactions indentified above are recorded according to Commission regulations; and

17. Post correcting entries to NCSC's accounting records to properly classify all lobbying and political activity charges from the beginning of the audit period to present.

Appendix

200 Civic Center Drive
Columbus, OH 43215

August 21, 2012

Bryan K. Craig
Director and Chief Accountant
Division of Audits
Office of Enforcement
Federal Energy Regulatory Commission
888 First Street, NE, RM 5K-13
Washington, DC 20426

RE: Audit of NiSource Inc.
Docket No. FA11-5-000

Dear Mr. Craig:

Thank you for the opportunity to review and comment on the August 6, 2012 Draft Audit Report covering the period January 1, 2009 through December 31, 2010, issued to NiSource Inc. ("NiSource") in the above-referenced docket. NiSource has carefully reviewed audit staff's report addressing NiSource's compliance with the Commission's: 1) cross subsidization restrictions on affiliate transactions; (2) accounting, recordkeeping, and reporting requirements; (3) Uniform System of Accounts (USofA) for centralized service companies; (4) preservation of records requirements for holding companies and service companies; (5) FERC Form No. 60 Annual Report requirements, and the associated public utility and natural gas companies' compliance with the Commission's accounting requirements for transactions with associated companies and the applicable reporting requirements in the FERC Form Nos. 1 and 2. NiSource generally agrees with the findings and recommendations included in the Draft Report. As noted in the detail below, NiSource has already implemented many of the corrective actions recommended therein.

With respect to the specific findings and recommendations, NiSource offers the following response and comment, as requested.

1. **Electric Public Utility's Accounting for Billings from the Service Company:** NiSource agrees with this finding and recommendation. NiSource will develop and implement procedures to ensure that NiSource Corporate Services Company ("NCSC") and Northern Indiana Public Service Company ("NIPSCO") comply with the Commission's accounting regulations for billings from NCSC. NiSource will provide these procedures to the Division of Audits within 30 days of the issuance of the final audit report in this docket. NiSource has conducted a study from the beginning of the audit period to the present to determine the accuracy of the accounts that NIPSCO used to reallocate and record service company billings specifically for Accounts 163, 870, and 182.3 that NCSC accounted for in Account 923. Based on the study conducted by NiSource and per discussion with FERC audit staff, these items were all charged to the income statement and rolled to retained earnings in a prior calendar period. Thus, FERC correcting entries to NIPSCO's retained earnings for prior year amounts is not deemed necessary based on the materiality of the amounts charged to these accounts in 2009, 2010, and 2011. Going forward, NIPSCO will record the items previously recorded to Accounts 163, 870, and

182.3 to Account 923. NIPSCO calculated the amount that would be refunded under the MISO formula rate recovery mechanism for the billings of amounts for Account 426.1 which was included by NIPSCO above the line. The amount calculated is immaterial (less than $1800 for all three years 2009, 2010 and 2011) and would not materially impact rates. NiSource has provided copies of the refund calculation herein as "Finding 1_Att A_MISO calc 2009.pdf," "Finding 1_Att B_MISO calc 2010.pdf," and "Finding 1_Att C_MISO calc 2011.pdf." In subsequent reporting periods, NIPSCO will record the items previously recorded to Account 923 for donations to 426.1 as recorded by NCSC.

2. **Prepayment for the Use of Finance and Accounting Transformation Servers:** NiSource generally agrees with this finding and recommendation. NCSC recorded a long-term prepaid balance in Account 186, Miscellaneous Deferred Debits, as it interpreted the USofA Part 367, Subpart F-Balance Sheet Chart of Accounts, 18 C.F.R. § 367.1650, Account 165 Prepayments, to be designated only for "Current and Accrued Assets" as noted under Subpart F. For regulatory accounting, NCSC did reclassify the entire non-current prepayment balance for the use of Finance and Accounting transformation servers at 12/31/11 from Account 186 to Account 165 as noted in the 2011 FERC Form No. 60, page 110, Line No. 4 footnote. The reclassification entry completed at December 31, 2011 is provided herein as "Finding 2_Att. A_165 Transformation.pdf." The prepayment for the use of Finance and Accounting transformation servers will be fully amortized as of June 30, 2015.

3. **Accounting for Overfunding of a Single-Employer, Defined Postretirement Benefit Plan:** NiSource generally agrees with this finding and recommendation. NCSC had recorded its overfunding of its defined postretirement benefit in Account 186, Miscellaneous Deferred Debits, which is a noncurrent asset account in compliance with ASC 715-20, *Compensation-Retirement Benefits, Defined Benefit Plans*. Further, per 18 C.F.R. § 367.1280(b), "amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits must not be included in Account 128." Therefore, based on the Section 367.128(b), NCSC felt it was in compliance with Title 18 C.F.R. Part 367 – Uniform System of Accounts for Centralized Service Companies as NCSC funds its postretirement benefits through an irrevocable trust agreement. The Commission's Chief Accountant issued a guidance letter in Docket No. AI07-1-1000 in March 2007, which states that centralized service companies should use Account 128 to record assets for the overfunded status of their employee postretirement benefit plans. Based on audit staff's explanation that the guidance letter issued in Docket No. AI07-1-1000 supersedes 18 C.F.R. § 367.1280(b), NCSC made a regulatory accounting reclassification of the overfunding amount in Account 186 to Account 128 to be in full compliance with the guidance issued in Docket No. AI07-1-000. The reclassification entry completed at December 31, 2011 is provided herein as "Finding 3_Att. A_128 Overfunding.pdf." Further, NCSC's 2011 FERC Form No. 60, page 110, Line 5, shows the 186 balance to be $0 at December 31, 2011. At December 31, 2011, and thereafter, NCSC is properly accounting for future over- and underfunding of its postretirement life insurance benefit under the guidance issued in Docket No. AI07-1-000.

4. **Improperly Recorded Transferred Employee Benefits:** NiSource agrees with this finding and recommendation. As noted in the Corrective Actions listed on page 23 of the Audit Report, NiSource has provided audit staff with journal entries and screen images of the

completed transactions. In addition, NiSource's 2011 FERC Form No. 60, page 110, Line 5, shows the 186 balance to be $0 at December 31, 2011. NCSC did develop a new policy and procedure in December of 2011 to ensure that LTD insurance for transferred employees is properly accounted for in Account 146. A copy of the written policies and procedures developed in response to this recommendation is provided herein as "Finding 4_Att. A_LTD Benefits Policy.doc."

5. **FERC-61 Reporting for Special Purpose Companies:** NiSource agrees with this finding and recommendation. As noted in the Corrective Actions listed on page 26 of the Audit Report, NiSource has submitted the FERC-61 filings required for the years 2006 – 2009 for its special-purpose service companies. NiSource has updated its policies and procedures to now include the filing of FERC-61 reports in its regulatory compliance program so that these documents are filed in a timely manner. Copies of the written policies and procedures developed in response to this recommendation are included herein as "Finding 5_Att. A_FERC Holding Co. Policy.pdf" and "Finding 5_Att. B_FERC Service Co. Policy.pdf".

6. **Untimely Filing of Cash Management Programs:** NiSource agrees with this finding and recommendation. NiSource submitted one cash management agreement within 10 business days (14 calendar days), and not within the 10 calendar days as required by the Commission's regulations (18 C.F.R. § 141.500). NiSource has discussed its process internally and commits to strengthen its policies and procedures to ensure that all employees involved in the preparation and filing of cash management agreements are aware of the filing requirements. There have been no other instances of late filings.

7. **Reporting of Transactions with Affiliated Companies:** NiSource agrees with this finding and recommendation. NiSource will resubmit its 2011 FERC Form No. 2 for Columbia Gas Transmission, LLC, and Columbia Gulf Transmission Company to correct page 358 by replacing the term "various" with a listing of accounts used to record the services. Filings will be resubmitted by the end of the third quarter 2012. NIPSCO strengthened its procedures during 2011 and filed the 2011 FERC Form No. 1, page 429, properly by providing a listing of accounts used to record services rather than "various" as done in its 2009 and 2010 filings. Included herein is attachment "Finding 7_Att A_Form 1.pdf" which is a copy of NIPSCO's 2011, Form 1, page 429. NiSource's interstate pipelines have completed their documentation of compliance procedures for each of their Form No. 2 pages. Included herein is attachment "Finding 7_Att B_Form 2 p. 358 procedures.pdf" which is a copy of the NiSource's compliance procedures specifically for p. 358 of Form No. 2. Upon request, NiSource will make copies of all compliance procedures for all pages of its Form No. 2 available to FERC.

8. **Miscellaneous FERC Account Classification Errors:** NiSource agrees with this finding and recommendation. Starting in the third quarter of 2011, NCSC strengthened its policies and procedures for ensuring that expenses were in the proper FERC accounts. A copy of the policy implemented by NCSC is included herein as "Finding 8_Att. A_FERC Classification Policy.docx." In compliance with its policy, NCSC is performing an analysis and making reclassification entries on a quarterly basis to ensure proper recording to FERC accounts. The quarterly reclassification entries made to properly record to FERC accounts are included herein as "Finding 8_Att. B_Q3 2011 FERC Reclass.pdf," "Finding 8_Att. C_Q4 2011 FERC

Reclass.pdf," "Finding 8_Att. D_Q1 2012 FERC Reclass.pdf," and "Finding 8_Att. E_Q2 2012 FERC Reclass.pdf." Amounts recorded for lobbying and political activities for the audit period were immaterial in nature ($748 in 2009 and $10,436 in 2010), have rolled to retained earnings in a prior calendar period, and thus NiSource deems prior period entries unnecessary.

Until all corrective actions have been implemented, NiSource will make the recommended quarterly progress reports no later than 30 days after the end of each calendar quarter.

NiSource appreciates the professionalism and transparency of audit staff assigned to this audit. NiSource takes its compliance obligations very seriously, and we continually strive to improve and enhance our regulatory compliance efforts. Should you have any questions regarding this response, please do not hesitate to contact Susanne M. Taylor, Controller of NiSource Corporate Services Company, at 614-460-4686. Thank you for your time and attention in this matter.

Sincerely,

Stephen P. Smith
Executive Vice President and Chief Financial Officer

cc: Gerald Williams

Attachments Enclosed on CD:
Finding 1_Att A_MISO calc 2009.pdf
Finding 1_Att B_MISO calc 2010.pdf
Finding 1_Att C_MISO calc 2011.pdf
Finding 2_Att. A_165 Transformation.pdf
Finding 3_Att. A_128 Overfunding.pdf
Finding 4_Att. A_LTD Benefits Policy.doc
Finding 5_Att. A_FERC Holding Co. Policy.pdf
Finding 5_Att. B_FERC Service Co. Policy.pdf
Finding 7_Att A_Form 1.pdf
Finding 7_Att B_Form 2 p. 358 procedures.pdf
Finding 8_Att. A_FERC Classification Policy.docx
Finding 8_Att. B_Q3 2011 FERC Reclass.pdf
Finding 8_Att. C_Q4 2011 FERC Reclass.pdf
Finding 8_Att. D_Q1 2012 FERC Reclass.pdf
Finding 8_Att. E_Q2 2012 FERC Reclass.pdf

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-035:

Please provide the annual level of forfeited discounts or late payment charges for the preceding three calendar years. Identify the level of sales revenue with which these are associated.

Response:

Year	Forfeited Discounts $	Revenue $
2012	886,958	372,651,870
2013	1,150,122	462,151,810
2014	1,326,246	544,375,035

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-036:

If not reflected in the lead-lag study, please provide a listing of the various types of employee withholdings, garnishments and other employee funds held by the Company for remittance at a later date.

Response:

As noted in response to GAS-RR-018, Columbia is not making a claim for cash working capital and no lead lag study is included in the filing. The following is a list of miscellaneous employee withholdings and the amount held by the company as of November 30, 2014.

	Balance as of 11/30/2014 $
Charitable Donations primarily United Way	5,754
Union dues	26,367
Garnishments	23,798
NiSource Inc. Political Action Contribution	2,026
Total	57,945

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-037:

Please provide all detailed work papers supporting the adjustments to rate base and operating income.

Response:

Supporting schedules to rate base have been provided in Exhibits No. 8 and No. 108 and supporting schedules to operating income have been provided in Exhibits No. 2 and No. 102. Work papers supporting these exhibits and schedules are detailed and very large and therefore will be made available upon request.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-038:

Please provide a copy of the Company's most recent SFAS 106 plan actuarial study.

Response:

The actuarial study is included as Exhibit No. 4, Schedule 7.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-039:

Please reconcile the historical and future test year SFAS No. 106 expense levels with the amount identified in the actuarial report.

Response:

A. HTY

There is a $27,535 difference between the gross test year expense recorded on the books and the test year expense identified on the actuarial report (please refer to Attachment A for details) as noted below.

FAS 106 Historical Test Year Expense

Per Books	$(1,217,891)	
Per Actuarial Report	$(1,190,356)	*Attachment A*
Difference	$ 27,535	

This difference is attributable to:

(1) Med D Subsidy for Settled Retirees	$ 27,535
Total difference from Actuarial Report	**$ 27,535**

(1) The Company receives funds in the form of a Med D Subsidy from the federal government for retirees whose postretirement benefit obligation was transferred to a third-party insurance provider in a prior period, also referred to as settled retirees. The amount received is contributed to the trust to pay for future medical benefits for those individuals not included in this group of settled retirees as the calculation of the Company's OPEB liability does not take settled retirees into consideration.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Note, as a result of a Collective Bargaining Agreement, NiSource OPEB plans were re-measured in June 2014 using a discount rate and asset values as of May 31, 2014. This resulted in an additional amount to be recognized June 2014 through November 2014 of the test year as detailed on page 3 of 6.

B. FTY / FFRY

Please refer to the table below for future test year and fully forecasted rate year SFAS 106 expense identified on the actuarial report within Attachment B, please note that all numbers are rounded to the thousands of dollars.

(000's)	Future Test Year	*Reference*	Fully Forecasted Rate Year	*Reference*
SFAS 106 Expense				
OPEB Medical Expense	(1,201)	*1 month of Col. B, Row 30 + 11 months of Col. D, Row 30*	(1,294)	*Column F, Row 30*
OPEB Life Expense	(167)	*1 month of Col. B, Row 34 + 11 months of Col. D, Row 34*	(196)	*Column F, Row 34*
Total Company OPEB Expense	(1,368)		(1,490)	

Per the settlement of the Company's rate case at Docket No. R-2012-2321748, there is no amortization of this non-cash negative expense for ratemaking purposes.

COLUMBIA GAS OF PENNSYLVANIA, INC.
Standard Data Request - Revenue Requirement
Gas SDR RR-39 Attachment A

Historic Test Year SFAS #106 Expenses

OPEB Medical Expense Accrual	$	(1,104,532)
OPEB Life Expense Accrual	$	(113,359)
Transitional Obligation Amortization	$	-
Total CPA Expense level	$	(1,217,891)

Historic Test Year Allocated Actuarial Expense

2013-2014 Actuarial report	Medical	Life	Total	
Service Cost	$ 444,942	$ 48,839	$ 493,781	∑A
Interest Cost on APBO	$ 946,418	$ 237,268	$ 1,183,687	∑B
Return on Assets	$ (2,484,928)	$ (414,910)	$ (2,899,838)	∑C
Transition Obligation	$ -	$ -	$ -	∑D
Prior Service Cost	$ 17,349	$ -	$ 17,349	∑E
Actuarial (Gain) Loss	$ (777)	$ 15,450	$ 14,673	∑F
Rounding	$ -	$ (7)	$ (7)	
Total Actuarial Expense allocation	$ (1,076,997)	$ (113,359)	$ (1,190,356)	∑G

Historic Test Year Allocation Detail

CPA's allocated portion of Retiree Medical plans (reference pg 2 of 6)

2014 Actuarial report (11 mos)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 8,629,120	$ 7,910,027	4.74%	$ 374,919	A
Interest Cost on APBO	$ 28,263,142	$ 25,907,880	3.48%	$ 902,879	B
Return on Assets	$ (31,352,007)	$ (28,739,340)	7.94%	$ (2,282,203)	C
Transition Obligation	$ -	$ -	0.00%	$ -	D
Prior Service Cost	$ (2,357,498)	$ (2,161,040)	-0.69%	$ 14,973	E
Actuarial (Gain) Loss	$ -	$ -	0.00%	$ -	F
Total	$ 3,182,757	$ 2,917,527		$ (989,433)	G

CPA's allocated portion of Retiree Medical plans (reference pg 3 of 6)

2014 Actuarial report (6 mos)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ (623,462)	$ (534,396)	-3.78%	$ 20,220	A
Interest Cost on APBO	$ (2,754,249)	$ (2,360,785)	1.94%	$ (45,831)	B
Return on Assets	$ (339,282)	$ (290,813)	5.15%	$ (14,986)	C
Transition Obligation	$ -	$ -	0.00%	$ -	D
Prior Service Cost	$ (1,964,018)	$ (1,683,444)	0.00%	$ -	E
Actuarial (Gain) Loss	$ 251,140	$ 215,263	-4.36%	$ (9,375)	F
Total	$ (5,429,871)	$ (4,654,175)		$ (49,973)	G

CPA's allocated portion of Retiree Medical plans (reference pg 4 of 6)

2013 Actuarial report (1 mos)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 11,433,745	$ 952,812	5.23%	$ 49,803	A
Interest Cost on APBO	$ 27,938,641	$ 2,328,220	3.84%	$ 89,371	B
Return on Assets	$ (25,817,595)	$ (2,151,466)	8.73%	$ (187,739)	C
Transition Obligation	$ 473,970	$ 39,498	0.00%	$ -	D
Prior Service Cost	$ (704,787)	$ (58,732)	-4.05%	$ 2,376	E
Actuarial (Gain) Loss	$ 9,397,475	$ 783,123	1.10%	$ 8,598	F
Total	$ 22,721,449	$ 1,893,454		$ (37,591)	G

CPA's allocated portion of Retiree Life Insurance plans (reference pg 5 of 6)

2014 Actuarial report (11 mos)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 495,240	$ 453,970	9.60%	$ 43,601	A
Interest Cost on APBO	$ 4,569,549	$ 4,188,753	5.21%	$ 218,254	B
Return on Assets	$ (5,086,076)	$ (4,662,236)	8.25%	$ (384,456)	C
Transition Obligation	$ -	$ -	0.00%	$ -	D
Prior Service Cost	$ 13,380	$ 12,265	0.00%	$ -	E
Actuarial (Gain) Loss	$ 127,201	$ 116,601	5.61%	$ 6,546	F
Total	$ 119,294	$ 109,353		$ (116,055)	G

CPA's allocated portion of Retiree Life Insurance plans (reference pg 6 of 6)

2013 Actuarial report (1 mos)	Total Company	Test Year	CPA's Allocation		
Service Cost	$ 643,006	$ 53,584	9.78%	$ 5,238	A
Interest Cost on APBO	$ 4,285,694	$ 357,141	5.32%	$ 19,015	B
Return on Assets	$ (4,444,423)	$ (370,369)	8.22%	$ (30,454)	C
Transition Obligation	$ 23,702	$ 1,975	0.00%	$ -	D
Prior Service Cost	$ 2,863	$ 239	0.00%	$ -	E
Actuarial (Gain) Loss	$ 1,602,078	$ 133,507	6.67%	$ 8,904	F
Total	$ 2,112,920	$ 176,077		$ 2,703	G

NiSource, Inc.
2014 ASC 715-60 Expense by Company
Retiree Medical Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (gain) loss	Total
NiSource Gas Distribution							
Columbia Gas of Kentucky	$ 92,973	$ 371,045	$ (498,310)	$ 0	$ 3,892	$ 0	$ (30,400)
Columbia Gas of Ohio	749,624	2,738,390	(6,593,999)	0	59,606	0	(3,046,379)
Columbia Gas of Maryland	40,065	114,806	(187,149)	0	1,878	0	(30,400)
Columbia Gas of Pennsylvania	409,002	984,959	(2,489,676)	0	16,334	0	(1,079,381)
Columbia Gas of Virginia	167,499	387,086	(454,451)	0	7,876	0	108,010
Columbia Gas of Massachusetts	361,093	1,768,303	(3,336,895)	0	363,875	0	(843,624)
Columbia Gas of Massachusetts - Union	272,819	1,072,791	(2,643,022)	0	297,295	0	(1,000,117)
Columbia Gas of Massachusetts - Nonunion	88,274	695,512	(693,873)	0	66,580	0	156,493
NiSource Gas Distribution Subtotal	$ 1,820,256	$ 6,364,589	$ (13,560,480)	$ 0	$ 453,461	$ 0	$ (4,922,174)
Northern Indiana Energy							
NIPSCO - Union	$ 4,292,833	$ 12,166,535	$ (764,343)	$ 0	$ (1,063,600)	$ 0	$ 14,631,425
NIPSCO - Nonunion	709,972	3,357,061	0	0	(322,048)	0	3,744,985
Northern Indiana Energy Subtotal	$ 5,002,805	$ 15,523,596	$ (764,343)	$ 0	$ (1,385,648)	$ 0	$ 18,376,410
NGT&S							
Columbia Gas Transmission	$ 769,683	$ 3,157,096	$ (13,876,253)	$ 0	$ 67,705	$ 0	$ (9,881,769)
Columbia Gulf Transmission	4,497	303,848	(246,453)	0	18,388	0	80,280
Columbia Gulf Transmission Service Co	149,185	277,580	(140,620)	0	(2,518)	0	283,627
Crossroads Pipeline	1,961	2,366	0	0	35	0	4,362
NiSource Midstream Services LLC	8,164	4,417	0	0	21	0	12,602
NGT&S Subtotal	$ 933,490	$ 3,745,307	$ (14,263,326)	$ 0	$ 83,631	$ 0	$ (9,500,898)
Corp/Other							
Company 12	$ 861,293	$ 1,719,156	$ (1,378,697)	$ 0	$ 2,273	$ 0	$ 1,204,025
Columbia Energy Services	0	5,091	0	0	457	0	5,548
TPC/Energy USA	6,945	25,219	0	0	1,706	0	33,870
CNS Microwave	1,307	3,841	0	0	(45)	0	5,103
Primary Energy	0	24,643	0	0	(176)	0	24,467
Energy Technology	0	6,662	0	0	(105)	0	6,557
NiSource Divested	0	126,152	(106,941)	0	29,335	0	48,546
Columbia Divested	3,024	357,133	0	0	15,545	0	375,702
Corp/Other Subtotal	$ 872,569	$ 2,267,897	$ (1,485,638)	$ 0	$ 48,990	$ 0	$ 1,703,818
Settled Group	$ 0	$ 361,753	$ (1,278,220)	$ 0	$ (1,557,932)	$ 0	$ (2,474,399)
Grand Total	$ 8,629,120	$ 28,263,142	$ (31,352,007)	$ 0	$ (2,357,498)	$ 0	$ 3,182,757

NiSource, Inc.
Ongoing OPEB Expense, 6/1/2014 to 12/31/2014
Retiree Medical Plans

	Before Remeasurement						After Remeasurement						Change due to Remeasurement					
	Service Cost	Interest Cost	Expected Return on Plan Assets	Amortization of Prior Service (Credit) Cost	Amortization of Actuarial (Gain) Loss	Total	Service Cost	Interest Cost	Expected Return on Plan Assets	Amortization of Prior Service (Credit) Cost	Amortization of Actuarial (Gain) Loss	Total	Service Cost	Interest Cost	Expected Return on Plan Assets	Amortization of Prior Service (Credit) Cost	Amortization of Actuarial (Gain) Loss	Total
NiSource Gas Distribution																		
Columbia Gas of Kentucky	$ 92,973	$ 371,045	$ (498,310)	$ 3,892	$ -	$ (30,400)	$ 99,175	$ 348,611	$ (497,134)	$ 3,892	$ (6,483)	$ (51,939)	$ 6,202	$ (22,434)	$ 1,176	$ -	$ (6,483)	$ (21,539)
Columbia Gas of Ohio	749,624	2,738,390	(6,593,999)	59,606	-	(3,046,379)	776,807	2,551,084	(6,644,369)	59,606	(20,720)	(3,277,592)	27,183	(187,306)	(50,370)	-	(20,720)	(231,213)
Columbia Gas of Maryland	40,065	114,806	(187,149)	1,878	-	(30,400)	44,784	110,061	(187,564)	1,878	(1,092)	(31,933)	4,719	(4,745)	(415)	-	(1,092)	(1,533)
Columbia Gas of Pennsylvania	409,002	984,959	(2,469,676)	16,334	-	(1,079,381)	432,592	931,488	(2,507,160)	16,334	(10,938)	(1,137,683)	23,590	(53,470)	(17,484)	-	(10,938)	(58,302)
Columbia Gas of Virginia	167,499	387,086	(454,451)	7,876	-	108,010	182,493	361,828	(456,861)	7,876	(6,095)	87,241	14,994	(25,258)	(4,410)	-	(6,095)	(20,769)
Columbia Gas of Massachusetts	361,093	1,768,303	(3,336,895)	363,875	-	(843,624)	379,952	1,680,749	(3,361,837)	363,875	4,927	(932,334)	18,859	(87,554)	(24,942)	-	4,927	(88,710)
Columbia Gas of Massachusetts - Union	272,819	1,072,791	(2,643,022)	297,295	-	(1,000,117)	288,525	1,025,287	(2,672,670)	297,295	(245)	(1,061,808)	15,706	(47,504)	(29,648)	-	(245)	(61,691)
Columbia Gas of Massachusetts - Nonunion	88,274	695,512	(693,873)	66,580	-	156,493	91,427	655,462	(689,167)	66,580	5,172	129,474	3,153	(40,050)	4,706	-	5,172	(27,019)
NiSource Gas Distribution Subtotal	$ 1,820,256	$ 6,364,589	$ (13,560,480)	$ 453,461	$ -	$ (4,922,174)	$ 1,915,803	$ 5,983,822	$ (13,656,925)	$ 453,461	$ (40,401)	$ (5,344,240)	$ 95,547	$ (380,767)	$ (96,445)	$ -	$ (40,401)	$ (422,066)
Northern Indiana Energy																		
NIPSCO Union	$ 4,292,833	$12,166,535	$ (764,343)	$ (1,063,600)	$ -	$ 14,631,425	$ 3,416,474	$10,366,553	$ (786,946)	$ (3,027,618)	$ 271,692	$ 10,240,155	$ (876,359)	$ (1,799,982)	$ (22,603)	$ (1,964,018)	$ 271,692	$ (4,391,270)
NIPSCO Nonunion	709,972	3,357,061	-	(322,048)	-	3,744,985	739,345	3,191,044	-	(322,048)	94,741	3,703,082	29,373	(166,017)	-	-	94,741	(41,903)
Northern Indiana Energy Subtotal	$ 5,002,805	$15,523,596	$ (764,343)	$ (1,385,648)	$ -	$ 18,376,410	$ 4,155,819	$13,557,597	$ (786,946)	$ (3,349,666)	$ 366,433	$ 13,943,237	$ (846,986)	$ (1,965,999)	$ (22,603)	$ (1,964,018)	$ 366,433	$ (4,433,173)
Columbia Pipeline Group																		
Columbia Gas Transmission	$ 769,683	$ 3,157,098	$ (13,876,253)	$ 67,705	$ -	$ (9,881,769)	$ 824,273	$ 2,934,711	$ (14,129,204)	$ 67,705	$ (49,655)	$(10,352,170)	$ 54,590	$ (222,385)	$ (252,951)	$ -	$ (49,655)	$ (470,401)
Columbia Gulf Transmission	4,497	303,848	(246,453)	18,388	-	80,280	4,688	274,860	(254,524)	18,388	(27,541)	15,871	191	(28,988)	(8,071)	-	(27,541)	(64,409)
Columbia Gulf Transmission Service Company	149,185	277,580	(140,620)	(2,518)	-	283,627	153,897	266,306	(149,883)	(2,518)	1,283	269,085	4,712	(11,274)	(9,263)	-	1,283	(14,542)
Crossroads Pipeline	1,961	2,366	-	35	-	4,362	1,463	1,629	-	35	(19)	3,108	(498)	(737)	-	-	(19)	(1,254)
Nisource Midstream Services LLC	8,164	4,417	-	21	-	12,602	8,650	4,852	-	21	268	13,791	486	435	-	-	268	1,189
NGT&S Subtotal	$ 933,490	$ 3,745,307	$ (14,263,326)	$ 83,631	$ -	$ (9,500,898)	$ 992,971	$ 3,482,358	$ (14,533,611)	$ 83,631	$ (75,664)	$(10,050,315)	$ 59,481	$ (262,949)	$ (270,285)	$ -	$ (75,664)	$ (549,417)
Corp/Other																		
Company 12	$ 861,293	$ 1,719,156	$ (1,378,697)	$ 2,273	$ -	$ 1,204,025	$ 930,221	$ 1,655,893	$ (1,387,614)	$ 2,273	$ 17,917	$ 1,218,690	$ 68,928	$ (63,263)	$ (8,917)	$ -	$ 17,917	$ 14,665
Columbia Energy Services	-	5,091	-	457	-	5,548	-	2,121	-	457	(857)	1,721	-	(2,970)	-	-	(857)	(3,827)
TPC/Energy USA	6,945	25,219	-	1,706	-	33,870	2,894	10,508	-	1,706	(2,094)	13,014	(4,051)	(14,711)	-	-	(2,094)	(20,856)
CNS Microwave	1,307	3,841	-	(45)	-	5,103	1,449	3,575	-	(45)	60	5,039	142	(266)	-	-	60	(64)
Primary Energy	-	24,843	-	(176)	-	24,467	-	23,210	-	(176)	352	23,386	-	(1,433)	-	-	352	(1,081)
Energy Technology	-	6,882	-	(105)	-	6,557	-	6,207	-	(105)	168	6,270	-	(455)	-	-	168	(287)
NiSource Divested	-	126,152	(106,941)	29,335	-	48,546	3,872	132,986	(105,225)	29,335	3,376	64,344	3,872	6,834	1,716	-	3,376	15,798
Columbia Divested	3,024	357,133	-	15,545	-	375,702	2,629	327,864	-	15,545	(17,477)	328,561	(395)	(29,269)	-	-	(17,477)	(47,141)
Corp/Other Subtotal	$ 872,569	$ 2,267,897	$ (1,485,638)	$ 48,990	$ -	$ 1,703,818	$ 941,065	$ 2,162,364	$ (1,492,839)	$ 48,990	$ 1,445	$ 1,661,025	$ 68,496	$ (105,533)	$ (7,201)	$ -	$ 1,445	$ (42,793)
Settled Group	$ -	$ 361,753	$ (1,278,220)	$ (1,557,932)	$ -	$ (2,474,399)	$ -	$ 322,752	$ (1,220,968)	$ (1,557,932)	$ (673)	$ (2,456,821)	$ -	$ (39,001)	$ 57,252	$ -	$ (673)	$ 17,578
Grand Total	$ 8,629,120	$28,263,142	$ (31,352,007)	$ (2,357,498)	$ -	$ 3,182,757	$ 8,005,658	$25,508,893	$ (31,691,289)	$ (4,321,516)	$ 251,140	$ (2,247,114)	$ (623,462)	$ (2,754,249)	$ (339,282)	$ (1,964,018)	$ 251,140	$ (5,429,871)

NiSource, Inc.
2013 ASC 715-60 Expense by Company
Retiree Medical Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (gain) loss	Total
NiSource Gas Distribution							
Columbia Gas of Kentucky	$ 146,398	$ 380,210	$ (464,483)	$ 0	$ 4,594	$ (14,168)	$ 52,551
Columbia Gas of Ohio	1,120,574	2,944,420	(5,930,872)	0	47,773	389,755	(1,428,350)
Columbia Gas of Maryland	55,767	112,710	(175,462)	0	2,856	2,469	(1,660)
Columbia Gas of Pennsylvania	597,636	1,072,450	(2,252,869)	0	28,513	103,178	(451,092)
Columbia Gas of Virginia	231,241	421,142	(396,195)	0	14,580	19,122	289,890
Columbia Gas of Massachusetts	497,870	2,013,948	(2,843,480)	441,050	516,968	627,517	1,253,873
NiSource Gas Distribution Subtotal	$ 2,649,486	$ 6,944,880	$ (12,063,361)	$ 441,050	$ 615,284	$ 1,127,873	$ (284,788)
NIPSCO	$ 6,398,689	$ 14,792,922	$ (639,786)	$ 0	$ (1,452,103)	$ 7,390,282	$ 26,490,004
NGT&S							
Columbia Gas Transmission	$ 1,125,523	$ 3,259,706	$ (11,565,445)	$ 0	$ 87,618	$ 639,852	$ (6,452,746)
Columbia Gulf Transmission	7,451	322,749	(144,885)	0	17,496	(232,165)	(29,354)
Columbia Gulf Transmission Service Co	223,932	293,768	(103,072)	0	(4,219)	127,996	538,405
Crossroads Pipeline	2,519	1,983	0	0	114	645	5,261
NiSource Midstream Services LLC	2,580	921	0	0	0	1,136	4,637
NGT&S Subtotal	$ 1,362,005	$ 3,879,127	$ (11,813,402)	$ 0	$ 101,009	$ 537,464	$ (5,933,797)
Corp/Other							
Company 12	$ 1,012,476	$ 1,727,017	$ (1,193,952)	$ 8,065	$ (13,645)	$ 421,914	$ 1,961,875
Columbia Energy Services	0	5,440	0	0	425	(3,864)	2,001
TPC/Energy USA	6,174	26,095	0	3,742	2,050	12,026	50,087
CNS Microwave	1,787	3,834	0	0	(85)	1,737	7,273
Primary Energy	0	22,959	0	0	(485)	6,970	29,444
Energy Technology	0	7,969	0	0	(246)	4,957	12,680
NiSource Divested	0	138,237	(107,094)	21,113	31,164	51,630	135,050
Columbia Divested	3,128	390,161	0	0	11,845	(153,514)	251,620
Corp/Other Subtotal	$ 1,023,565	$ 2,321,712	$ (1,301,046)	$ 32,920	$ 31,023	$ 341,856	$ 2,450,030
Grand Total	$ 11,433,745	$ 27,938,641	$ (25,817,595)	$ 473,970	$ (704,787)	$ 9,397,475	$ 22,721,449

NiSource, Inc.
2014 ASC 715-60 Expense by Company
Retiree Life Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (gain) loss	Total
NiSource Gas Distribution							
Columbia Gas of Kentucky	$ 9,458	$ 101,684	$ (186,463)	$ 0	$ 0	$ 3,486	$ (71,835)
Columbia Gas of Ohio	85,948	817,932	(1,478,642)	0	0	34,355	(540,407)
Columbia Gas of Maryland	5,217	22,987	(37,876)	0	0	1,028	(8,644)
Columbia Gas of Pennsylvania	47,565	238,095	(419,406)	0	0	7,141	(126,605)
Columbia Gas of Virginia	19,094	99,860	(170,197)	0	0	4,063	(47,180)
Columbia Gas of Massachusetts	20,514	121,672	(41,351)	0	12,535	3,945	117,315
Columbia Gas of Massachusetts - Union	11,363	55,255	(27,760)	0	12,535	3,955	55,348
Columbia Gas of Massachusetts - Nonunion	9,151	66,417	(13,591)	0	0	(10)	61,967
NiSource Gas Distribution Subtotal	$ 187,796	$ 1,402,230	$ (2,333,935)	$ 0	$ 12,535	$ 54,018	$ (677,356)
Northern Indiana Energy							
NIPSCO - Union	$ 90,954	$ 691,044	$ 0	$ 0	$ 845	$ 0	$ 782,843
NIPSCO - Nonunion	34,228	771,003	0	0	0	5,492	810,723
Northern Indiana Energy Subtotal	$ 125,182	$ 1,462,047	$ 0	$ 0	$ 845	$ 5,492	$ 1,593,566
NGT&S							
Columbia Gas Transmission	$ 74,569	$ 882,924	$ (1,610,723)	$ 0	$ 0	$ 35,983	$ (617,247)
Columbia Gulf Transmission	0	140,061	(266,417)	0	0	7,112	(119,244)
Columbia Gulf Transmission Service Co	19,664	52,829	(83,968)	0	0	1,269	(10,206)
Crossroads Pipeline	108	612	0	0	0	83	803
NiSource Midstream Services LLC	1,790	605	0	0	0	134	2,529
NGT&S Subtotal	$ 96,131	$ 1,077,031	$ (1,961,108)	$ 0	$ 0	$ 44,581	$ (743,365)
Corp/Other							
Company 12	$ 85,112	$ 447,581	$ (496,259)	$ 0	$ 0	$ 14,709	$ 51,143
Columbia Energy Services	0	7,321	(13,698)	0	0	382	(5,995)
TPC/Energy USA	688	4,983	(730)	0	0	(74)	4,867
CNS Microwave	35	424	0	0	0	141	600
Primary Energy	0	4,940	0	0	0	245	5,185
Energy Technology	0	1,010	0	0	0	(283)	727
NiSource Divested	0	14,871	(4,172)	0	0	383	11,082
Columbia Divested	296	147,111	(276,174)	0	0	7,607	(121,160)
Corp/Other Subtotal	$ 86,131	$ 628,241	$ (791,033)	$ 0	$ 0	$ 23,110	$ (53,551)
Grand Total	$ 495,240	$ 4,569,549	$ (5,086,076)	$ 0	$ 13,380	$ 127,201	$ 119,294

NiSource, Inc.
2013 ASC 715-60 Expense by Company
Retiree Life Plans

	Service Cost	Interest Cost	Expected Return on Plan Assets	Amort. Of Transitional Obligation	Amort. Of Prior Service Cost	Recognized Actuarial (gain) loss	Total
NiSource Gas Distribution							
Columbia Gas of Kentucky	$ 12,545	$ 96,455	$ (162,812)	$ 0	$ 0	$ 45,388	$ (8,424)
Columbia Gas of Ohio	114,837	772,303	(1,293,334)	0	37	385,351	(20,806)
Columbia Gas of Maryland	6,665	21,601	(33,341)	0	0	10,880	5,805
Columbia Gas of Pennsylvania	62,854	228,175	(365,450)	0	0	106,851	32,430
Columbia Gas of Virginia	24,701	94,576	(147,795)	0	0	48,157	19,639
Columbia Gas of Massachusetts	26,060	109,012	(37,972)	22,111	0	41,633	160,844
NiSource Gas Distribution Subtotal	$ 247,662	$ 1,322,122	$ (2,040,704)	$ 22,111	$ 37	$ 638,260	$ 189,488
NIPSCO	$ 161,521	$ 1,363,829	$ 0	$ 0	$ 2,826	$ 204,594	$ 1,732,770
NGT&S							
Columbia Gas Transmission	$ 100,041	$ 828,937	$ (1,404,324)	$ 0	$ 0	$ 407,141	$ (68,205)
Columbia Gulf Transmission	0	129,850	(233,057)	0	0	67,165	(36,042)
Columbia Gulf Transmission Service Co	25,855	51,056	(73,020)	0	0	23,421	27,312
Crossroads Pipeline	129	576	0	0	0	500	1,205
NiSource Midstream Services LLC	1,209	309	0	0	0	415	1,933
NGT&S Subtotal	$ 127,234	$ 1,010,728	$ (1,710,401)	$ 0	$ 0	$ 498,642	$ (73,797)
Corp/Other							
Company 12	$ 105,354	$ 421,747	$ (431,768)	$ 1,232	$ 0	$ 180,871	$ 277,436
Columbia Energy Services	0	6,671	(11,925)	0	0	3,386	(1,868)
TPC/Energy USA	815	4,561	(652)	359	0	485	5,568
CNS Microwave	43	410	0	0	0	730	1,183
Primary Energy	0	4,543	0	0	0	1,645	6,188
Energy Technology	0	2,100	0	0	0	599	2,699
NiSource Divested	0	13,538	(4,150)	0	0	3,633	13,021
Columbia Divested	377	135,445	(244,823)	0	0	69,233	(39,768)
Corp/Other Subtotal	$ 106,589	$ 589,015	$ (693,318)	$ 1,591	$ 0	$ 260,582	$ 264,459
Grand Total	$ 643,006	$ 4,285,694	$ (4,444,423)	$ 23,702	$ 2,863	$ 1,602,078	$ 2,112,920

NiSource Inc. Benefit Plans for the Period 2014 through 2016 ($000)
Columbia Gas of Pennsylvania

		A	B	C	D	E	F
		2014		2015		2016	
1	**Cash Estimates by Plan:**	Prior	Current	Prior	Current	Prior	Current
2	Retirement	$ 9	$ 4	$ 2,371	$ 1,994	$ 5,321	$ 4,917
3	D.C.	2,230	2,364	2,296	2,533	2,365	2,609
4	Medical Active*	4,281	4,432	4,642	4,732	5,021	5,179
5	Medical Retiree	58	58	66	44	74	50
6	Dental	300	304	316	319	331	332
7	Group Life Active	119	129	123	133	126	137
8	Group Life Retiree	4	7	4	7	4	7
9	Long Term Disability	303	328	312	338	321	348
10	Value Options**	8	8	8	8	8	8
11	Opt Out Credits	142	147	142	147	142	147
12	Vision	71	73	74	76	74	76
13	**Total**	$ 7,525	$ 7,854	$ 10,354	$ 10,331	$ 13,787	$ 13,810
14							
15							
16							
17							
18		2014		2015		2016	
19							
20	**Expense Estimates by Plan:**	Prior	Current	Prior	Current	Prior	Current
21	Retirement	$ 9	$ 4	$ 2,371	$ 1,994	$ 5,321	$ 4,917
22	Qualified	9	4	2,371	1,994	5,321	4,917
23	Settlements	-	-	-	-	-	-
24	SERP	-	-	-	-	-	-
25	D.C.	2,241	2,376	2,307	2,545	2,377	2,621
26	Savings Plan Match	1,859	1,974	1,914	2,131	1,972	2,195
27	Profit Sharing	382	402	393	414	405	426
28	Medical	3,202	3,294	3,581	3,525	3,889	3,885
29	Active*	4,281	4,432	4,642	4,732	5,021	5,179
30	Retiree	(1,079)	(1,138)	(1,061)	(1,207)	(1,132)	(1,294)
31	Dental	300	304	316	319	331	332
32	Group Life	(8)	2	(41)	(38)	(61)	(59)
33	Active	119	129	123	133	126	137
34	Retiree	(127)	(127)	(164)	(171)	(187)	(196)
35	Long Term Disability	303	328	312	338	321	348
36	Value Options**	8	8	8	8	8	8
37	Opt Out Credits	142	147	142	147	142	147
38	Vision	71	73	74	76	74	76
39	**TOTAL**	$ 6,268	$ 6,536	$ 9,070	$ 8,914	$ 12,402	$ 12,275

* Includes Rx, HSA, mental health and administrative expenses.

** Where applicable, includes EAP and Work Life costs.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-040:

Please identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

Response:

Actual and projected SFAS No. 106 contributions to the VEBA trust fund are $0 for December 2013 – December 2016.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-041

Please explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of the costs which are eligible for tax preferred funding.

Response:

A §401(h) account and Union and Non-Union VEBAs were established in December 1992 for the express purpose of prefunding OPEB health benefits. The employment of these funding vehicles affords some of the most tax efficient means available for prefunding OPEB health benefits. The Company's retiree life insurance plan was funded through a Special Insurance Continuation Account beginning in 1974 and converted during 1992 to a VEBA, separate from the OPEB health VEBAs and §401(h) account.

Like the NiSource Master Retirement Trust, the §401(h) account, the Union Medical VEBA, and the Union Life VEBA are fully tax-advantaged funding vehicles. Tax advantages result from (1) expected future medical inflation or salary growth rates, as applicable, being permitted by the IRC in determining current contribution amounts, (2) employer contributions being tax deductible (subject to statutory limits), and (3) investment earnings permitted to grow tax-free. Contributions made to the §401(h) account are subordinate to those made to NiSource Master Retirement Trust and are generally limited to one-third of the annual contribution made to master retirement trust. Thus, at times the §401(h) may not be able to accept contributions.

The Non-Union VEBA's are less tax efficient. Expected future medical inflation rates are not permitted in determining current contribution amounts and investment earnings are typically subject to tax. Still, it is one of the most tax efficient funding vehicles available today after the §401(h) account and Union VEBA funding alternatives for OPEB health care benefits.

Columbia Gas of Pennsylvania made no deposits into its OPEB trusts for the 2014 tax year.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-042:

Is the Company studying and/or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons? If yes, please provide such study and/or explain the anticipated change.

Response:

The Company is not anticipating any changes to postretirement benefits offered to employees at this time.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-043:

Please state whether the Company has included expenses related to SFAS No. 112 in its test year claim. If so, please provide complete details and include a copy of the actuarial study.

Response:

There is no expense for SFAS 112 amortization in the Company's FFRY claim as the transition obligation was fully amortized in July 2014. Refer to GAS-RR-043 Attachment A for the amortization schedule of SFAS 112 transition obligation.

Please refer to Exhibit 4, Schedule 7 for a copy of the most recent SFAS 112 (OPEB) actuarial study.

Columbia Gas of Pennsylvania
SFAS 112 - Post Employment Benefit Amortization

The monthly amortization for CPA's SFAS No. 112 will be expensed each month based on the straight-line method.
DR 926-7900-9049-X-08630-X-X-2589
CR 182-3402-X-15860

		Monthly Amortization	182-3402-X-15860 Unamortized Balance
	Nov-13		**55,586**
2014	Dec-13	(6,948)	48,638
	Jan-14	(6,948)	41,690
	Feb-14	(6,948)	34,742
	Mar-14	(6,948)	27,794
	Apr-14	(6,948)	20,846
	May-14	(6,948)	13,898
	Jun-14	(6,948)	6,950
	Jul-14	(6,950)	-

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-044:

Please provide all documentation supporting the uncollectible accrual rate reflected in the Company's filing.

Response:

Columbia did not use an uncollectible accrual rate in this filing but instead used an actual uncollectible experienced rate. Data and documentation supporting the development of this 1.306% rate is provided on Exhibit No. 4, Schedule No. 2, Page 31. This reference provides the following:

Total 3 Year Billed Revenue (line 4)	$1,141,833,488
Total 3 Year Net Write-offs (line 9)	$14,911,845
Uncollectible Rate (line 9 / line 4)	1.306%

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-045:

Please provide all work papers and documentation supporting the Company's claimed balance of gas stored underground - current. Include support for the monthly injections and withdrawals and the gas cost rate.

Response:

Please see Exhibit No. 108, Schedule No. 7, Page 1 for the monthly injections and withdrawals and the gas cost rate claimed by the Company.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-046:

Please provide a comparison between actual and budgeted O&M expenses by budget cost element for the historical test year and explain any budget variances of 10 percent or more.

Response:

See GAS-RR-046 Attachment A for budget variance analysis.

Columbia Gas of Pennsylvania Inc.
Operation and Maintenance Expenses
Actual v. Budget

Twelve Months Ended November 30, 2014

		Actual	Budget	Variance	Variance %	Explanations >=10%
1	Labor	25,550,026	25,695,000	(144,974)	-0.56%	
2	Incentive Compensation	1,963,563	1,323,000	640,563	48.42%	Payouts higher than target level budgeted
3	Pension	2,151,161	1,203,000	948,161	78.82%	Pension cash contribution payout
4	OPEB	(829,647)	(529,000)	(300,647)	56.83%	Due to revised corporate assumptions
5	Other Employee Benefits	5,081,412	4,565,000	516,412	11.31%	Due to higher than anticipated active and OPEB medical expenses
6	Outside Services	21,514,065	19,664,000	1,850,065	9.41%	
7	Building Leases	1,631,203	2,242,000	(610,797)	-27.24%	Delay in moving into/upgrading operations facilities and lower than planned equipment rentals
9	Corporate Insurance	2,701,405	3,118,000	(416,595)	-13.36%	Improved and better than expected loss experience and increased competition all resulting in lower premiums.
10	Injuries and Damages	324,405	502,000	(177,595)	-35.38%	Required reserves less than anticipated (budget is based on historic activity).
11	Employee Expenses	1,227,423	1,264,000	(36,577)	-2.89%	
12	Company Memberships	272,054	256,000	16,054	6.27%	
13	Utilities and Fuel Used in Company Operations	1,223,894	1,286,000	(62,106)	-4.83%	
14	Advertising	280,839	221,000	59,839	27.08%	Due to timing of spend
15	Fleet & Other Clearing	5,751,000	5,741,000	10,000	0.17%	
16	Materials & Supplies	5,379,194	4,995,000	384,194	7.69%	
17	Other O&M	86,775	(1,298,000)	1,384,775	-106.69%	Budget included $1.3 million in assumed productivity savings
18	PUC, OCA, OSBA Fees	1,767,435	1,603,000	164,435	10.26%	Higher fees as a result of higher CPA 2013 annual revenues as compared to previous year
19	NCSC - Shared Services	31,221,141	29,276,000	1,945,141	6.64%	
20	NCSC - NGD Shared Operations	18,915,049	18,411,000	504,049	2.74%	
21	Deferred OPEB Refund Amortization	(303,696)	(308,000)	4,304	-1.40%	
22	NCSC OPEB costs Amortization	90,313	89,000	1,313	1.48%	
23	NiFit Expense	530,976	1,007,000	(476,024)	-47.27%	Actual expense came in under budget
24	NIFIT Amortization	434,679	433,000	1,679	0.39%	
25	Lobbying	0	0	0	0.00%	
26	Charitable Contributions	200	0	200	0.00%	
27	2014 Rate Case Expense*	0	1,091,000	(1,091,000)	-100.00%	Please see footnote below for explanation of actual rate case expense
28	Uncollectible Accounts	4,471,022	4,389,992	81,030	1.85%	
29	Uncollectible Accounts -Unbundled-gas	2,295,008	2,295,008	0	0.00%	
30	Total Rider USP	24,128,693	21,077,437	3,051,256	14.48%	} offset in revenue
31	Interest on Customer Deposits	0	0	0	0.00%	
32	**Total Operation and Maintenance Expense**	157,859,590	149,612,437	8,247,153	(1)	

*Note: 2014 Rate Case Expense is included in the following categories: Outside Services: $392,000, Employee Expenses: $523, Materials and Supplies: $16,335,NCSC: $48,924 and Other O&M: $785

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-047:

Please provide the most recent actual number of eligible participants in each of the employee medical and dental plans reflected in the Company's filing.

Response:

All employees are eligible to participate in the employee medical and dental plans. There were 580 Columbia employees at the end of the historic test year.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-048:

Please provide workpapers showing the derivation of future test year Social Security and Medicare FICA taxes based on future test year labor expense. Identify both the total and O&M amounts.

Response:

The future test year Social Security and Medicare FICA taxes are derived using an experience factor of FICA Tax expense realized in the historic test year, to the labor annualized in the future periods. A work paper for the historic test year Social Security and Medicare FICA taxes is provided as Exhibit No. 6, Schedule No. 2, Page 3. A work paper for the future test year and fully forecasted rate year for Social Security and Medicare FICA taxes is provided as Exhibit No. 106, Schedule No. 2, Page 3.

The O&M amounts are as follows:

12 Months Ended November 30, 2014 Per Books	$1,995,378
Adjustment to historic test year per books (Exh. No. 6, Sch. No. 2, Pg 3)	$ 62,802
Annualized 12 Months Ended Historic Test Year	$ 2,058,180
Adjustment of Annualized Future Test Year (Exh. No. 106, Sch 2, Pg 3)	$ 116,074
Future Test Year FICA Taxes	$2,174,254
Adjustment of Annualized Fully Forecasted Rate Year (Exh. No. 106, Sch 2, Pg 3)	$ 159,123
Fully Forecasted Rate Year FICA Taxes	$2,333,377

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-049:

Please provide work papers showing the derivation of future test year federal and state unemployment taxes. Show both the total and O&M amounts.

Response:

The future test year and fully forecasted rate year federal and state unemployment taxes are unchanged from the historic test year per book amounts. Total FUTA and SUTA Tax included in both the future test year and fully forecasted rate year are $221,927 as shown on Exhibit 6, Schedule 2, Page 2, Line 2 and Exhibit 106, Schedule 2, Page 2, Lines 2.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-050:

Please provide work papers showing the derivation of future test year capital stock taxes.

Response:

Refer to Standard Filing Requirement, Exhibit 106, Schedule No. 2, Page 5.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. GAS-RR-051:

If applicable, please provide a copy of the billing and payment terms for all contracts between the Company and its parent or an affiliated company for services. Further, to the extent that the parent or affiliated company provides service to non-affiliated companies, please provide the corresponding billing and payment terms.

Response:

GAS-RR-051 Attachment A is the Service Agreement between the Company and NiSource Corporate Services Company ("NCSC") dated December 15, 2005. Per Article 2, Compensation, Section 2.3, NCSC renders a monthly report known as a "contract bill" to the Company. The Company reviews the bills and identifies any questions or concerns it has regarding the bill. If no issues are identified, the Company remits all charges billed within 30 days of receipt of the contract bill. The billing and payment terms for the NCSC contract bill are the same for all affiliate companies. NCSC does not provide services to non-affiliated companies.

Service Agreement

BETWEEN

NISOURCE CORPORATE SERVICES COMPANY

AND

COLUMBIA GAS OF PENNSYLVANIA, INC.

Dated December 15, 2005

(To Take Effect Pursuant to Article 3 Hereof)

SERVICE AGREEMENT

This SERVICE AGREEMENT (the "Service Agreement" or "Agreement") is made and entered into this 17th day of December, 2005 by and between Columbia Gas of Pennsylvania, Inc., its subsidiaries, affiliates and associates ("Client", and together with other associate companies that have or may in the future execute this form of Service Agreement, the "Clients") and NiSource Corporate Services Company ("Company").

WITNESSETH:

WHEREAS, the Securities and Exchange Commission ("SEC") has approved and authorized as meeting the requirements of Section 13(b) of the Public Utility Holding Company Act of 1935 ("Act") the organization and conduct of the business of the Company, in accordance herewith, as a wholly-owned subsidiary service company of NiSource Inc. ("NiSource), including the allocation of all Company costs by using the methods approved by the Securities and Exchange Commission ("SEC Method");

WHEREAS, Client is an affiliate of the Company; and

WHEREAS, the Company and Client agree to enter into this Service Agreement whereby the Client may seek certain services from the Company and the Company agrees to provide such services upon request and upon the Company's conclusion that it is able to perform such services. Further, the Client agrees to pay for the services as provided herein at cost, with cost determined in accordance with applicable rules and regulations under the Act, which require the Company to fairly and equitably allocate costs among all Clients to which it renders services; and

WHEREAS, the rendition of such services set forth in Article 2 of Appendix A on a centralized basis enables the Clients to realize economic and other benefits through (1) efficient use of personnel and equipment, (2) coordination of analysis and planning, and (3) availability of specialized personnel and equipment which the Clients cannot economically maintain on an individual basis.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

ARTICLE 1

SERVICES

1.1 The Company shall furnish to Client, as requested by Client, upon the terms and conditions hereinafter set forth, such of the services described in Section 2 of Appendix A hereto (the "Services"), at such times, for such periods and in such manner as Client may from time to time request and that the Company concludes it is able to perform. The Company shall also provide Client with such services, in addition to those services described in Appendix A hereto, as may be requested by Client and that the Company concludes it is able to perform. In supplying such services, the Company may arrange, where it deems appropriate in consultation with Client,

for the services of such experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the provision of such services ("Additional Services").

1.2 Client shall take from the Company such of the Services, and such Additional Services, whether or not now contemplated, as are requested from time to time by Client and that the Company concludes it is able to perform.

1.3 The cost of the Services described herein or contemplated to be performed hereunder shall be allocated to Client in accordance with the SEC Method. Client shall have the right from time to time to amend or alter any activity, project, program or work order provided that (i) Client pays and remunerates the Company the full cost for the services covered by the activity, project, program or work order, including therein any expense incurred by the Company as a direct result of such amendment or alteration of the activity, project, program or work order, and (ii) Client accepts that no amendment or alteration of an activity, project, program or work order shall release Client from liability for all costs already incurred by or contracted for by the Company pursuant to the activity, project, program or work order, regardless of whether the services associated with such costs have been completed.

1.4 The Company shall hire, train and maintain an experienced staff able to perform the Services, or shall obtain experience through third-party resources, as it shall determine in consultation with Client.

ARTICLE 2

COMPENSATION

2.1 As compensation for the Services to be rendered hereunder, Client shall compensate and pay to the Company all costs, reasonably identifiable and related to particular Services performed by the Company for or on Client's behalf. The methods for allocating the Company costs to Client, as well as to other associate companies, are set forth in Appendix A.

2.2 It is the intent of this Service Agreement that charges for Services shall be billed, to the extent possible, directly to the Client or Clients benefiting from such Service. Any amounts remaining after such direct billing shall be allocated using the methods identified in Appendix A. The methods of allocation of cost shall be subject to review annually, or more frequently if appropriate. Such methods of allocation of costs may be modified or changed by the Company without the necessity of an amendment to this Service Agreement; provided that, in each instance, all services rendered hereunder shall be at actual cost thereof, fairly and equitably allocated, all in accordance with the requirements of the Act and any orders promulgated thereunder. The Company shall review with the Client any proposed change in the methods of allocation of costs hereunder and the parties must agree to any such changes before they are implemented.

2.3 The Company shall render a monthly report to Client that shall reflect all information necessary to identify the costs charged and Services rendered for that month. Client shall undertake an immediate review of the report and identify all questions or concerns

regarding the charges reflected within ten (10) days of receipt of the report. If no concerns are identified within that time, Client shall remit to the Company all charges billed to it within 30 days of receipt of the monthly report.

2.4 Client agrees to provide the Company, from time to time, as requested such financial and statistical information as the Company may need to compute the charges payable by Client consistent with the method of allocation set forth on Appendix A.

2.5 It is the intent of this Service Agreement that the payment for services rendered by the Company to Client under this Service Agreement shall cover all the costs of its doing business including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, insurance, injuries and damages, employee and retiree pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, and compensation for use of capital as permitted under the Act.

ARTICLE 3

TERM

3.1 This Service Agreement shall become effective as of the date first written above, subject only to the receipt of any required regulatory approvals from the State Commissions and the SEC, and shall continue in force until terminated by the Company or Client, upon not less than one year's prior written notice to the other party. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Service Agreement may conflict with (1) the Act or with any rule, regulation or order of the SEC adopted before or after the date of this Service Agreement, or (2) any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more Clients. Further, this Service Agreement shall be terminated with respect to the Client immediately upon the Client ceasing to be an associate company of the Company. The parties' obligations under this Service Agreement which by their nature are intended to continue beyond the termination or expiration of this Service Agreement shall survive such termination or expiration.

ARTICLE 4

SERVICE REVIEW

4.1 On an annual basis, the Company and Client shall meet to assess the quality of the Services being provided pursuant to this Service Agreement and to determine the continued need therefor and shall, subject to Section 1.1, above, amend the scope of services, delete services entirely from this Service Agreement, and/or decline services as they determine to be necessary or desirable.

4.2 NiSource maintains an Internal Audit Department that will conduct periodic audits of the Company administration and accounting processes ("Audits"). The Audits will include examinations of Service Agreements, accounting systems, source documents, methods of allocation of costs and billings to ensure all Services are properly accounted for and billed to the appropriate Client. In addition, the Company's policies, operating procedures and controls will be evaluated annually. Copies of the reports generated by the Company as part of the Audits will be provided to Client upon request.

ARTICLE 5

MISCELLANEOUS

5.1 All accounts and records of the Company shall be kept in accordance with the General Rules and Regulations promulgated by the SEC pursuant to the Act, in particular, the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies in effect from and after the date hereof.

5.2 New direct or indirect subsidiaries of NiSource Inc., which may come into existence after the effective date of this Service Agreement, may become additional Clients of the Company and subject to a service agreement with the Company. The parties hereto shall make such changes in the scope and character of the services to be rendered and the method of allocating costs of such services as specified in Appendix A, subject to the requirements of Section 2.2, as may become necessary to achieve a fair and equitable allocation of the Company's costs among all Clients including any new subsidiaries. The parties shall make similar changes if any Client ceases to be associated with the Company.

5.3 The Company shall permit Client reasonable access to its accounts and records including the basis and computation of allocations.

5.4 The Company and Client shall comply with the terms and conditions of all applicable contracts managed by the Company for the Client, individually, or for one or more Clients, collectively, including without limitation terms and conditions preserving the confidentiality and security of proprietary information of vendors.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

NISOURCE CORPORATE SERVICES COMPANY

By: Susanne M. Taylor
Name: Susanne M. Taylor
Its: Controller

COLUMBIA GAS OF PENNSYLVANIA, INC.

By: Terrence J. Murphy
Name: Terrence J. Murphy
Its: President

APPENDIX A

NISOURCE CORPORATE SERVICES COMPANY

Services Available to Clients
Methods of Charging Therefor and
Miscellaneous Terms and Conditions of Service Agreement

ARTICLE 1

DEFINITIONS

1 The term "Company" shall mean NiSource Corporate Services Company and its successors.

2 The term "Service Agreement" shall mean an agreement, of which this Appendix A constitutes a part, for the rendition of services by the Company.

3 The term "Client" shall mean any corporation to which services may be rendered by the Company under a Service Agreement.

ARTICLE 2

DESCRIPTION OF SERVICES

Descriptions of the expected services to be provided by the Company are detailed below. The descriptions are deemed to include services associated with, or related or similar to, the services contained in such descriptions. The details listed under each heading are intended to be illustrative rather than inclusive and are subject to modification from time to time in accordance with the state of the art and the needs of the Clients.

1 *Accounting and Statistical Services.* The Company will advise and assist the Clients in all aspects of accounting, including financial accounting, plant accounting, regulatory accounting, tax accounting, maintenance of books and records, safeguarding of assets, accounts payable, accounts receivable, reconciliations, accounting research, reporting, operations and maintenance analysis, and related accounting functions. The Company will also provide services related to developing, analyzing and interpreting financial statements, directors' reports, regulatory reports, operating statistics and other financial reports. The Company will ensure compliance with generally accepted accounting principles and provide guidance on exposure drafts, financial accounting standards, and interpretations issued by the Financial Accounting Standards Board. The Company will advise and assist the Clients in the formulation of accounting practices and policies and will conduct special studies as may be requested by the Clients.

2 *Auditing Services.* The Company will conduct periodic audits of the general records of the Clients, will supervise the auditing of local and field office records of the Client, and will coordinate the audit programs of the Clients with those of the independent accountants in the annual examination of their accounts.

3 *Budget Services.* The Company will advise and assist the Clients in matters involving the preparation and development of budgets and budgetary controls.

4 *Business Promotion Services.* The Company will advise and assist the Clients in the preparation and use of advertising, in the development of residential, commercial and industrial business, and in the rendering of aid to local appliance distributors and dealers in the advertising and promotion of appliance sales.

5 *Corporate Services.* The Company will advise and assist the Clients in connection with corporate matters and with proceedings involving regulatory bodies.

6 *Depreciation Services.* The Company will advise and assist the Clients in matters pertaining to depreciation practices, including (1) the making of studies to determine the estimated service life of various types of plant, annual depreciation accrual rates, salvage experience, and trends in depreciation reserves indicated by such studies; (2) assistance in the organization and training of the depreciation departments of the Clients; and (3) dissemination to the Clients of information concerning current developments in depreciation practices.

7 *Economic Services.* The Company will advise and assist the Clients in matters involving economic research and planning and in the development of specific economic studies.

8 *Electronic Communications Services.* The Company will advise and assist the Clients in connection with the planning, installation and operation of radio networks, remote control and telemetering devices, microwave relay systems and all other applications of electronics to the fields of communication and control.

9 *Employee Services.* The Company will advise and assist the Clients in connection with employee relations matters, including recruitment, employee placement, training, compensation, safety, labor relations and health, welfare and employee benefits. The Company will also advise and assist the Clients in connection with temporary labor matters, including assessment, selection, contract negotiation, administration, service provider relationships, compliance, review and reporting.

10 *Engineering and Research Services.* The Company will advise and assist the Clients in connection with the engineering phases of all construction and operating matters, including estimates of costs of construction, preparation of plans and designs, engineering and supervision of the fabrication of natural gas facilities, standardization of engineering procedures, and supervision and inspection of construction. The Company will also conduct both basic and specific research in fields related to the operations of the Clients.

11 *Gas Dispatching Services.* The Company will advise and assist the Clients in the dispatching of the gas supplies available to the Clients, and in determining and effecting the most efficient routing and distribution of such supplies in the light of the respective needs therefor and the applicable laws and regulations of governmental bodies. If requested by the Clients, the Company will provide a central dispatcher or dispatchers to handle the routing and dispatching of gas.

12 *Information Technology Services.* The Company will advise and assist Clients in matters involving information technology, including management, operations, control, monitoring, testing, evaluation, data access security, disaster recovery planning, technical research, and support services. The Company will also provide and assist the Client with application development, maintenance, modifications, upgrades and ongoing production support for a portfolio of systems and software that are used by the Clients. In addition, the Company will identify and resolve problems, ensure efficient use of software and hardware, and ensure that timely upgrades are made to meet the demands of the Clients. The Company will also maintain information concerning the disposition and location of Information Technology assets.

13 *Information Services.* The Company will advise and assist the Clients in matters involving the furnishing of information to customers, employees, investors and other interested groups, and to the public generally, including the preparation of booklets, photographs, motion pictures and other means of presentation, and assistance to Clients in their advertising programs.

14 *Insurance Services.* The Company will advise and assist the Clients in general insurance matters, in obtaining policies, making inspections and settling claims.

15 *Legal Services.* The Company will provide Clients with legal services (including legal services, as necessary or advisable, in connection with or in support of any of the other services provided hereunder), including, but not limited to, general corporate matters and internal corporate maintenance, contract drafting and negotiation, litigation, liability and risk assessment, financing, securities offerings, state and federal regulatory compliance, state and federal regulatory support and rule interpretation and advice (relating to the all aspects of SEC compliance, PUHCA, FERC, FPA, PURPA), bankruptcy and collection matters, employment and labor relations investigations, union contracting, EEOC issues, and all other matters for which Clients require such legal services.

16 *Office Space.* As may from time to time be available, the Company will provide suitable space in its offices for the use of the Clients and their officers and employees.

17 *Officers.* Any Client may, with the consent of the Company, elect to any office of the Client any officer or employee of the Company whose compensation is paid, in whole or in part, by the Company. Services rendered to the Client by such person as an officer shall be billed by the Company to the Client and paid for as provided in Articles 3 and 4, and the Client shall not be required to pay any compensation directly to any such person.

18 *Operations Support and Planning Services.* The Company will advise and assist the Clients in connection with operations support and planning, including logistics and scheduling; workforce planning; corrosion and leakage programs; estimates of gas requirements and gas availability; gas transmission, measurement, storage and distribution; construction requirements; construction management; operating standards and practices; regulatory compliance; training; management of transportation and sales programs; negotiation of gas purchase and sale contracts; energy marketing and trading; security services; measurement, regulation and conditioning equipment; meter testing, calibration and repair; hydraulic gas network modeling, facility mapping and GIS technologies; and other operating matters.

19 *Purchasing, Storage and Disposition Services.* The Company will render advice and assistance to the Clients in connection with supply chain activities, including the standardization, purchase, lease, license and acquisition of equipment, materials, supplies, services, software, intellectual property and other assets, as well as shipping, storage and disposition of same. The Company will also render advice and assistance to the Client in connection with the negotiation of the purchase, sale, acquisition or disposition of assets and services and the placing of purchase orders for the account of the Client.

20 *Rate Services.* The Company will advise and assist the Clients in all rate matters, including the design and preparation of schedules and tariffs, the analysis of rate filings of producers and pipeline suppliers, and the preparation and presentation of testimony and exhibits to regulatory authorities.

21 *Tax Services.* The Company will advise and assist the Clients in tax matters, in the preparation of tax returns and in connection with proceedings relating to taxes.

22 *Transportation Services.* The Company will advise and assist the Clients in connection with the purchase, lease, operation and maintenance of motor vehicles and the operation of aircraft owned or leased by the Company or the Clients.

23 *Treasury Services.* The Company provides services such as cash management, long and short term financing for NiSource and all Clients, investment of temporarily available cash, retirement of long term debt, investment management oversight of all benefits plans, special economic studies as requested, and support for various regulatory proceedings, as requested.

24 *Land/Surveying Services.* The Company will provide land asset management, land contract management, and surveying services in connection with Clients' acquisition, leasing, maintenance, and disposal of interests in real property, including the maintenance of land records and the recording of instruments relating to such interests in real property, where necessary.

25 *Customer Billing, Collection, and Contact Services.* The Company will render calculating, bill exception processing, back office processing, posting, printing, inserting, mailing and related services to Client associated with the preparation and issuance of customer bills, notices, inserts and similar mailings. The Company will provide cash processing, revenue recovery, account reconciliations and adjustments, and related services to Client associated with the collection of revenue and management of accounts receivable. The Company will provide customer contact and related services to Client, including customer contact center management, operation and administration; management of key customer relationships; communications associated with the commencement, transfer, maintenance and disconnection of service; sales of optional products and services; the receipt and processing of emergency calls; the handling of customer complaints; and responses to customer billing, credit, collection, order take and inquiry, outage, meter reading, retail choice and other inquiries.

26 *Miscellaneous Services.* The Company will render to any Client such other services, not hereinabove described, as may properly be rendered by the Company to such Client

within the meaning and intent of the Public Utility Holding Company Act of 1935 and any other applicable statutes and the orders, rules and regulations of the Securities and Exchange Commission and any other governmental bodies having jurisdiction, as from time to time the Company may be equipped to render and such Client may desire to have performed.

ARTICLE 3

ALLOCATION METHODS

1 *Specific Direct Salary Charges to Clients.* To the extent that time spent by the officers and employees of the Company rendering services hereunder is related to services rendered to a specific Client, a direct salary charge, computed as provided in Article 4, shall be made to such Client.

2 *Apportioned Direct Salary Charges to Clients.* To the extent that the time spent by such officers and employees is related to services rendered to the Clients generally, or to any specified group of the Clients, a direct salary charge, computed as provided in Article 4, shall be made to the Clients generally, or to such specified group of the Clients, and allocated to each such Client using an allocation method approved by the Securities and Exchange Commission as set forth on Exhibit A hereto.

3 *Direct Salary Charges for Services to the Company.* To the extent that time spent by any officer or employee of the Company is related to services rendered to the Company, a direct salary charge computed as provided in Article 4 shall be allocated among the Clients in the same proportions which the direct salary charges to such Clients made pursuant to Sections 1 and 2 of this Article III, for services of officers and employees, bear to the aggregate of such direct salary charges.

4 *Apportionment of Employee Benefits.* The employee benefit expenses which are related to direct salary charges made pursuant to sub-paragraphs (1), (2) and (3) of Article 3 shall be apportioned among the Clients, as applicable, in the proportions which the respective direct salary charges made pursuant to the rendering of such services to each such Client bear to the aggregate of such direct salary charges.

5 *Other Expenses.* All expenses, other than salaries and employee benefit expenses incurred by the Company in connection with services rendered to a specific Client shall be charged directly to such Client. All such expenses incurred by the Company in connection with services rendered to the Clients generally or to any specified group of Clients shall be apportioned in the manner set forth in Section 2 of this Article 3 for the apportionment of salary charges. All such expenses incurred by the Company in connection with services rendered to the Company shall be apportioned in the manner set forth in Section 3 of this Article 3 for the apportionment of salary charges.

ARTICLE 4

COMPUTATION OF SALARY CHARGES

Direct Salary Charges The direct salary charge per hour which shall be made for the time of any officer or employee for services rendered in any calendar month shall be computed by dividing his total compensation for such month by the aggregate of (1) the number of scheduled working hours for which he was compensated, including hours paid for but not worked, and (2) hours worked in excess of his regular work schedule, whether or not compensated for.

Exhibit A

BASES OF ALLOCATION

The SEC approved Bases of Allocation shown below will be used by the Corporate Services Accounting Department for apportioning Job Order charges to affiliates. Any change in an allocation method that causes either a $50,000 or 5% change in the cost that would be charged to a company must be brought to the SEC for approval under the 60-Day Letter process.

BASIS 1

GROSS FIXED ASSETS AND TOTAL OPERATING EXPENSES

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates. All companies may be included in this allocation.

BASIS 2

GROSS FIXED ASSETS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates. All companies may be included in this allocation.

BASIS 7

GROSS DEPRECIABLE PROPERTY AND TOTAL OPERATING EXPENSE

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates. All companies may be included in this allocation.

BASIS 8

GROSS DEPRECIABLE PROPERTY

- Job order charges will be allocated to each benefited affiliate on the basis of the relationship of its total depreciable property to the sum of the total depreciable property of all benefited affiliates. All companies may be included in this allocation.

BASIS 9

AUTOMOBILE UNITS

- Job order charges will be allocated to each benefited affiliate on the basis of its number of automobile units to the total number of all automobile units of the benefited affiliates. All companies may be included in this allocation.

BASIS 10

NUMBER OF RETAIL CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of retail customers to the total number of all retail customers of the benefited affiliates. All companies may be included in this allocation.

BASIS 11

NUMBER OF REGULAR EMPLOYEES

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates. All companies may be included in this allocation.

BASIS 13

FIXED ALLOCATION

- Job order charges will be allocated to each benefitted affiliate on the basis of fixed percentages on an individual project basis. All companies may be included in this allocation.

BASIS 14

NUMBER OF TRANSPORTATION CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

BASIS 15

NUMBER OF COMMERCIAL CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Commercial Customers to the total of all Commercial Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

BASIS 16

NUMBER OF RESIDENTIAL CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Residential Customers to the total of all Residential Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

BASIS 17

NUMBER OF HIGH PRESSURE CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its High Pressure Customers to the total of all High Pressure Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania and Columbia Gas of Maryland.

BASIS 20

DIRECT COSTS

- Job order charges will be allocated to each benefitted affiliate on the basis of the relation of its direct costs billed by Service Corporation to the total of all direct costs billed by Service Corporation. All companies may be included in this allocation.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-052:

Please provide the annual level of outside services employed for the preceding three calendar years. Include in your response a breakdown of the test year amount indicating the service provider and the type of service performed.

Response:

Attachments A & B provide details regarding outside services costs incurred for calendar years 2011, 2012 and 2013 as well as the historic test year ended November, 2014. Attachment A provides the information of costs charged to Operation and Maintenance expense and Attachment B provides information on costs charged to capital and other accounts.

Columbia Gas of Pennsylvania
Outsides Services Detailed by Cost Account
Amounts Charged to Operation and Maintenance Expense

Line No.	Cost Activity Description	Twelve Months Ended December 2011	Twelve Months Ended December 2012	Twelve Months Ended December 2013	Twelve Months Ended November 2014
1	AUDITING SERVICES	0.00	547,399.19	622,134.35	432,208.10
2	BENEFITS ADMINISTRATION	376,800.02	335,507.00	308,069.00	372,201.04
3	BUILDING MAINTENANCE	0.00	0.00	0.00	108,865.65
4	CAP ADMINISTRATION COSTS	197,200.00	278,610.00	185,550.00	577,460.43
5	CAP EDUCATION	5,120.94	10,593.73	26,108.35	22,010.00
6	CAP INITIAL APPLICATION	166,432.00	103,493.00	160,892.00	489,215.00
7	CAPITAL PROJ NOT OTHERWISE IDENTIFD	818,616.85	178,674.85	209,250.26	109,924.37
8	CHECKFREE SERVICE CHARGE	0.00	0.00	35.00	35.00
9	COMPRESSOR & OTHER EQUIPMEMNT REPAIRS	0.00	63,349.85	114,025.39	141,579.75
10	CONSTRUCTION SERVICES	0.00	165,000.00	197,000.00	392,466.68
11	CONSULTANT SERVICES	434,810.48	323,887.10	561,178.03	3,093,371.38
12	CONTRACT MAINTENANCE	0.00	0.00	0.00	385.74
13	CONTRACT METER READING	1,594,716.60	574,468.34	357,430.36	333,287.69
14	CORROSION - CAPITAL	2,872.20	5,188.00	409.10	0.00
15	CORROSION - MAINTENANCE	323,179.43	602,709.54	1,943,262.47	1,415,117.77
16	COURIER SERVICES (UPS, FEDEX,ERTC)	35,390.47	0.00	0.00	0.00
17	CURRENT COLLECTION FEES	7.48	47.41	873.85	55.95
18	CUSTOMER SATISFACTION TRACKING	9,248.00	0.00	0.00	0.00
19	CUSTOMER SERVICE NOT OTHERWISE IDENTIFDIED	738,471.06	0.00	0.00	0.00
20	DAMAGES TO PROPERTY OF OTHERS	21,997.14	0.00	0.00	0.00
21	DEFERRALS	(3,153,322.96)	(4,503,206.96)	(6,389,574.04)	(5,365,278.35)
22	DELINQUENT COLLECTION FEES	(7,156.00)	0.00	(1,289.54)	0.00
23	DFC (BANGS/FAB) COSTS	0.00	2,478.31	0.00	0.00
24	DRIVERS PHYSICAL EXAMINATIONS	2,661.00	0.00	0.00	0.00
25	DRUG TESTING	20.00	0.00	0.00	0.00
26	ECONOMIC FORECASTING SERVICE	1,793.73	0.00	0.00	2,841.99
27	EMPLOYEE TRAINING, ADVERTISING, CONSULTANTS	146,104.00	0.00	0.00	0.00
28	ENGINEERING SERVICES	0.00	0.00	0.00	266,821.42
29	ENVIRONMENTL CONSULTING	47,519.29	0.00	0.00	0.00
30	ENVIRONMENTL HAZ/SPE WASTE DISPOSAL	4,511.53	397.03	(839.08)	8,450.79
31	ENVIRONMENTL HEALTH & SAFETY SERVICES	45,341.87	0.00	0.00	20,440.95
32	FINANCIAL STATEMENT REVIEW	391,585.73	0.00	0.00	0.00
33	FURNITURE & EQUIPMENT MAINTENANCE	0.00	149.80	(2,099.87)	15,353.21
34	INSPECTION SERVICES	689,607.34	733,922.85	835,014.00	1,336,224.34
35	JANITOR SERVICES	121,625.42	0.00	0.00	0.00
36	LABORATORY SERVICES	40,900.00	122,446.37	108,082.95	111,783.23
37	LEAK REPAIR	986,246.44	408,450.88	540,493.79	1,957,876.95
38	LEGAL SERVICES	646,943.66	255,863.94	256,773.06	121,837.95
39	LINE LOCATING	1,272,200.00	986,479.02	1,972,158.56	3,186,306.86
40	LIQUIDS & FILTER DOSPOSAL	0.00	0.00	0.00	9,710.13
41	LOT MAINTENANCE	69,227.25	0.00	0.00	1,697.24
42	MAIN LINE INSTALLATION	35,632.95	94,315.44	0.00	30,756.50
43	MEDICAL EXAMINATIONS	99,113.85	0.00	0.00	0.00
44	METER LONE INSTALLATIONS	0.00	0.00	20,360.90	0.00
45	METERS AND REGULATORS	0.00	1,463.75	3,861.75	0.00
46	MISCELLANEOUS ITEMS	365,302.55	0.00	0.00	0.00
47	MISCELLANEOUS REIMBURSEMENTS	0.00	0.00	0.00	2,307.09
48	ONE - CALL SYSTEM FEES	131,262.25	133,406.79	152,276.57	135,058.37
49	OPERATIONS MAPPING	0.00	0.00	45.00	0.00
50	OPERATIONS SERVICES	62,374.51	39,276.46	19,204.48	69,804.37
51	OTHER MAINTENANCE	106.40	0.00	0.00	1,168.75
52	OTHER MAINTENANCE SERVICES	338,031.47	929,534.27	831,798.11	1,220,618.24
53	OTHER OUTSIDESERVICES	62,367.86	88,851.91	(358,661.92)	646,263.50
54	PAC/LOBBYING	0.00	400.00	0.00	25,440.00
55	PAVING RESTORATION	2,466,937.50	3,084,285.89	2,823,255.53	3,686,291.75
56	PERSONNEL & CARGO TRANSPORTATION	0.00	25,928.19	27,677.07	16,590.94
57	POLICE	10,590.74	27,846.91	16,756.48	3,036.49
58	PRINTING/REPRODUCTION SERVICES	124,539.94	28,979.16	17,495.21	14,089.10
59	RECONNECT SERVICE LINES	180,563.13	639,142.73	929,806.24	130,030.61
60	RIGHT-OF-WAY CLEAR/MAINTENANCE	90,357.20	487,225.60	1,416,135.03	1,702,144.17
61	SALES TAX	0.00	0.00	0.00	862.58
62	SECURITY SERVICES	0.00	5,298.73	8,422.23	18,553.69
63	SEED AND SOD	244,273.80	255,275.60	180,179.01	9,660.80
64	SERVICE LINE INSTALLATIONS	43,218.02	8,790.48	28,436.93	53,738.39
65	SPECIAL STUDY	7,195.24	0.00	0.00	0.00
66	STORAGE SERVICES	1,175.00	0.00	0.00	0.00

Columbia Gas of Pennsylvania
Outsides Services Detailed by Cost Account
Amounts Charged to Operation and Maintenance Expense

Line No.	Cost Activity Description	Twelve Months Ended December 2011	Twelve Months Ended December 2012	Twelve Months Ended December 2013	Twelve Months Ended November 2014
67	TEMPORARY PERSONNEL SERVICES	302,612.77	273,723.38	228,926.42	257,540.37
68	TRAFFIC CONTROL	16,091.80	0.00	0.00	0.00
69	WEATHERIZATION/RCS EXPENSES	3,277,317.95	4,533,721.13	4,999,275.91	4,591,472.14
70	WMS ACCRUALS	0.00	64,365.30	(99,179.26)	(263,614.52)
71	Total	13,889,735.90	11,917,740.97	13,251,009.68	21,514,064.59

Columbia Gas of Pennsylvania
Outside Services Detailed by Cost Element
Amounts Charged to Capital and Other Accounts

Line No.	Cost Activity Description	Twelve Months Ended December 2011	Twelve Months Ended December 2012	Twelve Months Ended December 2013	Twelve Months Ended November 2014
1	ADVERTISING SERVICES	0.00	0.00	0.00	364.72
2	APPLIANCE REPAIR	269.90	0.00	0.00	0.00
3	ARI FLEET SERVICE FEE	90,247.98	0.00	0.00	0.00
4	BUILDING AND PROPERTY SECURITY	29,833.18	0.00	0.00	0.00
5	BUILDING MAINTENANCE	0.00	0.00	0.00	799,440.25
6	CAPITAL PROJ NOT OTHERWISE IDENTIFD	3,319,617.10	2,978,540.33	4,789,231.04	5,537,627.92
7	CLEAR RIGHT - OF - WAY	44,699.26	0.00	0.00	0.00
8	COMP FACILITIES DAMAGED BY OTHERS	1,170.91	0.00	0.00	0.00
9	COMPANY VEHICLE TOWING COSTS	0.00	0.00	0.00	0.00
10	COMPRESSOR & OTHER EQUIPMENT REPAIRS	0.00	340.96	1,692.81	81,049.89
11	CONSTUCTION SERVICES	0.00	0.00	0.00	1,092,315.52
12	CONSULTING SERVICES	75,528.48	1,527,441.27	3,511,329.02	1,133,009.65
13	CONTRACT EMPLOYEE SERVICES	2,780,395.85	0.00	0.00	0.00
14	CONTRACT MAINTENANCE	0.00	0.00	0.00	96.42
15	CONTRACT METER READING	0.00	0.00	0.00	36,852.06
16	CONTRACT RETAINAGES	0.00	0.00	0.00	2,333.25
17	CORROSION - CAPITAL	561.12	77,789.08	176,178.07	55,157.55
18	CORROSION - MAINTENANCE	0.00	0.00	0.00	8,980.40
19	COURIER SERVICES(UPS, FEDEX, ETC.)	427.16	0.00	0.00	0.00
20	CURRENT COLLECTION FEES	0.27	9.59	2.76	13.99
21	CUST SERV NOT OTHERWISE IDENTIFIED	162,939.30	0.00	0.00	0.00
22	DAMAGE TO PROPERTY OF OTHERS	26,020.54	0.00	0.00	0.00
23	EDP MAINTENANCE AGREEMENTS	10,578.64	0.00	0.00	0.00
24	ELECTRIC GENERATION SERVICES	0.00	0.00	0.00	266.29
25	EMPLOYEE TRAINING	27,488.62	0.00	0.00	0.00
26	ENGINEERING SERVICES	0.00	0.00	0.00	(5,281.74)
27	ENVIRONMENTAL CONSULTING	6,944.60	0.00	0.00	0.00
28	ENVIRONMENTAL HEALTH & SAFETY SERVICES	0.00	0.00	0.00	177,187.23
29	ENVIRONMENTAL LAB ANALYSIS&EPA FEES	6,934.90	0.00	0.00	0.00
30	ENVIRONMENTL HAZ/SPE WASTE DISPOSAL	4,854.70	11,613.27	16,407.75	9,106.91
31	FURNITURE & EQUIPMENT MAINTENANCE	0.00	0.00	667.68	821,385.79
32	INSPECTION SERVICES	106,441.65	403,688.89	724,709.05	682,491.45
33	JANITOR SERVICES	216.00	0.00	0.00	0.00
34	LABORATORY SERVICES	21,226.14	55.49	98.88	(13,421.00)
35	LEAK REPAIR	79,280.14	68,877.89	17,478.30	16,395.02
36	LEGAL SERVICES	0.00	0.00	0.00	1,112.00
37	LINE LOCATING	209,967.19	52,236.73	2,802.15	16,623.34
38	LOT MAINTENANCE	0.00	0.00	0.00	18,200.00
39	MAIN LINE INSTALLATION	36,169,458.43	46,007,234.15	58,712,701.11	56,225,715.86
40	MAINT ACTIV NOT OTHERWISE IDENTIFID	23,120.68	0.00	0.00	0.00
41	MAINTENANCE	689,912.13	0.00	0.00	0.00
42	MATERIAL HANDLING SERVICES	464.18	0.00	0.00	0.00
43	METERS AND REGULATORS	788,206.15	282,375.41	1,144,076.05	4,718,893.12
44	MISCELLANEOUS REIMBURSEMENTS	0.00	0.00	0.00	1,130.84
45	ONE - CALL SYSTEM FEES	28,960.01	29,117.13	15,843.22	8,550.43
46	OPER SVCS NOT OTHERWISE IDENTIFIED	31,158.75	0.00	0.00	0.00

Columbia Gas of Pennsylvania
Outside Services Detailed by Cost Element
Amounts Charged to Capital and Other Accounts

Line No.	Cost Activity Description	Twelve Months Ended December 2011	Twelve Months Ended December 2012	Twelve Months Ended December 2013	Twelve Months Ended November 2014
47	OPERATION (LAWN CARE, SNOW REMOVAL)	4,381.02	0.00	0.00	0.00
48	OPERATION SERVICES	0.00	235.00	19,152.89	63,031.78
49	OTHER MAINTENANCE SERVICES	0.00	1,904,316.25	1,913,969.00	777,109.19
50	OTHER OUTSIDE SERVICES	0.00	1,055,394.82	699,654.53	698,133.75
51	OTHER SERVICE CHARGES	81,951.60	0.00	0.00	0.00
52	OUTSIDE LAUNDRY SERVICES	1,742.69	0.00	0.00	0.00
53	PAVING RESTORATION	18,255,100.29	22,624,845.48	33,132,344.14	46,222,808.68
54	PERSONAL COMPUTER INSTALLATION SERV	14,035.69	0.00	0.00	0.00
55	PERSONNEL & CARGO TRANSPORTATION	0.00	135.62	389.90	6,429.27
56	PLANT MAINTENANCE	0.00	0.00	0.00	370.31
57	POLICE	0.00	39,841.55	25,562.62	83,129.75
58	PRINTING/REPRODUCTION SERVICES	6,766.65	884.36	887.31	26,440.85
59	PROGRAMMING SERVICES	30,855.95	0.00	0.00	0.00
60	RECONNECT SERVICE LINES	5,932,043.73	6,593,822.86	7,915,896.36	913,636.99
61	REGULATOR BUILDINGS AND LOTS	25,536.75	0.00	0.00	0.00
62	RELOCATION OF COMPANY FACILITIES	9.17	0.00	0.00	0.00
63	REPAIR OF FURNISHINGS	3,319.53	0.00	0.00	0.00
64	REPAIR OF INSTRUMENTS	213.50	0.00	0.00	0.00
65	REPAIR OF OFFICE MACHINES	99.98	0.00	0.00	0.00
66	REPAIR OF TOOLS	1,866.49	0.00	0.00	0.00
67	RIGHT-OF-WAY CLEAR/MAINTENCE	0.00	181,461.70	40,480.10	0.00
68	SALES TAX	0.00	0.00	0.00	4,249.33
69	SEASONAL TEMPORARY EMPLOYEES	4,696.96	0.00	0.00	0.00
70	SECURITY SERVICES	0.00	72,487.67	82,483.46	45,918.93
71	SEED AND SOD	487,793.80	695,580.36	395,237.73	24,140.33
72	SERVICE LINE INSTALLATION	9,402,672.53	13,095,098.66	15,244,228.75	24,296,172.29
73	SERVICE/REPAIRS TO COMPANY VEHICLES	1,596,966.24	0.00	0.00	0.00
74	SHORT TERM TEMPORARY EMPLOYEES	90,282.26	0.00	0.00	0.00
75	SPECIAL DUTY POLICE OFFICERS	20,952.83	0.00	0.00	0.00
76	STATE INSPECTION CLASS A	9,841.09	0.00	0.00	0.00
77	SYSTEM DEVELOPMENT COSTS	80,995.75	0.00	0.00	0.00
78	TELECOMMUNICTN CAPITAL INSTALLATN	432.00	0.00	10,548.02	58,035.54
79	TELEPHONE ANSWERING SERVICES	1,170.18	0.00	0.00	0.00
80	TEMPORARY PERSONNEL SERVICES	0.00	1,236,003.76	18,429.21	343,514.95
81	TRAFFIC CONTROL	140,166.29	0.00	0.00	0.00
82	WASTE MANAGEMENT SERVICES	21,047.02	0.00	0.00	0.00
83	WEATHERIZATION/RCS EXPENSES	0.00	0.00	0.00	(68,021.84)
84	WMS ACCRUAL	0.00	464,767.75	(242,184.26)	(1,075,745.61)
85	Total	80,951,863.95	99,404,196.03	128,370,297.65	143,844,951.65

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-053:

Please describe each budgeted or planned cost savings program to be implemented during the historic or future year. Please identify the cost of implementing the program and the anticipated annual savings.

Response:

Columbia Gas of Pennsylvania, Inc. (the "Company") neither experienced nor does it anticipate implementation of cost saving programs in either the historic or future years. As a result, the Company has not identified any specific costs of implementation of such programs or anticipated savings in this filing. Columbia does implement process improvements gained through technology or other efficiencies as a normal course of business when implementing such improvements would not jeopardize the delivery of safe and reliable service.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-054:

Please explain how the Company has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item.

Response:

The Company has not made any rate making adjustments based on self funded reserve accruals.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Revenue Requirements

Question No. RR-055:

Please provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation work papers for the Company's consolidated tax savings adjustment.

Response:

Enclosed are copies of the corporate federal tax returns for 2011 (GAS-RR-055 Attachment A), 2012 (GAS-RR-055 Attachment B) and 2013 (GAS-RR-055 Attachment C). Workpapers relating to the Company's consolidated tax savings are included in the Standard Filing Requirements as Exhibit No. 7 (26) Pages 2-4.

Form **1120**

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2011 or tax year beginning _____, ending _____

▶ See separate instructions.

OMB No. 1545-0123

2011

A Check if:
1a Consolidated return (attach Form 851) ☐
1b nonlife consolidated return ☐
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (see instr) ☐
4 Schedule M-3 attached ☒

TYPE OR PRINT

Name: COLUMBIA GAS OF PENNSYLVANIA INC

Number, street, and room or suite no. If a P.O. box, see instructions.: 200 CIVIC CENTER DRIVE

City or town, state, and ZIP code: COLUMBUS OH 43215

B Employer identification number: 25-1100252

C Date incorporated: 06/23/1960

D Total assets (see instructions): $ 1,362,014,568

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a	Merchant card and third-party payments. For 2011, enter -0-	1a	0	
	b	Gross receipts or sales not reported on line 1a (see instructions)	1b	510,136,533	
	c	Total. Add lines 1a and 1b	1c	510,136,533	
	d	Returns and allowances plus any other adjustments (see instructions)	1d		
	e	Subtract line 1d from line 1c			1e 510,136,533
	2	Cost of goods sold from Form 1125-A, line 8 (attach Form 1125-A)			2 288,250,883
	3	Gross profit. Subtract line 2 from line 1e			3 221,885,650
	4	Dividends (Schedule C, line 19)			4 0
	5	Interest See Stmt 1			5 5,355,648
	6	Gross rents			6 185,380
	7	Gross royalties			7 15
	8	Capital gain net income (attach Schedule D (Form 1120))			8 0
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9 -2,369,316
	10	Other income (see instructions - attach schedule) See Stmt 2			10 10,982,768
	11	**Total income.** Add lines 3 through 10 ▶			11 236,040,145
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers from Form 1125-E, line 4 (attach Form 1125-E) ▶			12 0
	13	Salaries and wages (less employment credits)			13 3,405,767
	14	Repairs and maintenance			14 56,562,497
	15	Bad debts			15 20,313,657
	16	Rents See Stmt 3			16 3,454,249
	17	Taxes and licenses See Stmt 4			17 2,491,959
	18	Interest See Stmt 5			18 20,113,272
	19	Charitable contributions			19 577,362
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			20 90,063,000
	21	Depletion			21
	22	Advertising			22 269,673
	23	Pension, profit-sharing, etc., plans			23 13,989,893
	24	Employee benefit programs			24 -6,053,534
	25	Domestic production activities deduction (attach Form 8903)			25
	26	Other deductions (attach schedule) See Stmt 6			26 101,565,972
	27	**Total deductions.** Add lines 12 through 26 ▶			27 306,753,767
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28 -70,713,622
	29 a	Net operating loss deduction (see instructions)	29a		
	b	Special deductions (Schedule C, line 20)	29b	0	
	c	Add lines 29a and 29b			29c 0
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions)			30 -70,713,622
	31	Total tax (Schedule J, Part I, line 11)			31
	32	Total payments and refundable credits (Schedule J, Part II, line 21)			32
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			33
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed			34
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid			35
	36	Enter amount from line 35 you want: **Credited to 2012 estimated tax** ▶ **Refunded** ▶			36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer | Date | Title

May the IRS discuss this return with the preparer shown below (see instr)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN

Firm's name ▶ | Firm's EIN ▶

Firm's address ▶ | Phone no.

Form 1120 (2011) Page 2

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	**Total.** Add lines 1 through 8. See instructions for limitation			0
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶	0		
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			0

COLUMBIA GAS OF PENNSYLVANIA INC

Schedule J Tax Computation and Payment (see instructions)

Part I - Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ ☐			
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶ ☐		2	
3	Alternative minimum tax (attach Form 4626)		3	
4	Add lines 2 and 3		4	
5a	Foreign tax credit (attach Form 1118)	5a		
b	Credit from Form 8834, line 30 (attach Form 8834)	5b		
c	General business credit (attach Form 3800)	5c		
d	Credit for prior year minimum tax (attach Form 8827)	5d		
e	Bond credits from Form 8912	5e		
6	Total credits. Add lines 5a through 5e		6	
7	Subtract line 6 from line 4		7	
8	Personal holding company tax (attach Schedule PH (Form 1120))		8	
9a	Recapture of investment credit (attach Form 4255)	9a		
b	Recapture of low-income housing credit (attach Form 8611)	9b		
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c		
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d		
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e		
f	Other (see instructions - attach schedule)	9f		
10	Total. Add lines 9a through 9f		10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31		11	

Part II - Payments and Refundable Credits

12	2010 overpayment credited to 2011		12	
13	2011 estimated tax payments		13	
14	2011 refund applied for on Form 4466		14	( )
15	Combine lines 12, 13, and 14		15	
16	Tax deposited with Form 7004		16	
17	Withholding (see instructions)		17	
18	Total payments. Add lines 15, 16, and 17		18	
19	Refundable credits from:			
a	Form 2439	19a		
b	Form 4136	19b		
c	Form 3800, line 17c and Form 8827, line 8c	19c		
d	Other (attach schedule - see instructions)	19d		
20	Total credits. Add lines 19a through 19d		20	
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32		21	

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 221210		
b	Business activity ▶ NATURAL GAS DISTRIBUTION		
c	Product or service ▶ NATURAL GAS DISTRIBUTION		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	X	
	If "Yes," enter name and EIN of the parent corporation ▶ NiSource Inc 35-2108964		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Form 1120 (2011) Page 4

Schedule K Other Information continued (see instructions)

		Yes	No
5	At the end of the tax year, did the corporation: Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851,** Affiliations Schedule? For rules of constructive ownership, see instrs. If "Yes," complete (i) through (iv) below.		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions If "Yes," complete (i) through (iv) below.		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . . If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock? . . . . . For rules of attribution, see section 318. If "Yes," enter: **(i)** Percentage owned ▶ _____ and **(ii)** Owner's country ▶ _____ **(c)** The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		X
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶$ NONE		
10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . . ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶$ _____		
13	Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000? . . . . . If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶$ _____		X
14	Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? . . . . . If "Yes," complete and attach Schedule UTP.	X	
15	Did the corporation make any payments in 2011 that would require it to file Form(s) 1099 (see instructions)? . . . . . If "Yes," did or will the corporation file all required Forms 1099?	X X	

COLUMBIA GAS OF PENNSYLVANIA INC

25-1100252

Form 1120 (2011)

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash		12,629,142		7,015,719
Trade notes and accounts receivable	50,650,859		29,657,724	
Less allowance for bad debts	( )	50,650,859	(20)	29,657,704
3 Inventories		47,563,441		106,256,190
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule) See Stmt 7		117,411,504		682,901
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule) See Stmt 8		15,995,659		16,940,076
10 a Buildings and other depreciable assets	1,004,361,797		1,121,675,532	
b Less accumulated depreciation	(283,974,703)	720,387,094	(293,547,822)	828,127,710
11 a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		2,325,305		2,376,483
13 a Intangible assets (amortizable only)	6,995,988		8,579,863	
b Less accumulated amortization	(3,456,987)	3,539,001	(3,515,555)	5,064,308
14 Other assets (attach schedule) See Stmt 9		228,304,770		365,893,477
15 Total assets		1,198,806,775		1,362,014,568
Liabilities and Shareholders' Equity				
16 Accounts payable		43,808,681		22,682,316
17 Mortgages, notes, bonds payable in less than 1 year See Stmt 10				64,825,000
18 Other current liabilities (attach schedule) See Stmt 11		96,533,680		145,604,438
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 yr or more See Stmt 12		313,215,000		248,390,000
21 Other liabilities (attach schedule) See Stmt 13		398,905,266		497,881,413
22 Capital stock: a Preferred stock				
b Common stock	45,127,800	45,127,800	45,127,800	45,127,800
23 Additional paid-in capital		7,577,387		7,621,971
24 Retained earnings - Appropriated (attach schedule)		0		0
25 Retained earnings - Unappropriated See Stmt 14		293,693,404		329,892,309
26 Adjustments to shareholders' equity (attach schedule)		(54,443)		(10,679)
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		1,198,806,775		1,362,014,568

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize): a Depreciation $	
5 Expenses recorded on books this year not deducted on this return (itemize): a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
6 Add lines 1 through 5		9 Add lines 7 and 8	
		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	293,693,404	5 Distributions: a Cash	5,000,000
Net income (loss) per books	41,538,857	b Stock	
Other Increases (itemize):		c Property	
		6 Other decreases (itemize): See Stmt 15	339,952
	0	7 Add lines 5 and 6	5,339,952
4 Add lines 1, 2, and 3	335,232,261	8 Balance at end of year (line 4 less line 7)	329,892,309

Form **1125-A**
(December 2011)
Department of the Treasury
nal Revenue Service
ne

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, and 1065-B.

OMB No. 1545-2225

COLUMBIA GAS OF PENNSYLVANIA INC

Employer identification number 25-1100252

1	Inventory at beginning of year	1	120,679,116
2	Purchases	2	299,196,447
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	0
5	Other costs (attach schedule)	5	0
6	**Total.** Add lines 1 through 5	6	419,875,563
7	Inventory at end of year	7	131,624,680
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	288,250,883

9a Check all methods used for valuing closing inventory:
- (i) ☒ Cost
- (ii) ☐ Lower of cost or market
- (iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☒ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☒ Yes ☐ No

Form **4626**

:ment of the Treasury
..al Revenue Service

Alternative Minimum Tax - Corporations

▶ See separate instructions.
▶ Attach to the corporation's tax return.

OMB No. 1545-0175

2011

Name

COLUMBIA GAS OF PENNSYLVANIA INC

Employer identification number

25-1100252

	Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).			
1	Taxable income or (loss) before net operating loss deduction		1	-70,713,622
2	**Adjustments and preferences:**			
a	Depreciation of post-1986 property		2a	-380,948
b	Amortization of certified pollution control facilities		2b	
c	Amortization of mining exploration and development costs		2c	
d	Amortization of circulation expenditures (personal holding companies only)		2d	
e	Adjusted gain or loss		2e	-968,846
f	Long-term contracts		2f	
g	Merchant marine capital construction funds		2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)		2h	
i	Tax shelter farm activities (personal service corporations only)		2i	
j	Passive activities (closely held corporations and personal service corporations only)		2j	
k	Loss limitations		2k	
l	Depletion		2l	
m	Tax-exempt interest income from specified private activity bonds		2m	
n	Intangible drilling costs		2n	
o	Other adjustments and preferences		2o	
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o		3	-72,063,416
4	**Adjusted current earnings (ACE) adjustment:**			
a	ACE from line 10 of the ACE worksheet in the instructions	4a -87,957,088		
	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b -15,893,672		
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c 11,920,254		
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). **Note:** You **must** enter an amount on line 4d (even if line 4b is positive)	4d 44,022,910		
e	ACE adjustment. ● If line 4b is zero or more, enter the amount from line 4c ● If line 4b is less than zero, enter the **smaller** of line 4c or line 4d as a negative amount		4e	-11,920,254
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT		5	-83,983,670
6	Alternative tax net operating loss deduction (see instructions)		6	
7	**Alternative minimum taxable income.** Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions		7	
8	**Exemption phase-out** (if line 7 is $310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):			
a	Subtract $150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a		
b	Multiply line 8a by 25% (.25)	8b		
c	Exemption. Subtract line 8b from $40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-		8c	
9	Subtract line 8c from line 7. If zero or less, enter -0-		9	
10	Multiply line 9 by 20% (.20)		10	
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)		11	
12	Tentative minimum tax. Subtract line 11 from line 10		12	
13	Regular tax liability before applying all credits except the foreign tax credit		13	
14	**Alternative minimum tax.** Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return.		14	

COLUMBIA GAS OF PENNSYLVANIA INC 25-1100252

Adjusted Current Earnings (ACE) Worksheet

▶ See ACE Worksheet Instructions, (which begin on page 8).

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626					1	-72,063,416
2	ACE depreciation adjustment:						
a	AMT depreciation			2a	90,443,948		
b	ACE depreciation.						
	(1) Post-1993 property	2b(1)	87,423,997				
	(2) Post-1989, pre-1994 property	2b(2)	1,716,528				
	(3) Pre-1990 MACRS property	2b(3)	1,492,152				
	(4) Pre-1990 original ACRS property	2b(4)	1,490,681				
	(5) Property described in sections 168(f)(1) through (4)	2b(5)					
	(6) Other property	2b(6)	730,426				
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)			2b(7)	92,853,784		
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a					2c	-2,409,836
3	Inclusion in ACE of items included in earnings and profits (E&P):						
a	Tax-exempt interest income			3a			
b	Death benefits from life insurance contracts			3b			
c	All other distributions from life insurance contracts (including surrenders)			3c			
d	Inside buildup of undistributed income in life insurance contracts			3d			
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)			3e			
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e					3f	0
4	Disallowance of items not deductible from E&P:						
a	Certain dividends received			4a			
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247			4b			
c	Dividends paid to an ESOP that are deductible under section 404(k)			4c			
d	Nonpatronage dividends that are paid and deductible under section 1382(c)			4d			
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)			4e			
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e					4f	0
5	Other adjustments based on rules for figuring E&P:						
a	Intangible drilling costs			5a			
b	Circulation expenditures			5b			
c	Organizational expenditures			5c			
d	LIFO inventory adjustments			5d	-13,220,520		
e	Installment sales			5e			
f	Total other E&P adjustments. Combine lines 5a through 5e					5f	-13,220,520
6	Disallowance of loss on exchange of debt pools					6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts					7	
8	Depletion					8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property					9	-263,316
10	**Adjusted current earnings.** Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626					10	-87,957,088

For Paperwork Reduction Act Notice, See Instructions.

JXB F 02/10/05

SCHEDULE B
(Form 1120)
(Rev. December 2009)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

▶ Attach to Form 1120.
▶ See instructions.

OMB No. 1545-0123

Name: COLUMBIA GAS OF PENNSYLVANIA INC

Employer identification number (EIN): 25-1100252

		Yes	No
1	Do the amounts reported on Schedule M-3 (Form 1120), Part II, lines 9 or 10, column (d), reflect allocations to this corporation from a partnership of income, gain, loss, deduction, or credit that are disproportionate to this corporation's capital contribution to the partnership or its ratio for sharing other items of the partnership?		X
2	At any time during the tax year, did the corporation sell, exchange, or transfer any interest in an intangible asset to a related person as defined in section 267(b)?		X
3	At any time during the tax year, did the corporation acquire any interest in an intangible asset from a related person as defined in section 267(b)?		X
4a	During the tax year, did the corporation enter into a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations?		X
b	At any time during the tax year, was the corporation a participant in a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471?		X
5	At any time during the tax year, did the corporation make any change in accounting principle for financial accounting purposes? See instructions for the definition of change in accounting principle		X
6	At any time during the tax year, did the corporation make any change in a method of accounting for U.S. income tax purposes?		X
7	At any time during the tax year, did the corporation own any voluntary employees' beneficiary association (VEBA) trusts that were used to hold funds designated for employee benefits?	X	
8	At any time during the tax year, did the corporation use an allocation method for indirect costs capitalized to self-constructed assets that varied from its financial method of accounting?	X	
9	At any time during the tax year, did the corporation treat for tax purposes indirect costs, as defined in Regulations sections 1.263A-1(e)(3)(ii)(F), (G), and (H), as mixed-service costs, as defined in Regulations section 1.263A-1(e)(4)(ii)(C)?		X
10	Did the corporation, under section 118 or 362(c) and the related regulations, take a return filing position characterizing any amount as a contribution to the capital of the corporation during the tax year by any non-shareholders? Amounts so characterized may include, without limitation, incentives, inducements, money, and property	X	

SCHEDULE G
(Form 1120)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Certain Persons Owning the Corporation's Voting Stock

▶ Attach to Form 1120.
▶ See instructions.

OMB No. 1545-0123

Name

LUMBIA GAS OF PENNSYLVANIA INC

Employer identification number (EIN)
25-1100252

Part I **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
Columbia Energy Group	13-1594808	C Corporation	US	100.0000%

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

SCHEDULE M-3 (Form 1120)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Corporations With Total Assets of $10 Million or More

▶ Attach to Form 1120 or 1120-C.
▶ See separate instructions.

OMB No. 1545-0123

2011

Name of corporation (common parent, if consolidated return): COLUMBIA GAS OF PENNSYLVANIA INC

Employer identification number: 25-1100252

Check applicable box(es): (1) ☐ Non-consolidated return (2) ☐ Consolidated return (Form 1120 only) (3) ☐ Mixed 1120/L/PC group (4) ☐ Dormant subsidiaries schedule attached

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

1 a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
- ☐ Yes. Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.
- ☒ No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

b Did the corporation prepare a certified audited non-tax-basis income statement for that period?
- ☐ Yes. Skip line 1c and complete lines 2a through 11 with respect to that income statement.
- ☒ No. Go to line 1c.

c Did the corporation prepare a non-tax-basis income statement for that period?
- ☒ Yes. Complete lines 2a through 11 with respect to that income statement.
- ☐ No. Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.

2 a Enter the income statement period: Beginning 01/01/2011 Ending 12/31/2011

b Has the corporation's income statement been restated for the income statement period on line 2a?
- ☐ Yes. (If "Yes," attach an explanation and the amount of each item restated.)
- ☒ No.

c Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?
- ☒ Yes. (If "Yes," attach an explanation and the amount of each item restated.)
- ☐ No.

3 a Is any of the corporation's voting common stock publicly traded?
- ☐ Yes.
- ☒ No. If "No," go to line 4a.

Enter the symbol of the corporation's primary U.S. publicly traded voting common stock

c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock

4 a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	41,538,857
b	Indicate accounting standard used for line 4a (see instructions): (1) ☒ GAAP (2) ☐ IFRS (3) ☐ Statutory (4) ☐ Tax-basis (5) ☐ Other (specify)		
5 a	Net income from nonincludible foreign entities (attach schedule)	5a	( )
b	Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5b	
6 a	Net income from nonincludible U.S. entities (attach schedule)	6a	( )
b	Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6b	
7 a	Net income (loss) of other includible foreign disregarded entities (attach schedule)	7a	
b	Net income (loss) of other includible U.S. disregarded entities (attach schedule)	7b	
c	Net income (loss) of other includible entities (attach schedule)	7c	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
9	Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10 a	Intercompany dividend adjustments to reconcile to line 11 (attach schedule)	10a	
b	Other statutory accounting adjustments to reconcile to line 11 (attach schedule)	10b	
c	Other adjustments to reconcile to amount on line 11 (attach schedule)	10c	
11	**Net income (loss) per income statement of includible corporations.** Combine lines 4 through 10.	11	41,538,857

Note. Part I, line 11, must equal the amount on Part II, line 30, column (a), and Schedule M-2, line 2.

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

		Total Assets	Total Liabilities
a	Included on Part I, line 4 ▶	1,355,321,051	972,689,650
b	Removed on Part I, line 5 ▶		
c	Removed on Part I, line 6 ▶		
d	Included on Part I, line 7 ▶		

Schedule M-3 (Form 1120) 2011

Name of corporation (common parent, if consolidated return) | Employer identification number

COLUMBIA GAS OF PENNSYLVANIA INC | 25-1100252

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

Check if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations	899,832		-899,832	
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)	1,495,424	3,860,224		5,355,648
14 Total accrual to cash adjustment				
15 Hedging transactions	-15,956,088			-15,956,088
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	(263,594,277)	-24,656,606		(288,250,883)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments		15,806,883		15,806,883
Unearned/deferred revenue	73,974	-73,974		
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23 a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-102,400	102,400		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses		-2,369,316		-2,369,316
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used See Stmt 16				
25 Other income (loss) items with differences (attach schedule)	500,000	-337,544		162,456
26 **Total income (loss) items.** Combine lines 1 through 25	-276,683,535	-7,667,933	-899,832	-285,251,300
27 **Total expense/deduction items** (from Part III, line 38)	-129,981,440	-101,219,386	-2,465,328	-233,666,154
28 Other items with no differences See Stmt 17	448,203,832			448,203,832
29 a Mixed groups, see instructions. All others, combine lines 26 through 28	41,538,857	-108,887,319	-3,365,160	-70,713,622
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
Reconciliation totals. Combine lines 29a through 29c	41,538,857	-108,887,319	-3,365,160	-70,713,622

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Schedule M-3 (Form 1120) 2011

Name of corporation (common parent, if consolidated return)	Employer identification number
COLUMBIA GAS OF PENNSYLVANIA INC	25-1100252

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

(6) ☐ 1120 group (7) ☐ 1120 eliminations

If a sub-consolidated: of subsidiary (if consolidated return)	Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	-5,092,811		5,092,811	
2 U.S. deferred income tax expense	2,376,144		-2,376,144	
3 State and local current income tax expense	-2,297,717	1,592,266		-705,451
4 State and local deferred income tax expense	2,030,772	-2,030,772		
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	20,247,420	-134,148		20,113,272
9 Stock option expense			9,828	9,828
10 Other equity-based compensation	12,615	68,347	-593	80,369
11 Meals and entertainment	210,723		-105,362	105,361
12 Fines and penalties	4,702		-4,702	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	23,233,057	-9,243,164		13,989,893
17 Other post-retirement benefits	896,884	207,590	-51,005	1,053,469
18 Deferred compensation	2,309,913	-2,309,913		
19 Charitable contribution of cash and tangible property	577,362			577,362
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Section 198 environmental remediation costs				
30 Depletion				
31 Depreciation	27,093,660	62,969,340		90,063,000
32 Bad debt expense	20,132,563	181,094		20,313,657
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs	85,108			85,108
36 Section 118 exclusion (attach schedule)				
37 Other expense/deduction items with differences (attach schedule) See Stmt 18	38,161,045	49,918,746	-99,505	87,980,286
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	129,981,440	101,219,386	2,465,328	233,666,154

Form **8916-A**
Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

OMB No. 1545-2061

2011

Name of common parent

COLUMBIA GAS OF PENNSYLVANIA INC

Employer identification number

25-1100252

Name of subsidiary

Employer identification number

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions		(45,785,313)		(45,785,313)
2 Amounts attributable to:				
a Stock option expense		(4)		(4)
b Other equity based compensation		(36)		(36)
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing		(6,307)		(6,307)
Other post-retirement benefits		(475)		(475)
h Deferred compensation				
i Section 198 environmental remediation costs				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs		(1,832,944)		(1,832,944)
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach schedule). See Stmt 19	(42,848,925)	22,968,473		(19,880,452)
7 Other items with no differences. See Stmt 20	(220,745,352)			(220,745,352)
8 **Total cost of goods sold.** Add lines 1 through 7, in columns a, b, c, and d	(263,594,277)	(24,656,606)		(288,250,883)

For Paperwork Reduction Act Notice, see instructions.

Form **8916-A** (2011)

JXB F 12/29/2011

COLUMBIA GAS OF PENNSYLVANIA INC 25-1100252

Form 8916-A (2011) Page 2

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group	1,366,580			1,366,580
5	Other interest income	128,844	3,860,224		3,989,068
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.	1,495,424	3,860,224		5,355,648

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group	17,661,977			17,661,977
4	Other interest expense	2,585,443	-134,148		2,451,295
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	20,247,420	-134,148		20,113,272

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
COLUMBIA GAS OF PENNSYLVANIA INC	NATURAL GAS DISTRIBUTION	25-1100252

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7		
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8		0
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9		0
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10		
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		0
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12		0
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	0	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	79,184,702
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,116,715

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	9,459,651
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property		1,922,178	15.0	HY	150 DB	200,814
f	20-year property		2,696,477	20.0	HY	200 DB	101,118
g	25-year property			25 yrs.		S/L	
h	Residential rental property			27.5 yrs.	MM	S/L	
				27.5 yrs.	MM	S/L	
i	Nonresidential real property			39 yrs.	MM	S/L	
					MM	S/L	

Section C - Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20 a	Class life					S/L	
b	12-year			12 yrs.		S/L	
c	40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	90,063,000
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	240,226

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No 24b If "Yes," is the evidence written? ☒ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
See Stmt 21		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28	0	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1						29		0

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	X	
39 Do you treat all use of vehicles by employees as personal use?		X
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	X	
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		X

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				43	
44 Total. Add amounts in column (f). See the instructions for where to report				44	0

Form **4797**

tment of the Treasury
al Revenue Service (99)

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2011

Attachment Sequence No. 27

Name(s) shown on return	Identifying number
COLUMBIA GAS OF PENNSYLVANIA INC	25-1100252

1 Enter the gross proceeds from sales or exchanges reported to you for 2011 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3	Gain, if any, from Form 4684, line 39	3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6	Gain, if any, from line 32, from other than casualty or theft	6	
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. **Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.	7	0
8	Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Public Utility	Various	Various	79,500	2,328,380	4,777,196	(2,369,316)

11	Loss, if any, from line 7	11	( )
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	(2,369,316)
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

COLUMBIA GAS OF PENNSYLVANIA INC
Form 4797 (2011)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
19 A			
B			
C			
D			

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** See line 1 before completing.)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the **smaller** of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the **smaller** of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	0
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	0

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	0	0

Form **4136**
Department of the Treasury
Internal Revenue Service (99)

Credit for Federal Tax Paid on Fuels

▶ **See the separate instructions.**
▶ For information about Form 4136 and its instructions, go to www.irs.gov/form4136.

OMB No. 1545-0162
2011
Attachment Sequence No. **23**

Name (as shown on your income tax return)
COLUMBIA GAS OF PENNSYLVANIA INC

Taxpayer identification number
25-1100252

Caution. Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

1 Nontaxable Use of Gasoline

Note. CRN is credit reference number.

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use		$ .183			
b	Use on a farm for farming purposes		.183			362
c	Other nontaxable use (see **Caution** above line 1)		.183		$	
d	Exported		.184			411

2 Nontaxable Use of Aviation Gasoline

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)		$ .15*		$	354
b	Other nontaxable use (see **Caution** above line 1)		.193*			324
c	Exported		.194*			412
d	LUST tax on aviation fuels used in foreign trade		.001			433

*See Instructions for possible rate changes.

Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.
Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	02	$ .243	44,672		
b	Use on a farm for farming purposes		.243		$ 10,855	360
c	Use in trains		.243			353
d	Use in certain intercity and local buses (see **Caution** above line 1)		.17			350
e	Exported		.244			413

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here ▶ ☐

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use taxed at $ .244		$ .243			
b	Use on a farm for farming purposes		.243		$	346
c	Use in certain intercity and local buses (see **Caution** above line 1)		.17			347
d	Exported		.244			414
e	Nontaxable use taxed at $ .044		.043			377
f	Nontaxable use taxed at $ .219		.218			369

5 Kerosene Used in Aviation (see Caution above line 1)

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Kerosene used in commercial aviation (other than foreign trade) taxed at $.244		$ .200		$	417
b	Kerosene used in commercial aviation (other than foreign trade) taxed at $.219*		.175*			355
c	Nontaxable use (other than use by state or local government) taxed at $.244		.243			346
d	Nontaxable use (other than use by state or local government) taxed at $.219*		.218*			369
e	LUST tax on aviation fuels used in foreign trade		.001			433

*See Instructions for possible rate changes.

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel Registration No. ▶

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here . . . . . ▶ ☐

		(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	$ .243		$	360
b	Use in certain intercity and local buses	.17			350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation) Registration No. ▶

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here. . . . . ▶ ☐

		(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	$ .243			
b	Sales from a blocked pump	.243		$	346
c	Use in certain intercity and local buses	.17			347

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation Registration No. ▶

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade) taxed at $.219*		$ .175*		$	355
b	Use in commercial aviation (other than foreign trade) taxed at $.244		.200			417
c	Nonexempt use in noncommercial aviation		.025*			418
d	Other nontaxable uses taxed at $.244		.243			346
e	Other nontaxable uses taxed at $.219*		.218*			369
f	LUST tax on aviation fuels used in foreign trade		.001			433

*See instructions for possible rate changes.

9 Alcohol Fuel Mixture Credit Registration No. ▶

Claimant produced an alcohol fuel mixture by mixing taxable fuel with alcohol. The alcohol fuel mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

		(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a	Alcohol fuel mixtures containing ethanol	$ .45*		$	393
b	Alcohol fuel mixtures containing alcohol (other than ethanol)	.60*			394

* These credits were scheduled to expire December 31, 2011

10 Biodiesel or Renewable Diesel Mixture Credit Registration No. ▶

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instr for line 10 for information about renewable diesel used in aviation.

		(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a	Biodiesel (other than agri-biodiesel) mixtures	$ 1.00*		$	388
b	Agri-biodiesel mixtures	$ 1.00*			390
c	Renewable diesel mixtures	$ 1.00*			307

* These credits were scheduled to expire December 31, 2011

11 Nontaxable Use of Alternative Fuel

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

		(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a	Liquefied petroleum gas (LPG)		$ .183		$	419
b	"P Series" fuels		.183			420
c	Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d	Liquefied hydrogen		.183			422
e	Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process		.243			423
f	Liquid fuel derived from biomass		.243			424
g	Liquefied natural gas (LNG)		.243			425
h	Liquefied gas derived from biomass		.183			435

12 Alternative Fuel Credit and Alternative Fuel Mixture Credit Registration No. ▶

		(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a	Liquefied petroleum gas (LPG)	$ .50*		$	426
b	"P Series" fuels	.50*			427
c	Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50*			428
d	Liquefied hydrogen	.50			429
e	Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	.50*			430
	Liquid fuel derived from biomass	.50*			431
	Liquefied natural gas (LNG)	.50*			432
h	Liquefied gas derived from biomass	.50*			436
i	Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50*			437

* These credits were scheduled to expire December 31, 2011

13 Registered Credit Card Issuers — Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Diesel fuel sold for the exclusive use of a state or local government	$ .243		$	360
Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at $.219*	.218*			369

*See instructions for possible rate changes.

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		$ .197		$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending — Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	$ .046		$	310

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at $.001	$ .001		$	415
Exported dyed kerosene	.001			416

17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	$ 10,855	

COLUMBIA GAS OF PENNSYLVANIA INC

Tax Year 2011 EIN: **25-1100252**

8/24/2012 5:23:49 PM

Form 1120, Page 1, Line 5, Interest income **Statement: 1**

Description	Amount
INTERCOMPANY INT INCOME FROM TAX AFFILIATED GROUP	1,366,580
INTEREST INCOME ON RAR ISSUES	170,492
OTHER INTEREST INCOME	3,818,576
Total	5,355,648

Form 1120, Page 1, Line 10, Other income not included elsewhere **Statement: 2**

Description	Amount
CUSTOMER ADVANCES RECEIVED	74,238
INCOME ACCRUED ON REGULATORY LIABILITY	(4,056,435)
CONTRIBUTION IN AID OF CONSTRUCTION	91,209
SEC 481(A) ADJUSTMENTS	15,806,883
MISC NON-OPERATING INCOME	(933,127)
Total	10,982,768

Form 1120, Page 1, Line 16, Rent expense **Statement: 3**

Description	Amount
A&G - RENT EXPENSE	2,919,135
BUILDING LEASE WRITEDOWN/BUYOUTS	(166,709)
RENT EXPENSE: LEASED AUTOMOBILE	(608)
UTILITY RENT EXPENSE	702,431
Total	3,454,249

Form 1120, Page 1, Line 17, Taxes and licenses **Statement: 4**

Description	Amount
STATE TAXES BASED ON INCOME	(705,451)
NET WORTH OR CAPITAL STOCK TAXES	1,015,251
REAL ESTATE / PERSONAL PROPERTY TAXES	(233,346)
GROSS RECEIPTS/STORAGE	4,625
PAYROLL TAXES	1,845,587
LICENSE / FRANCHISE	6,150
SALES/USE	532,989
OTHER TAXES	26,154
Total	2,491,959

COLUMBIA GAS OF PENNSYLVANIA INC

Tax Year 2011 EIN: **25-1100252**

8/24/2012 5:23:49 PM

Form 1120, Page 1, Line 18, Interest expense **Statement: 5**

Description	Amount
INTEREST EXPENSE	2,731,697
INTERCOMPANY INT EXP - PAID TO TAX AFFILIATED GROUP	17,661,977
OTHER INTEREST EXPENSE	(256,089)
INTEREST ON RAR ISSUES	(24,313)
Total	20,113,272

Form 1120, Page 1, Line 26, Other deductions not included elsewhere **Statement: 6**

Description	Amount
RESEARCH AND DEVELOPMENT COSTS	85,108
BOOK HEDGING INCOME/LOSS	15,956,088
ENVIRONMENTAL COSTS	39,227
LOBBYING EXPENSES	(81,167)
PROPERTY COST OF REMOVAL	712,863
CIVIC POLITICAL & RELATED	117
UNDERGROUND STORAGE OPERATING EXPENSES	172,444
GAS DISTRIBUTION OPERATING EXP	24,200,564
CUSTOMER ACCOUNTS EXPENSE	10,395,442
CUSTOMER SERVICE AND INFORMATIONAL EXPENSE	8,909,082
SALES EXPENSE	523,801
OFFICE SUPPLIES & EXP- NET OF ADMIN EXP TRNF	(1,752,536)
BUSINESS MEALS & ENTERTAINMENT	105,361
OUTSIDE SERVICES EMPLOYED	37,637,394
PROPERTY INSURANCE	48,129
INJURIES & DAMAGES	3,006,201
REGULATORY COMMISSION EXPENSE	1,348,323
MISCELLANEOUS GENERAL EXPENSES	259,531
Total	101,565,972

COLUMBIA GAS OF PENNSYLVANIA INC

Tax Year 2011

EIN: 25-1100252

8/24/2012 5:23:54 PM

Form 1120, Page 5, Schedule L, Line 6, Other current assets — **Statement: 7**

Description	Beginning Amount	Ending Amount
CUSTOMER ACCTS REC- UTILITY	3,332,352	0
UNRECOVERED PURCHASED GAS	29,094,815	(16,538,621)
REGULATORY ASSETS	18,003,285	14,526,642
ACCTS REC - ASSOCIATES	64,351,097	198,945
PREPAYMENTS	2,381,023	2,268,887
INTEREST & DIVIDENDS REC	(4,751)	81
RENTS RECEIVABLE	(4)	(4)
ACCRUED UTILITY REVENUES	26	22
MISC CURR & ACCR ASSETS	253,661	226,949
Total	117,411,504	682,901

Form 1120, Page 5, Schedule L, Line 9, Other investments — **Statement: 8**

Description	Beginning Amount	Ending Amount
INVESTMENT IN SUBSIDIARY	15,995,659	16,940,076
Total	15,995,659	16,940,076

Form 1120, Page 5, Schedule L, Line 14, Other assets — **Statement: 9**

Description	Beginning Amount	Ending Amount
CONSTRUCTION WORK IN PROGRESS	9,375,062	15,609,350
INTEREST RECEIVABLE	4,828	9,963
CUSTOMER ACCTS REC-UTILITY	454,770	0
CUSHION GAS	895,339	895,339
REGULATORY ASSETS	212,448,446	266,256,236
PRELIM GAS SURVEY & INVES	375,256	2,441,799
MISCELLANEOUS DFD DEBITS	4,751,069	5,016,327
ACCUMULATED DFD TAXES	0	72,670,206
UNRECOVERED PURCHSED GAS	0	2,994,257
Total	228,304,770	365,893,477

Form 1120, Page 5, Schedule L, Line 17, Mortgages, notes, bonds payable in less than 1 year — **Statement: 10**

Description	Beginning Amount	Ending Amount

COLUMBIA GAS OF PENNSYLVANIA INC

Tax Year 2011 EIN: **25-1100252**

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CURRENT MATURITIES	0	64,825,000
Total	0	64,825,000

Form 1120, Page 5, Schedule L, Line 18, Other current liabilities **Statement: 11**

Description	Beginning Amount	Ending Amount
OPEB LIABILITY DEFERRED	297,234	1,595,760
DEFERRED REVENUE	961,567	556,038
REGULATORY LIABILITIES CURRENT	6,553,203	26,377,633
ACCT PAYABLE-ASSOCIATES	14,179,980	37,234,982
ACCRUED TAXES	3,262,226	699,507
ACCRUED INTEREST	253,142	237,309
TAX COLLECTIONS PAYABLE	654,698	88,527
ACCRUED VACATIONS	3,082,367	3,197,232
CMEP-MAP MEDICAL RESERVE	118,412	167,546
OPEB LIABILITY-CUR	226,147	200,607
OTHER ACCRUED LIABILITIES	77,821,253	75,234,032
ACCRUED RATE REFUNDS	47,285	15,265
ACCUMULATED DFD TAXES	(10,923,834)	0
Total	96,533,680	145,604,438

Form 1120, Page 5, Schedule L, Line 20, Mortgages, notes, bonds payable in 1 year or more **Statement: 12**

Description	Beginning Amount	Ending Amount
NOTES PAYABLE	313,215,000	248,390,000
Total	313,215,000	248,390,000

Form 1120, Page 5, Schedule L, Line 21, Other liabilities **Statement: 13**

Description	Beginning Amount	Ending Amount
ACCRUED TAXES	0	2,034,164
ACCRUED INTEREST - NON CURRENT	81	90,228
OTHER LIABILITIES	2,623,630	1,946,330
ASSET RETIREMENT OBLIGATIONS	10,566,493	10,566,493
OTHER DEFERRED CREDITS	37,449,434	52,170,668
REG LIABILITY-SFAS 96	0	(255,480)
DEFERRED REVENUE	454,770	0
OPEB LIABILITY-DEFERRED	5,826,305	5,690,510
OUTSTANDING LOSS RESERVES	324,675	293,079

COLUMBIA GAS OF PENNSYLVANIA INC

Tax Year 2011 EIN: **25-1100252**

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POST EMPL. BENEFTI OBLIG	68,961	0
REGULATORY LIABILITIES NONCURRENT	67,664,439	49,969,890
ACCUM DFD INCOME TAXES	273,926,478	375,375,531
Total	398,905,266	497,881,413

Form 1120, Page 5, Schedule L, Line 26, Adjustments to shareholders' equity **Statement: 14**

Description	Beginning Amount	Ending Amount
OTHER COMPREHENSIVE INCOME	(54,443)	(10,679)
Total	(54,443)	(10,679)

COLUMBIA GAS OF PENNSYLVANIA INC

Tax Year 2011 EIN: **25-1100252**

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Form 1120, Page 5, Schedule M-2, Line 6, Other decreases in unappropriated retained earnings **Statement: 15**

Description	Amount
MISC ADJUSTMENT TO RETAINED EARNINGS	339,952
Total	339,952

COLUMBIA GAS OF PENNSYLVANIA INC

Tax Year 2011

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Form 1120, Schedule M-3, Page 2, Part II, Line 25, Other income (loss) items with differences **Statement: 16**

Description	Income (Loss) per Income Statement	Temporary Difference	Permanent Difference	Income (Loss) per Tax Return
CONTRIBUTION IN AID OF CONSTRUCTION	0	91,209	0	91,209
INCOME ACCRUED ON REGULATORY ASSET	500,000	(500,000)	0	0
CUSTOMER ADVANCES RECEIVED	0	74,238	0	74,238
RATE REFUND	0	(2,991)	0	(2,991)
Total	500,000	(337,544)	0	162,456

Form 1120, Schedule M-3, Page 2, Part II, Line 28, Other income (loss) and exp/ded items with no differences **Statement: 17**

Description	Amount per Income Statement	Temporary Difference	Permanent Difference	Amount per Tax Return
MISCELLANEOUS GENERAL EXPENSES	(259,531)	0	0	(259,531)
REGULATORY COMMISSION EXPENSE	(1,348,323)	0	0	(1,348,323)
OFFICE SUPPLIES & EXP- NET OF ADMIN EXP TRNF	1,752,536	0	0	1,752,536
SALES EXPENSE	(523,801)	0	0	(523,801)
CUSTOMER SERVICE AND INFORMATIONAL EXPENSE	(8,909,082)	0	0	(8,909,082)
CUSTOMER ACCOUNTS EXPENSE	(10,395,442)	0	0	(10,395,442)
GAS DISTRIBUTION OPERATING EXP	(24,200,564)	0	0	(24,200,564)
UNDERGROUND STORAGE OPERATING EXPENSES	(172,444)	0	0	(172,444)
CIVIC POLITICAL & RELATED	(117)	0	0	(117)
OTHER EMPLOYEE BENEFITS	9,058,843	0	0	9,058,843
GENERAL ADVERTISING EXPENSE	(269,673)	0	0	(269,673)
OTHER TAXES	(26,154)	0	0	(26,154)
LICENSE / FRANCHISE	(6,150)	0	0	(6,150)
GROSS RECEIPTS/STORAGE	(4,625)	0	0	(4,625)
NET WORTH OR CAPITAL STOCK TAXES	(1,015,251)	0	0	(1,015,251)
UTILITY RENT EXPENSE	(702,431)	0	0	(702,431)
A&G - RENT EXPENSE	(2,919,135)	0	0	(2,919,135)
GAS DISTRIBUTION MAINTENANCE EXP	(13,856,306)	0	0	(13,856,306)

COLUMBIA GAS OF PENNSYLVANIA INC

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GAS UNDERGROUND STORAGE MAINTENANCE EXP	(18,305)	0	0	(18,305)
A&G - SALARIES	(3,315,570)	0	0	(3,315,570)
MISC NON-OPERATING INCOME	(933,127)	0	0	(933,127)
INCOME ACCRUED ON REGULATORY LIABILITY	(4,056,435)	0	0	(4,056,435)
ROYALTIES	15	0	0	15
RENTS	185,380	0	0	185,380
SALES	510,139,524	0	0	510,139,524
Total	448,203,832	0	0	448,203,832

Form 1120, Schedule M-3, Page 3, Part III, Line 37, Other expense/deduction items with differences **Statement: 18**

Description	Expense per Income Statement	Temporary Difference	Permanent Difference	Deduction per Tax Return
INJURIES & DAMAGES	3,309,947	(303,746)	0	3,006,201
PROPERTY INSURANCE	160,264	(112,135)	0	48,129
OUTSIDE SERVICES EMPLOYED	28,944,416	8,692,978	0	37,637,394
PROPERTY COST OF REMOVAL	0	712,863	0	712,863
LOBBYING EXPENSES	17,730	0	(98,897)	(81,167)
EXPENSE ACCRUED ON REGULATORY LIABILITY	104,230	(104,230)	0	0
EXPENSE ACCRUED ON REGULATORY ASSET	1,087,490	(1,087,490)	0	0
ENVIRONMENTAL COSTS	0	39,227	0	39,227
EMPLOYEE INSURANCE PLANS	1,521,435	430,405	0	1,951,840
SALES/USE	634,988	(101,999)	0	532,989
PAYROLL TAXES	1,982,102	(136,515)	0	1,845,587
REAL ESTATE / PERSONAL PROPERTY TAXES	398,443	(631,789)	0	(233,346)
RENT EXPENSE: LEASED AUTOMOBILE	0	0	(608)	(608)
BUILDING LEASE WRITEDOWN/BUYOUTS	0	(166,709)	0	(166,709)
REPAIRS OF GAS PIPELINE	0	42,687,886	0	42,687,886
Total	38,161,045	49,918,746	(99,505)	87,980,286

COLUMBIA GAS OF PENNSYLVANIA INC

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Form 8916-A, Line 6, Other items with differences **Statement: 19**

Description	Expense per Income Statement	Temporary Difference	Permanent Difference	Deduction per Tax Return
SYSTEM GAS LOSSES	(2,998)	2,998	0	0
PURCHSE GAS ADJUSTMENT	(42,845,927)	22,965,475	0	(19,880,452)
Total	(42,848,925)	22,968,473	0	(19,880,452)

Form 8916-A, Line 7, Other items with no differences **Statement: 20**

Description	Expense per Income Statement	Temporary Difference	Permanent Difference	Deduction per Tax Return
OTHER GAS SUPPLY EXPENSES	57,290,728	0	0	57,290,728
EXCHANGE GAS EXPENSE	(4,753,921)	0	0	(4,753,921)
NATURAL GAS PURCHASES	(273,282,159)	0	0	(273,282,159)
Total	(220,745,352)	0	0	(220,745,352)

COLUMBIA GAS OF PE /LVANIA INC

Tax Year 2011

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Statement: 21

Form 4562, Page 2, Part V, Section A, Line 26, Listed property used more than 50%

Row ID	Type of Property	Date Placed in Service	Business Use Percentage	Cost	Basis for Depreciation	Recovery Period	Method (200 DB) (150 DB) (DB) (S/L) Convention (HY) (MM) (MQ) (S/L) (PRE)	Depreciation Deduction	Elected Sec 179 Cost
1									
2									
3									
4									
Total									

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2012 or tax year beginning _____, ending _____

▶ Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

OMB No. 1545-0123

2012

A Check if:
1a Consolidated return (attach Form 851)
b Life/nonlife consolidated return
2 Personal holding co. (attach Sch. PH)
3 Personal service corp. (see instructions)
4 Schedule M-3 attached X

TYPE OR PRINT

Name: Columbia Gas of Pennsylvania, Inc.

Number, street, and room or suite no. If a P.O. box, see instructions.: 200 Civic Center Drive

City or town, state, and ZIP code: Columbus, OH 43215

B Employer identification number: 25-1100252

C Date incorporated: 06/23/1960

D Total assets (see instructions): $ 1,475,427,875.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1a	Gross receipts or sales	1a 406,139,023.	
	b	Returns and allowances	1b	
	c	Balance. Subtract line 1b from line 1a		1c 406,139,023.
	2	Cost of goods sold (attach Form 1125-A)		2 200,322,567.
	3	Gross profit. Subtract line 2 from line 1c		3 205,816,456.
	4	Dividends (Schedule C, line 19)		4
	5	Interest See. Statement. 1.		5 1,382,250.
	6	Gross rents		6 152,827.
	7	Gross royalties See. Statement. 1.		7 266.
	8	Capital gain net income (attach Schedule D (Form 1120))		8
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9 -3,431,748.
	10	Other income (see instructions - attach statement) See. Statement. 1.		10 24,129,605.
	11	**Total income.** Add lines 3 through 10 ▶		11 228,049,656.
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E) ▶		12
	13	Salaries and wages (less employment credits)		13 3,894,028.
	14	Repairs and maintenance See. Statement. 1.		14 65,333,620.
	15	Bad debts		15 13,695,731.
	16	Rents See. Statement. 2.		16 4,132,028.
	17	Taxes and licenses See. Statement. 2.		17 3,453,435.
	18	Interest See. Statement. 2.		18 22,146,244.
	19	Charitable contributions See. Statement. 3.		19 508,146.
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20 61,569,248.
	21	Depletion		21
	22	Advertising See. Statement. 4.		22 285,886.
	23	Pension, profit-sharing, etc., plans See. Statement. 4.		23 1,943,778.
	24	Employee benefit programs See. Statement. 4.		24 3,559,356.
	25	Domestic production activities deduction (attach Form 8903)		25
	26	Other deductions (attach statement) See. Statement. 4.		26 87,377,110.
	27	**Total deductions.** Add lines 12 through 26 ▶		27 267,898,610.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28 -39,848,954.
	29a	Net operating loss deduction (see instructions)	29a	
	b	Special deductions (Schedule C, line 20)	29b	
	c	Add lines 29a and 29b		29c
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions)		30 -39,848,954.
	31	Total tax (Schedule J, Part I, line 11)		31 NONE
	32	Total payments and refundable credits (Schedule J, Part II, line 21)		32 10,705.
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐		33
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed		34
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		35
	36	Enter amount from line 35 you want: **Credited to 2013 estimated tax** ▶ **Refunded** ▶		36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2012)

JSA
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule C Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule J Tax Computation and Payment (see instructions)

Part I - Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶		X		
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶			2	
3	Alternative minimum tax (attach Form 4626)			3	
4	Add lines 2 and 3			4	
5a	Foreign tax credit (attach Form 1118)	5a			
b	Credit from Form 8834, line 30 (attach Form 8834)	5b			
c	General business credit (attach Form 3800)	5c			
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	Total credits. Add lines 5a through 5e			6	
7	Subtract line 6 from line 4			7	
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach statement)	9f			
10	Total. Add lines 9a through 9f			10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	NONE

Part II - Payments and Refundable Credits

12	2011 overpayment credited to 2012			12	
13	2012 estimated tax payments			13	
14	2012 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	
16	Tax deposited with Form 7004			16	
17	Withholding (see instructions)			17	
18	Total payments. Add lines 15, 16, and 17			18	
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	10,705.		
c	Form 8827, line 8c	19c			
d	Other (attach statement - see instructions)	19d			
20	Total credits. Add lines 19a through 19d			20	10,705.
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32			21	10,705.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 221210		
b	Business activity ▶ NATURAL GAS DISTRIBUTION		
c	Product or service ▶ NATURAL GAS DISTRIBUTION		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	X	
	If "Yes," enter name and EIN of the parent corporation ▶ NISOURCE INC 35-2108946		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule K **Other Information** *continued* (see instructions)

	Yes	No
5 At the end of the tax year, did the corporation:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851**, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

	Yes	No
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____		X
(c) The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ NONE		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ $ _____		
13 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than $250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶$ _____		X
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If "Yes," complete and attach Schedule UTP.	X	
15a Did the corporation make any payments in 2012 that would require it to file Form(s) 1099?	X	
b If "Yes," did or will the corporation file required Forms 1099?	X	
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than **$1 million**?		X

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash	Stmt 5	7,015,719.		5,584,501.
2a Trade notes and accounts receivable	29,657,724.	Stmt 5	33,211,297.	
b Less allowance for bad debts	(20.)	29,657,704.	(20.)	33,211,277.
3 Inventories	Stmt 5	106,256,190.		73,814,649.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)	Stmt 5	5,404,323.		23,594,851.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)	Stmt 5	16,940,076.		17,253,840.
10a Buildings and other depreciable assets	1,121,675,532.		1,258,588,859.	
b Less accumulated depreciation	(293,547,822.)	828,127,710.	(308,207,865.)	950,380,994.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		2,376,483.		2,442,253.
13a Intangible assets (amortizable only)	8,579,863.		10,847,194.	
b Less accumulated amortization	(3,515,555.)	5,064,308.	(4,110,677.)	6,736,517.
14 Other assets (attach schedule)	Stmt 6	361,172,055.		362,408,993.
15 Total assets		1,362,014,568.		1,475,427,875.
Liabilities and Shareholders' Equity				
16 Accounts payable	Stmt 6	22,682,316.		28,637,936.
17 Mortgages, notes, bonds payable in less than 1 year	Stmt 6	64,825,000.		22,000,000.
18 Other current liabilities (attach schedule)	Stmt 6	145,604,440.		112,056,562.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more	Stmt 7	248,390,000.		356,390,000.
21 Other liabilities (attach schedule)	Stmt 7	497,881,413.		529,936,319.
22 Capital stock: a Preferred stock				
Stmt 7 b Common stock	45,127,800.	45,127,800.	45,127,800.	45,127,800.
23 Additional paid-in capital	Stmt 7	7,621,971.		7,679,577.
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		329,892,307.		373,599,681.
26 Adjustments to shareholders' equity (attach schedule)	Stmt 7	-10,679.		
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		1,362,014,568.		1,475,427,875.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
6 Add lines 1 through 5		9 Add lines 7 and 8	
		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	329,892,307.	5 Distributions: a Cash	3,000,000.
2 Net income (loss) per books	46,707,371.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
See Statement 8	3.	7 Add lines 5 and 6	3,000,000.
4 Add lines 1, 2, and 3	376,599,681.	8 Balance at end of year (line 4 less line 7)	373,599,681.

SCHEDULE G (Form 1120)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Certain Persons Owning the Corporation's Voting Stock

▶ Attach to Form 1120.
▶ See Instructions on page 2.

OMB No. 1545-0123

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number (EIN): 25-1100252

Part I **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
COLUMBIA ENERGY GROUP	13-1594808	C CORP	US	100.00

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

Form **4626**

Department of the Treasury
Internal Revenue Service

Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.

▶ Information about Form 4626 and its separate instructions is at *www.irs.gov/form4626.*

OMB No. 1545-0175

2012

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Note: *See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).*

1	Taxable income or (loss) before net operating loss deduction		1	-39,848,954.
2	**Adjustments and preferences:**			
a	Depreciation of post-1986 property		2a	-863,615.
b	Amortization of certified pollution control facilities		2b	
c	Amortization of mining exploration and development costs		2c	
d	Amortization of circulation expenditures (personal holding companies only)		2d	
e	Adjusted gain or loss		2e	-947,430.
f	Long-term contracts		2f	
g	Merchant marine capital construction funds		2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)		2h	
i	Tax shelter farm activities (personal service corporations only)		2i	
j	Passive activities (closely held corporations and personal service corporations only)		2j	
k	Loss limitations		2k	
l	Depletion		2l	
m	Tax-exempt interest income from specified private activity bonds		2m	
n	Intangible drilling costs		2n	
o	Other adjustments and preferences		2o	NONE
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o		3	-41,659,999.
4	**Adjusted current earnings (ACE) adjustment:**			
a	ACE from line 10 of the ACE worksheet in the instructions	4a -57,338,395.		
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b -15,678,396.		
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c 11,758,797.		
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). **Note:** *You must enter an amount on line 4d (even if line 4b is positive).*	4d		
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the **smaller** of line 4c or line 4d as a negative amount		4e	
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT		5	-41,659,999.
6	Alternative tax net operating loss deduction (see instructions)		6	
7	**Alternative minimum taxable income.** Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions		7	-41,659,999.
8	**Exemption phase-out** (if line 7 is $310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):			
a	Subtract $150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a NONE		
b	Multiply line 8a by 25% (.25)	8b NONE		
c	Exemption. Subtract line 8b from $40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-		8c	NONE
9	Subtract line 8c from line 7. If zero or less, enter -0-		9	NONE
10	Multiply line 9 by 20% (.20)		10	NONE
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)		11	
12	Tentative minimum tax. Subtract line 11 from line 10		12	NONE
13	Regular tax liability before applying all credits except the foreign tax credit		13	
14	**Alternative minimum tax.** Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return		14	

For Paperwork Reduction Act Notice, see separatee instructions.

Form **4626** (2012)

Columbia Gas of Pennsylvania, Inc. 25-1100252

Adjusted Current Earnings (ACE) Worksheet

Keep for Your Records

▶ See ACE Worksheet Instructions.

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626				1	-41,659,999.
2	ACE depreciation adjustment:					
a	AMT depreciation			2a 62,432,862.		
b	ACE depreciation:					
	(1) Post-1993 property	2b(1)	59,364,996.			
	(2) Post-1989, pre-1994 property	2b(2)	1,638,838.			
	(3) Pre-1990 MACRS property	2b(3)	1,474,227.			
	(4) Pre-1990 original ACRS property	2b(4)	1,466,657.			
	(5) Property described in sections 168(f)(1) through (4)	2b(5)				
	(6) Other property	2b(6)	730,426.			
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)			2b(7) 64,675,144.		
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a				2c	-2,242,282.
3	Inclusion in ACE of items included in earnings and profits (E&P):					
a	Tax-exempt interest income			3a		
b	Death benefits from life insurance contracts			3b		
c	All other distributions from life insurance contracts (including surrenders)			3c		
d	Inside buildup of undistributed income in life insurance contracts			3d		
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)			3e		
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e				3f	
4	Disallowance of items not deductible from E&P:					
a	Certain dividends received			4a		
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247			4b		
c	Dividends paid to an ESOP that are deductible under section 404(k)			4c		
d	Nonpatronage dividends that are paid and deductible under section 1382(c)			4d		
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)			4e		
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e				4f	
5	Other adjustments based on rules for figuring E&P:					
a	Intangible drilling costs			5a		
b	Circulation expenditures			5b		
c	Organizational expenditures			5c		
d	LIFO inventory adjustments			5d -13,220,520.		
e	Installment sales			5e		
f	Total other E&P adjustments. Combine lines 5a through 5e				5f	-13,220,520.
6	Disallowance of loss on exchange of debt pools				6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts				7	
8	Depletion				8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property				9	-215,594.
10	**Adjusted current earnings.** Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626				10	-57,338,395.

Form **4136**

Department of the Treasury
Internal Revenue Service (99)

Credit for Federal Tax Paid on Fuels

▶ Information about Form 4136 and its Instructions is at *www.irs.gov/form4136.*

OMB No. 1545-0162

2012

Attachment Sequence No. **23**

Name (as shown on your income tax return)	Taxpayer identification number
Columbia Gas of Pennsylvania, Inc.	25-1100252

Caution. *Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.*

The alternative fuel mixture credit cannot be claimed on this form or on Schedule 3 (Form 8849). It must be taken as a credit against your taxable fuel liability (gasoline, diesel fuel, and kerosene) reported on Form 720.

1 Nontaxable Use of Gasoline

Note. CRN is credit reference number.

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use		$ .183			
b	Use on a farm for farming purposes		.183			362
c	Other nontaxable use (see **Caution** above line 1)		.183		$	
d	Exported		.184			411

2 Nontaxable Use of Aviation Gasoline

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)		$ .15		$	354
b	Other nontaxable use (see **Caution** above line 1)		.193			324
c	Exported		.194			412
d	LUST tax on aviation fuels used in foreign trade		.001			433

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.
Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here ▶ ☐

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	02	$ .243	44052		
b	Use on a farm for farming purposes		.243		$ 10,705.	360
c	Use in trains		.243			353
d	Use in certain intercity and local buses (see **Caution** above line 1)		.17			350
e	Exported		.244			413

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here ▶ ☐

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use taxed at $.244		$ .243			
b	Use on a farm for farming purposes		.243		$	346
c	Use in certain intercity and local buses (see **Caution** above line 1)		.17			347
d	Exported		.244			414
e	Nontaxable use taxed at $.044		.043			377
f	Nontaxable use taxed at $.219		.218			369

5 Kerosene Used in Aviation (see **Caution** above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Kerosene used in commercial aviation (other than foreign trade) taxed at $.244		$ .200		$	417
b Kerosene used in commercial aviation (other than foreign trade) taxed at $.219		.175			355
c Nontaxable use (other than use by state or local government) taxed at $.244		.243			346
d Nontaxable use (other than use by state or local government) taxed at $.219		.218			369
e LUST tax on aviation fuels used in foreign trade		.001			433

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel **Registration No.** ▶

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here . . . ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243		$	360
b Use in certain intercity and local buses	.17			350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use In Aviation) **Registration No.** ▶

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here . . . . ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243			
b Sales from a blocked pump	.243		$	346
c Use in certain intercity and local buses	.17			347

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation **Registration No.** ▶

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade) taxed at $.219		$ .175		$	355
b Use in commercial aviation (other than foreign trade) taxed at $.244		.200			417
c Nonexempt use in noncommercial aviation		.025			418
d Other nontaxable uses taxed at $.244		.243			346
e Other nontaxable uses taxed at $.219		.218			369
f LUST tax on aviation fuels used in foreign trade		.001			433

9 Reserved Registration No. ▶

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Reserved				
b Reserved				

10 Biodiesel or Renewable Diesel Mixture Credit Registration No. ▶

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	$1.00		$	388
b Agri-biodiesel mixtures	$1.00			390
c Renewable diesel mixtures	$1.00			307

11 Nontaxable Use of Alternative Fuel

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see Instructions).

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		$ .183		$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Fischer-Tropsch process liquid fuel from coal (including peat)		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425
h Liquefied gas derived from biomass		.183			435

12 Alternative Fuel Credit Registration No. ▶

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	$ .50		$	426
b "P Series" fuels	.50			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50			428
d Liquefied hydrogen	.50			429
e Fischer-Tropsch process liquid fuel from coal (including peat)	.50			430
f Liquid fuel derived from biomass	.50			431
g Liquefied natural gas (LNG)	.50			432
h Liquefied gas derived from biomass	.50			436
i Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50			437

13 Registered Credit Card Issuers **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	$ .243		$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at $.219*	.218			369

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	$(d) Amount of credit	(e) CRN
a Nontaxable use		$ .197		$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending **Registration No. ▶**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	$ .046		$	310

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at $.001	$ .001		$	415
b Exported dyed kerosene	.001			416

17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	$ 10,705.	

SCHEDULE B (Form 1120)
(Rev. December 2009)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name	Employer identification number (EIN)
Columbia Gas of Pennsylvania, Inc.	25-1100252

		Yes	No
1	Do the amounts reported on Schedule M-3 (Form 1120), Part II, lines 9 or 10, column (d), reflect allocations to the corporation from a partnership of income, gain, loss, deduction, or credit that are disproportionate to this corporation's capital contribution to the partnership or its ratio for sharing other items of the partnership?		X
2	At any time during the tax year, did the corporation sell, exchange, or transfer any interest in an intangible asset to a related person as defined in section 267(b)?		X
3	At any time during the tax year, did the corporation acquire any interest in an intangible asset from a related person as defined in section 267(b)?		X
4a	During the tax year, did the corporation enter into a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations?		X
b	At any time during the tax year, was the corporation a participant in a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471?		X
5	At any time during the tax year, did the corporation make any change in accounting principle for financial accounting purposes? See instructions for the definition of change in accounting principle		X
6	At any time during the tax year, did the corporation make any change in a method of accounting for U.S. income tax purposes?		X
7	At any time during the tax year, did the corporation own any voluntary employees' beneficiary association (VEBA) trusts that were used to hold funds designated for employee benefits?	X	
8	At any time during the tax year, did the corporation use an allocation method for indirect costs capitalized to self-constructed assets that varied from its financial method of accounting?	X	
9	At any time during the tax year, did the corporation treat for tax purposes indirect costs, as defined in Regulations sections 1.263A-1(e)(3)(ii)(F), (G), and (H), as mixed-service costs, as defined in Regulations section 1.263A-1(e)(4)(ii)(C)?		X
10	Did the corporation, under section 118 or 362(c) and the related regulations, take a return filing position characterizing any amount as a contribution to the capital of the corporation during the tax year by any non-shareholders? Amounts so characterized may include, without limitation, incentives, inducements, money, and property.	X	

Name of corporation (common parent, if consolidated return) | Employer identification number

Columbia Gas of Pennsylvania, Inc. | 25-1100252

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

Check if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations	256,158.		-256,158.	
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach statement)				
13 Interest income (attach Form 8916-A)	2,573,601.	-1,191,351.		1,382,250.
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	(188,697,487.)	-11,625,080.		(200,322,567.)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments		15,806,883.		15,806,883.
20 Unearned/deferred revenue	-81,768.	81,768.		
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-98,846.	98,846.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses		-3,431,748.		-3,431,748.
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement) Stmt 10		5,578,266.		5,578,266.
26 Total income (loss) items. Combine lines 1 through 25	-186,048,342.	5,317,584.	-256,158.	-180,986,916.
27 Total expense/deduction items (from Part III, line 38)	-85,736,059.	-95,030,219.	3,412,468.	-177,353,810.
28 Other items with no differences Stmt 11	318,491,772.			318,491,772.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	46,707,371.	-89,712,635.	3,156,310.	-39,848,954.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c	46,707,371.	-89,712,635.	3,156,310.	-39,848,954.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Schedule M-3 (Form 1120) 2012 Page 3

Name of corporation (common parent, if consolidated return) | Employer identification number

Columbia Gas of Pennsylvania, Inc. | 25-1100252

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

Check if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	-46,048,382.		46,048,382.	
2 U.S. deferred income tax expense	52,015,214.		-52,015,214.	
3 State and local current income tax expense	71,787.	451,685.		523,472.
4 State and local deferred income tax expense	-2,660,248.		2,660,248.	
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	20,899,976.	1,246,268.		22,146,244.
9 Stock option expense			48,042.	48,042.
10 Other equity-based compensation	161,667.	147,377.		309,044.
11 Meals and entertainment	171,916.		-85,958.	85,958.
12 Fines and penalties	-14,900.		14,900.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	1,816,510.	127,268.		1,943,778.
17 Other post-retirement benefits	1,640,091.	430,069.	66,299.	2,136,459.
18 Deferred compensation	-495.	996.		501.
19 Charitable contribution of cash and tangible property	508,146.			508,146.
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Section 198 environmental remediation costs				
30 Depletion				
31 Depreciation	32,365,284.	29,203,964.		61,569,248.
32 Bad debt expense	13,205,392.	490,339.		13,695,731.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach schedule)				
37 Other expense/deduction items with differences (attach schedule) Exhibit 12	11,604,101.	62,932,253.	-149,167.	74,387,187.
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	85,736,059.	95,030,219.	-3,412,468.	177,353,810.

Schedule M-3 (Form 1120) 2012

JSA
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Form **1125-A**
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at *www.irs.gov/form1125a.*

OMB No. 1545-2225

Name	Employer identification number
Columbia Gas of Pennsylvania, Inc.	25-1100252

1	Inventory at beginning of year	1	131,624,680.
2	Purchases	2	164,920,240.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	296,544,920.
7	Inventory at end of year	7	96,222,353.
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see Instructions)	8	200,322,567.

9a Check all methods used for valuing closing inventory:
- (i) [X] Cost
- (ii) [ ] Lower of cost or market
- (iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO — 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of $1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of $10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448 (d)(3)). See Rev. Proc. 2002-28, 2002-18, I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2012

Attachment Sequence No. **179**

Name(s) shown on return: Columbia Gas of Pennsylvania, Inc.

Identifying number: 25-1100252

Business or activity to which this form relates: General Depreciation and Amortization

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	46,659,960.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	835,295.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	12,168,891.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property		1,184,206.	3.000	S/L	S/L	197,372.
b	5-year property		24,843.	5.000	HY	200 DB	4,969.
c	7-year property		719.	7.000	HY	200 DB	103.
d	10-year property						
e	15-year property						
f	20-year property		45,382,037.	20.000	HY	150 DB	1,701,826.
g	25-year property			25 yrs.		S/L	
h	Residential rental property			27.5 yrs.	MM	S/L	
				27.5 yrs.	MM	S/L	
i	Nonresidential real property		65,610.	39 yrs.	MM	S/L	832.
					MM	S/L	

Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a	Class life					S/L	
b	12-year			12 yrs.		S/L	
c	40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	61,569,248.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Columbia Gas of Pennsylvania, Inc. 25-1100252
Form 4562 (2012) Page 2

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.*)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1						29		

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.*

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2012 tax year (see instructions):					
43 Amortization of costs that began before your 2012 tax year				43	
44 Total. Add amounts in column (f). See the instructions for where to report				44	

JSA Form **4562** (2012)

2X2310 2.000

Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at *www.irs.gov/form4797.*

OMB No. 1545-0184

2012

Attachment Sequence No. **27**

Name(s) shown on return	Identifying number
Columbia Gas of Pennsylvania, Inc.	25-1100252

1 Enter the gross proceeds from sales or exchanges reported to you for 2012 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39	3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6 Gain, if any, from line 32, from other than casualty or theft	6	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. **Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.		
8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Stmt 13						-3,431,748.

11 Loss, if any, from line 7	11	( )
12 Gain, if any, from line 7 or amount from line 8, if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17 Combine lines 10 through 16	17	-3,431,748.
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20 Gross sales price (Note: *See line 1 before completing.*)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 If section 1245 property:					
a Depreciation allowed or allowable from line 22	25a				
b Enter the smaller of line 24 or 25a	25b				
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the smaller of line 24 or 27b	27c				
28 If section 1254 property:					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the smaller of line 24 or 28a	28b				
29 If section 1255 property:					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the smaller of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

Form **4797** (2012)

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its Instructions is at *www.irs.gov/form1120.*

OMB No. 1545-2061

2012

Name of common parent
Columbia Gas of Pennsylvania, Inc.

Employer identification number
25-1100252

Name of subsidiary

Employer identification number

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions		3,095,333.		3,095,333.
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Section 198 environmental remediation costs				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs		-111,128.		-111,128.
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach schedule) Stmt 14	188,697,487.	8,640,875.		197,338,362.
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7, in columns a, b, c, and d	188,697,487.	11,625,080.		200,322,567.

For Paperwork Reduction Act Notice, see Instructions.

Form **8916-A** (2012)

Columbia Gas of Pennsylvania, Inc. 25-1100252

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group	367,936.			367,936.
5	Other interest income Stmt 15	2,205,665.	-1,191,351.		1,014,314.
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.	2,573,601.	-1,191,351.		1,382,250.

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group	20,689,828.			20,689,828.
4	Other interest expense Stmt 16	210,148.	1,246,268.		1,456,416.
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	20,899,976.	1,246,268.		22,146,244.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 5 - Interest income

Interco Interest Income From Tax Affiliated Group	367,936.
Other Interest Income	1,014,314.
Total	1,382,250.

Line 7 - Gross royalties

Gross Royalties	266.
Total	266.

Line 10 - Other income

Contribution In Aid Of Construction	4,811,588.
Customer Advances Received	766,678.
Income Accrued On Regulatory Liability	1,658,491.
Misc Non-Operating Income	1,085,965.
Sec 481(A) Adjustments	15,806,883.
Total	24,129,605.

Line 14 - Repairs

Repairs and Maintenance	65,333,620.
Total	65,333,620.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 16 - Rents

Rent Expense	3,464,607.
Building Lease Writedown/Buyouts	-136,967.
Rent Expense - Leased Automobile	-706.
Utility Rent Expense	805,094.
Total	4,132,028.

Line 17 - Tax Summary

Taxes (excluding income taxes)	2,929,963.
Other state and local taxes	523,472.
Total	3,453,435.

Line 17 - Taxes and licenses

License/Franchise Taxes	5,470.
Net Worth Or Capital Stock Taxes	611,154.
Other Taxes	12,506.
Payroll Taxes	2,055,920.
Real Estate/Personal Property Taxes	518,549.
Sales/Use Tax	-273,636.
State Taxes Based On Income	523,472.
Total	3,453,435.

Line 18 - Interest deduction

Interco Interest Expense To Tax Affiliated Group	20,689,828.
Interest Expense	527,579.
Interest Expense On IRS Audit Issues	1,607,990.
Other Interest Expense	-679,153.
Total	22,146,244.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 19 - Current year contributions

Current Year Contributions	508,146.
Total	508,146.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 22 - Advertising

Advertising	285,886.
Total	285,886.

Line 23 - Pension, profit-sharing plans

Pension, Profit-Sharing, etc. Plans	1,943,778.
Total	1,943,778.

Line 24 - Employee benefit programs

Employee Benefit Programs	3,559,356.
Total	3,559,356.

Line 26 - Other deductions

Business Meals & Entertainment	85,958.
Customer Accounts Expense	12,157,431.
Environmental Costs	34,569.
Expense Accrued On Regulatory Asset	-144,069.
Expense Accrued On Regulatory Liability	-312,661.
Gas Distribution Operating Exp	24,610,954.
Injuries And Damages	3,488,402.
Miscellaneous General Expenses	-11,677.
Office Supplies & Exp Net Of Admin Exp Trnf	1,651,184.
Outside Services Employed	31,672,512.
Property Cost Of Removal	462,804.
Property Insurance	293,697.
Regulatory Commission Expense	1,523,434.
Sales Expense	581,346.
Sections 263A: Mixed Service Costs	11,091,849.
Underground Storage	191,377.
Total	87,377,110.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 1 - Cash	Beginning	Ending
Cash	7,015,719.	5,584,501.
Total	7,015,719.	5,584,501.

Sch L, Line 2 - Trade notes and accounts receivable	Beginning	Ending
Trade Notes And Accounts Receivable	29,657,724.	33,211,297.
Total	29,657,724.	33,211,297.

Sch L, Line 3 - Inventories	Beginning	Ending
Inventories	106,256,190.	73,814,649.
Total	106,256,190.	73,814,649.

Sch L, Line 6 - Other current assets	Beginning	Ending
Accrued Utility Revenues	22.	17.
Accts Receivable - Associates	198,945.	6,130,605.
Interest & Dividends Receivable	10,044.	82.
Misc. Current Assets	226,949.	231,116.
Prepayments	2,268,887.	2,369,008.
Regulatory Assets	14,526,642.	7,140,823.
Rents Receivable	-4.	
Unrecovered Purchased Gas	-11,827,162.	7,594,300.
Other Current Assets		128,900.
Total	5,404,323.	23,594,851.

Sch L, Line 9 - Other investments	Beginning	Ending
Investment In Subsidiary	16,940,076.	17,253,840.
Total	16,940,076.	17,253,840.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 14 - Other assets	Beginning	Ending
Accumulated Dfrd Income Taxes	72,670,206.	49,599,044.
Construction Work In Progress	15,609,350.	11,596,649.
Misc. Dfrd Debits	5,016,327.	4,696,838.
Prelim Gas Survey & Investigation	2,441,799.	2,214,634.
Regulatory Assets	266,256,236.	270,977,281.
Unrecovered Purchased Gas	-1,717,202.	6,510,142.
Other Assets	895,339.	16,814,405.
Total	361,172,055.	362,408,993.

Sch L, Line 16 - Accounts payable		
Accounts Payable	22,682,316.	28,637,936.
Total	22,682,316.	28,637,936.

Sch L, Line 17 - Mortgages, notes, bonds payable in less than 1 year		
Current Maturities	64,825,000.	22,000,000.
Total	64,825,000.	22,000,000.

Sch L, Line 18 - Other current liabilities		
Accrued Interest	237,309.	350,196.
Accrued Rate Refunds	15,265.	
Accrued Taxes	699,507.	1,401,074.
Accrued Vacation	3,197,232.	3,268,805.
Accts Payable-Associates	37,234,984.	12,263,162.
Medical & Dental Liability Reserve	167,546.	199,789.
Deferred Revenue	556,038.	
Obligations-Capital Lease		63,426.
OPEB Liability Deferred	1,595,760.	444,423.
OPEB Liability-Cur	200,607.	188,701.
Other Accrued Liabilities	75,234,032.	67,125,163.
Regulatory Liabilities - Current	26,377,633.	26,410,763.
Tax Collections Payable	88,527.	341,060.
Total	145,604,440.	112,056,562.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch L, Line 20 - Mortgages, notes, bonds payable in 1 year or more	Beginning	Ending
Notes Payable	248,390,000.	356,390,000.
Total	248,390,000.	356,390,000.

Sch L, Line 21 - Other liabilities		
Accrued Interest - Noncurrent	90,228.	
Accrued Taxes	2,034,164.	
Accum Dfrd Income Taxes	375,375,531.	430,053,929.
Asset Retirement Obligations	10,566,493.	10,566,493.
Obligations-Capital Lease		2,259,381.
OPEB Liability-Deferred	5,690,510.	3,053,583.
Other Deferred Credits	52,170,668.	62,960,446.
Other Liabilities	1,946,330.	565,320.
Outstanding Loss Reserves	293,079.	234,321.
Regulatory Liability-Income Taxes	-255,480.	-510,960.
Regulatory Liabilities - Noncurrent	49,969,890.	20,753,806.
Total	497,881,413.	529,936,319.

Sch L, Line 22b - Common capital stock		
Capital Stock - Common	45,127,800.	45,127,800.
Total	45,127,800.	45,127,800.

Sch L, Line 23 - Additional paid-in capital		
Additional Paid-In Capital	7,621,971.	7,679,577.
Total	7,621,971.	7,679,577.

Sch L, Line 26 - Adjustments to shareholders' equity		
Adjustments To Shareholders' Equity	-10,679.	
Total	-10,679.	

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 5 Detail

Sch M-2, Line 3 - Other increases

ROUNDING	3.
Total	3.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 4626 Detail

Line 2o - Contributions Adjustment

Regular Contributions	508,146.
AMT Contributions	508,146.
Contribution adjustment	NONE

Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
CUSTOMER ADVANCES RECEIVED		766,678.		766,678.
CONTRIBUTION IN AID OF CONSTRUCTION		4,811,588.		4,811,588.
Total		5,578,266.		5,578,266.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule M-3, Part II Detail

Line 28 - Other items with no differences

INCOME ACCRUED ON REGULATORY LIABILITY	1,658,491.
MISC NON-OPERATING INCOME	1,085,965.
SALES	406,139,023.
ROYALTIES	266.
CUSTOMER ACCOUNTS EXPENSE	-8,559,333.
CUSTOMER SERVICE AND INFORMATIONAL EXPEN	-4,774,892.
GAS DISTRIBUTION MAINTENANCE EXP	-14,338,667.
GAS DISTRIBUTION OPERATING EXP	-23,434,160.
GAS UNDERGROUND STORAGE MAINTENANCE EXP	-53,542.
GENERAL ADVERTISING EXPENSE	-285,886.
LICENSE / FRANCHISE	-5,470.
MISCELLANEOUS GENERAL EXPENSES	11,677.
NET WORTH OR CAPITAL STOCK TAXES	-611,154.
OFFICE SUPPLIES & EXPENSES	-1,651,184.
OTHER TAXES	-12,506.
OUTSIDE SERVICES EMPLOYED	-31,672,512.
PAYROLL TAXES	-2,055,920.
REGULATORY COMMISSION EXPENSE	-1,523,434.
RENTS	152,827.
SALES EXPENSE	-581,346.
UNDERGROUND STORAGE OPERATING EXPENSES	-191,377.
UTILITY RENT EXPENSE	-805,094.
Total	318,491,772.

Schedule M-3, Part III Detail

Line 37 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
A&G - RENT EXPENSE	3,523,304.	-58,697.	-706.	3,463,901.
A&G - SALARIES	3,621,038.	-82,283.	-1,813.	3,536,942.
BUILDING LEASE WRITEDOWN/BUYOUTS		-136,967.		-136,967.
EMPLOYEE INSURANCE PLANS		-1,918.		-1,918.
ENVIRONMENTAL COSTS		34,569.		34,569.
EXPENSE ACCRUED ON REGULATORY ASSET		-144,069.		-144,069.
EXPENSE ACCRUED ON REGULATORY LIABILITY		-312,661.		-312,661.
INJURIES & DAMAGES	2,831,482.	656,920.		3,488,402.
OTHER EMPLOYEE BENEFITS	1,434,190.	-9,876.		1,424,314.
PROPERTY COST OF REMOVAL		462,804.		462,804.
PROPERTY INSURANCE	193,576.	100,121.		293,697.
REAL ESTATE / PERSONAL PROPERTY TAXES	642,709.	-124,160.		518,549.
REPAIRS		50,941,411.		50,941,411.
SALES/USE	-788,846.	515,210.		-273,636.
SECTION 263A - MIXED SERVICE COSTS		11,091,849.		11,091,849.
LOBBYING EXPENSE	146,648.		-146,648.	
Total	11,604,101.	62,932,253.	-149,167.	74,387,187.

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Attachment B
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Form 4797, Page 1 Detail

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
PUBLIC UTILITY	VARIOUS	VARIOUS				-3,431,748.
Part II 4797 Ordinary Gains and Losses						-3,431,748.

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Attachment B
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Form 8916-A, Part I Detail

Line 6 - Other items with differences

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
EXCHANGE GAS EXPENSE	2,406,981.			2,406,981.
NATURAL GAS PURCHASES	180,549,488.			180,549,488.
OTHER GAS SUPPLY EXPENSES	33,508,311.			33,508,311.
PURCHSE GAS ADJUSTMENT	-27,770,480.	8,644,062.		-19,126,418.
SYSTEM GAS LOSSES	3,187.	-3,187.		
Total	188,697,487.	8,640,875.		197,338,362.

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Form 8916-A, Part II Detail

Part II Line 5 - Other Interest Income

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Income	2,205,665.	-1,191,351.		1,014,314.
Total	2,205,665.	-1,191,351.		1,014,314.

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Form 8916-A, Part III Detail

Line 4 - Other Interest Expense

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Expense	210,148.	1,246,268.		1,456,416.
Total	210,148.	1,246,268.		1,456,416.

GAS-RR-055
Attachment B
Page 38 of 38

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2013 or tax year beginning _____, ending _____

▶ Information about Form 1120 and its separate instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2013

A Check if:
1a Consolidated return (attach Form 851) ☐
b Life/nonlife consolidated return ☐
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (see instructions) ☐
4 Schedule M-3 attached ☒

TYPE OR PRINT

Name: Columbia Gas of Pennsylvania, Inc.
Number, street, and room or suite no. If a P.O. box, see instructions.: 200 Civic Center Drive
City or town, state, or province, country and ZIP code or foreign postal code: Columbus, OH 43215

B Employer identification number: 25-1100252
C Date incorporated: 06/23/1960
D Total assets (see instructions): $ 1,619,054,475.

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a	Gross receipts or sales	1a 512,158,281.	
	b	Returns and allowances	1b	
	c	Balance. Subtract line 1b from line 1a		1c 512,158,281.
	2	Cost of goods sold (attach Form 1125-A)		2 247,913,640.
	3	Gross profit. Subtract line 2 from line 1c		3 264,244,641.
	4	Dividends (Schedule C, line 19)		4
	5	Interest See. Statement. 1.		5 1,077,187.
	6	Gross rents		6 153,550.
	7	Gross royalties		7
	8	Capital gain net income (attach Schedule D (Form 1120))		8
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9 -3,498,725.
	10	Other income (see instructions - attach statement) See. Statement. 1.		10 20,610,561.
	11	**Total income.** Add lines 3 through 10 ▶		11 282,587,214.
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E) ▶		12
	13	Salaries and wages (less employment credits)		13 4,174,793.
	14	Repairs and maintenance See. Statement. 1.		14 52,611,913.
	15	Bad debts		15 16,750,877.
	16	Rents See. Statement. 2.		16 4,931,803.
	17	Taxes and licenses See. Statement. 2.		17 6,153,524.
	18	Interest See. Statement. 2.		18 21,763,436.
	19	Charitable contributions See. Statement. 3.		19 419,961.
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20 73,807,157.
	21	Depletion		21
	22	Advertising See. Statement. 4.		22 362,329.
	23	Pension, profit-sharing, etc., plans See. Statement. 4.		23 5,760,044.
	24	Employee benefit programs See. Statement. 4.		24 1,486,549.
	25	Domestic production activities deduction (attach Form 8903)		25
	26	Other deductions (attach statement) See. Statement. 4.		26 100,797,754.
	27	**Total deductions.** Add lines 12 through 26 ▶		27 289,020,140.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28 -6,432,926.
	29a	Net operating loss deduction (see instructions)	29a	
	b	Special deductions (Schedule C, line 20)	29b	
	c	Add lines 29a and 29b		29c
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions)		30 -6,432,926.
	31	Total tax (Schedule J, Part I, line 11)		31 NONE
	32	Total payments and refundable credits (Schedule J, Part II, line 21)		32 9,883.
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐		33
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed		34
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		35
	36	Enter amount from line 35 you want: **Credited to 2014 estimated tax** ▶ **Refunded** ▶		36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer | Date | Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2013)

JSA
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Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120 (2013)

Schedule C Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 **Total.** Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 **Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20 **Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

Form **1120** (2013)

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule J Tax Computation and Payment (see instructions)

Part I-Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶		X		
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶			2	
3	Alternative minimum tax (attach Form 4626)			3	
4	Add lines 2 and 3			4	
5a	Foreign tax credit (attach Form 1118)	5a			
b	Credit from Form 8834 (see instructions)	5b			
c	General business credit (attach Form 3800)	5c			
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	
7	Subtract line 6 from line 4			7	
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach statement)	9f			
10	**Total.** Add lines 9a through 9f			10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	NONE

Part II-Payments and Refundable Credits

12	2012 overpayment credited to 2013			12	
13	2013 estimated tax payments			13	
14	2013 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	
16	Tax deposited with Form 7004			16	
17	Withholding (see instructions)			17	
18	**Total payments.** Add lines 15, 16, and 17			18	
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	9,883.		
c	Form 8827, line 8c	19c			
d	Other (attach statement - see instructions)	19d			
20	**Total credits.** Add lines 19a through 19d			20	9,883.
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32			21	9,883.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 221210		
b	Business activity ▶ NATURAL GAS DISTRIBUTION		
c	Product or service ▶ NATURAL GAS DISTRIBUTION		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	X	
	If "Yes," enter name and EIN of the parent corporation ▶ NISOURCE INC 35-2108946		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Columbia Gas of Pennsylvania, Inc. 25-1100252

Schedule K **Other Information** *continued* (see instructions)

		Yes	No
5	At the end of the tax year, did the corporation:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851,** Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . . If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock? . . . . . For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶_____ and **(ii)** Owner's country ▶_____ (c) The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶_____		X
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶$ NONE		
10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . . ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶$ _____		
13	Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year **and** its total assets at the end of the tax year less than $250,000? . . . . . If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶$ _____		X
14	Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? . . . . . If "Yes," complete and attach Schedule UTP.		X
15a	Did the corporation make any payments in 2013 that would require it to file Form(s) 1099?	X	
b	If "Yes," did or will the corporation file required Forms 1099?	X	
16	During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17	During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18	Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than $1 million?		X

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120 (2013)

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash	Stmt 5	5,584,501.		2,010,621.
2a Trade notes and accounts receivable	33,211,297.	Stmt 5	48,975,464.	
b Less allowance for bad debts	(20.)	33,211,277.	( )	48,975,464.
3 Inventories	Stmt 5	73,814,649.		88,112,889.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)	Stmt 5	23,594,851.		13,428,731.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)	Stmt 5	17,253,840.		17,606,369.
10a Buildings and other depreciable assets	1,258,588,859.		1,394,423,626.	
b Less accumulated depreciation	(308,207,865.)	950,380,994.	(323,582,561.)	1,070,841,065.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		2,442,253.		2,640,310.
13a Intangible assets (amortizable only)	10,847,194.		11,303,332.	
b Less accumulated amortization	(4,110,677.)	6,736,517.	(5,204,608.)	6,098,724.
14 Other assets (attach statement)	Stmt 6	362,408,993.		369,340,302.
15 Total assets		1,475,427,875.		1,619,054,475.
Liabilities and Shareholders' Equity				
16 Accounts payable	Stmt 6	28,637,936.		33,220,101.
17 Mortgages, notes, bonds payable in less than 1 year	Stmt 6	22,000,000.		
18 Other current liabilities (attach statement)	Stmt 6	112,056,562.		132,312,722.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more	Stmt 7	356,390,000.		411,390,000.
21 Other liabilities (attach statement)	Stmt 7	529,936,319.		567,264,836.
22 Capital stock: a Preferred stock				
Stmt 7 b Common stock	45,127,800.	45,127,800.	45,127,800.	45,127,800.
23 Additional paid-in capital	Stmt 7	7,679,577.		7,686,976.
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated		373,599,681.		422,052,040.
26 Adjustments to shareholders' equity (attach statement)				
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		1,475,427,875.		1,619,054,475.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
		9 Add lines 7 and 8	
6 Add lines 1 through 5		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	373,599,681.	5 Distributions: a Cash	8,000,000.
2 Net income (loss) per books	56,452,347.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
See Statement 8	12.	7 Add lines 5 and 6	8,000,000.
4 Add lines 1, 2, and 3	430,052,040.	8 Balance at end of year (line 4 less line 7)	422,052,040.

SCHEDULE G (Form 1120)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Certain Persons Owning the Corporation's Voting Stock

▶ Attach to Form 1120.
▶ See instructions on page 2.

OMB No. 1545-0123

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number (EIN): 25-1100252

Part I **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
NiSource Gas Distibution Group, Inc.	46-3083381	C CORP	US	100.00

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

Form **4626**

Department of the Treasury
Internal Revenue Service

Alternative Minimum Tax - Corporations

▶ Attach to the corporation's tax return.
▶ Information about Form 4626 and its separate instructions is at *www.irs.gov/form4626.*

OMB No. 1545-0175

2013

Name: Columbia Gas of Pennsylvania, Inc.

Employer identification number: 25-1100252

Note: *See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).*

1	Taxable income or (loss) before net operating loss deduction		1	-6,432,926.
2	**Adjustments and preferences:**			
a	Depreciation of post-1986 property		2a	-1,347,130.
b	Amortization of certified pollution control facilities		2b	
c	Amortization of mining exploration and development costs		2c	
d	Amortization of circulation expenditures (personal holding companies only)		2d	
e	Adjusted gain or loss		2e	-1,080,034.
f	Long-term contracts		2f	
g	Merchant marine capital construction funds		2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)		2h	
i	Tax shelter farm activities (personal service corporations only)		2i	
j	Passive activities (closely held corporations and personal service corporations only)		2j	
k	Loss limitations		2k	
l	Depletion		2l	
m	Tax-exempt interest income from specified private activity bonds		2m	
n	Intangible drilling costs		2n	
o	Other adjustments and preferences		2o	NONE
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o		3	-8,860,090.
4	**Adjusted current earnings (ACE) adjustment:**			
a	ACE from line 10 of the ACE worksheet in the instructions	4a -11,155,723.		
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b -2,295,633.		
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c 1,721,725.		
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). **Note:** *You* ***must*** *enter an amount on line 4d (even if line 4b is positive)*	4d		
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the **smaller** of line 4c or line 4d as a negative amount		4e	
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT		5	-8,860,090.
6	Alternative tax net operating loss deduction (see instructions)		6	
7	**Alternative minimum taxable income.** Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions		7	-8,860,090.
8	**Exemption phase-out** (if line 7 is $310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):			
a	Subtract $150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a NONE		
b	Multiply line 8a by 25% (.25)	8b NONE		
c	Exemption. Subtract line 8b from $40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-		8c	NONE
9	Subtract line 8c from line 7. If zero or less, enter -0-		9	NONE
10	Multiply line 9 by 20% (.20)		10	NONE
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)		11	
12	Tentative minimum tax. Subtract line 11 from line 10		12	NONE
13	Regular tax liability before applying all credits except the foreign tax credit		13	
14	**Alternative minimum tax.** Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return		14	

Columbia Gas of Pennsylvania, Inc. 25-1100252

Adjusted Current Earnings (ACE) Worksheet

Keep for Your Records

▶ See ACE Worksheet Instructions.

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626					1	-8,860,090.
2	ACE depreciation adjustment:						
a	AMT depreciation			2a	75,154,287.		
b	ACE depreciation:						
	(1) Post-1993 property	2b(1)	72,284,830.				
	(2) Post-1989, pre-1994 property	2b(2)	1,632,199.				
	(3) Pre-1990 MACRS property	2b(3)	1,453,415.				
	(4) Pre-1990 original ACRS property	2b(4)	1,438,234.				
	(5) Property described in sections 168(f)(1) through (4)	2b(5)					
	(6) Other property	2b(6)	410,007.				
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)			2b(7)	77,218,685.		
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a					2c	-2,064,398.
3	Inclusion in ACE of items included in earnings and profits (E&P):						
a	Tax-exempt interest income			3a			
b	Death benefits from life insurance contracts			3b			
c	All other distributions from life insurance contracts (including surrenders)			3c			
d	Inside buildup of undistributed income in life insurance contracts			3d			
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)			3e			
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e					3f	
4	Disallowance of items not deductible from E&P:						
a	Certain dividends received			4a			
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247			4b			
c	Dividends paid to an ESOP that are deductible under section 404(k)			4c			
d	Nonpatronage dividends that are paid and deductible under section 1382(c)			4d			
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)			4e			
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e					4f	
5	Other adjustments based on rules for figuring E&P:						
a	Intangible drilling costs			5a			
b	Circulation expenditures			5b			
c	Organizational expenditures			5c			
d	LIFO inventory adjustments			5d			
e	Installment sales			5e			
f	Total other E&P adjustments. Combine lines 5a through 5e					5f	
6	Disallowance of loss on exchange of debt pools					6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts					7	
8	Depletion					8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property					9	-231,235.
10	**Adjusted current earnings.** Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626					10	-11,155,723.

Form **4136**

Department of the Treasury
Internal Revenue Service (99)

Credit for Federal Tax Paid on Fuels

▶ Information about Form 4136 and its separate instructions is at *www.irs.gov/form4136*.

OMB No. 1545-0162

2013

Attachment Sequence No. **23**

Name (as shown on your income tax return)

Columbia Gas of Pennsylvania, Inc.

Taxpayer identification number

25-1100252

Caution. *Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.*

The alternative fuel mixture credit cannot be claimed on this form or on Schedule 3 (Form 8849). It must be taken as a credit against your taxable fuel liability (gasoline, diesel fuel, and kerosene) reported on Form 720.

1 Nontaxable Use of Gasoline

Note. CRN is credit reference number.

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use		$ .183			
b	Use on a farm for farming purposes		.183			362
c	Other nontaxable use (see **Caution** above line 1)		.183		$	
d	Exported		.184			411

2 Nontaxable Use of Aviation Gasoline

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)		$ .15		$	354
b	Other nontaxable use (see **Caution** above line 1)		.193			324
c	Exported		.194			412
d	LUST tax on aviation fuels used in foreign trade		.001			433

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.
Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here ▶ ☐

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	02	$ .243	40672		
b	Use on a farm for farming purposes		.243		$ 9,883.	360
c	Use in trains		.243			353
d	Use in certain intercity and local buses (see **Caution** above line 1)		.17			350
e	Exported		.244			413

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here ▶ ☐

		(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use taxed at $.244		$ .243			
b	Use on a farm for farming purposes		.243		$	346
c	Use in certain intercity and local buses (see **Caution** above line 1)		.17			347
d	Exported		.244			414
e	Nontaxable use taxed at $.044		.043			377
f	Nontaxable use taxed at $.219		.218			369

For Paperwork Reduction Act Notice, see the separate instructions. Form **4136** (2013)

5 Kerosene Used in Aviation (see **Caution** above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Kerosene used in commercial aviation (other than foreign trade) taxed at $.244		$ .200		$	417
b Kerosene used in commercial aviation (other than foreign trade) taxed at $.219		.175			355
c Nontaxable use (other than use by state or local government) taxed at $.244		.243			346
d Nontaxable use (other than use by state or local government) taxed at $.219		.218			369
e LUST tax on aviation fuels used in foreign trade		.001			433

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel **Registration No. ▶**

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here . . . ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243		$	360
b Use in certain intercity and local buses	.17			350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation) **Registration No. ▶**

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here . . . . ▶ ☐

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	$ .243			
b Sales from a blocked pump	.243		$	346
c Use in certain intercity and local buses	.17			347

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation **Registration No. ▶**

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade) taxed at $.219		$ .175		$	355
b Use in commercial aviation (other than foreign trade) taxed at $.244		.200			417
c Nonexempt use in noncommercial aviation		.025			418
d Other nontaxable uses taxed at $.244		.243			346
e Other nontaxable uses taxed at $.219		.218			369
f LUST tax on aviation fuels used in foreign trade		.001			433

9 Reserved **Registration No. ▶**

		(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a	Reserved				
b	Reserved				

10 Biodiesel or Renewable Diesel Mixture Credit **Registration No. ▶**

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

		(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a	Biodiesel (other than agri-biodiesel) mixtures	$1.00		$	388
b	Agri-biodiesel mixtures	$1.00			390
c	Renewable diesel mixtures	$1.00			307

11 Nontaxable Use of Alternative Fuel

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

		(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a	Liquefied petroleum gas (LPG)		$ .183		$	419
b	"P Series" fuels		.183			420
c	Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d	Liquefied hydrogen		.183			422
e	Fischer-Tropsch process liquid fuel from coal (including peat)		.243			423
f	Liquid fuel derived from biomass		.243			424
g	Liquefied natural gas (LNG)		.243			425
h	Liquefied gas derived from biomass		.183			435

12 Alternative Fuel Credit **Registration No. ▶**

		(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a	Liquefied petroleum gas (LPG)	$ .50		$	426
b	"P Series" fuels	.50			427
c	Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50			428
d	Liquefied hydrogen	.50			429
e	Fischer-Tropsch process liquid fuel from coal (including peat)	.50			430
f	Liquid fuel derived from biomass	.50			431
g	Liquefied natural gas (LNG)	.50			432
h	Liquefied gas derived from biomass	.50			436
i	Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50			437

13 Registered Credit Card Issuers Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	$ .243		$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at $.219	.218			369

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		$ .197		$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	$ .046		$	310

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at $.001	$ .001		$	415
b Exported dyed kerosene	.001			416

17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	$ 9,883.	

Form **4136** (2013)

SCHEDULE B (Form 1120)
(Rev. December 2009)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

▶ Attach to Form 1120.
▶ See Instructions on page 2.

OMB No. 1545-0123

Name	Employer identification number (EIN)
Columbia Gas of Pennsylvania, Inc.	25-1100252

		Yes	No
1	Do the amounts reported on Schedule M-3 (Form 1120), Part II, lines 9 or 10, column (d), reflect allocations to the corporation from a partnership of income, gain, loss, deduction, or credit that are disproportionate to this corporation's capital contribution to the partnership or its ratio for sharing other items of the partnership?		X
2	At any time during the tax year, did the corporation sell, exchange, or transfer any interest in an intangible asset to a related person as defined in section 267(b)?		X
3	At any time during the tax year, did the corporation acquire any interest in an intangible asset from a related person as defined in section 267(b)?		X
4a	During the tax year, did the corporation enter into a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations?		X
b	At any time during the tax year, was the corporation a participant in a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471?		X
5	At any time during the tax year, did the corporation make any change in accounting principle for financial accounting purposes? See instructions for the definition of change in accounting principle		X
6	At any time during the tax year, did the corporation make any change in a method of accounting for U.S. income tax purposes?		X
7	At any time during the tax year, did the corporation own any voluntary employees' beneficiary association (VEBA) trusts that were used to hold funds designated for employee benefits?		X
8	At any time during the tax year, did the corporation use an allocation method for indirect costs capitalized to self-constructed assets that varied from its financial method of accounting?		X
9	At any time during the tax year, did the corporation treat for tax purposes indirect costs, as defined in Regulations sections 1.263A-1(e)(3)(ii)(F), (G), and (H), as mixed-service costs, as defined in Regulations section 1.263A-1(e)(4)(ii)(C)?		X
10	Did the corporation, under section 118 or 362(c) and the related regulations, take a return filing position characterizing any amount as a contribution to the capital of the corporation during the tax year by any non-shareholders? Amounts so characterized may include, without limitation, incentives, inducements, money, and property.		X

Schedule M-3 (Form 1120) 2013 Page **2**

Name of corporation (common parent, if consolidated return) | Employer identification number

Columbia Gas of Pennsylvania, Inc. | 25-1100252

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

Check if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations	345,130.		-345,130.	
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach statement)				
13 Interest income (attach Form 8916-A)	1,260,256.	566,132.	-749,201.	1,077,187.
14 Total accrual to cash adjustment				
15 Hedging transactions	-652,470.	652,470.		
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	(243,360,106.)	-4,553,534.		(247,913,640.)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments		15,806,883.		15,806,883.
20 Unearned/deferred revenue	58,690.	-58,690.		
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-183.	183.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses		-3,498,725.		-3,498,725.
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement) Stmt 10		1,653,202.		1,653,202.
26 Total income (loss) items. Combine lines 1 through 25	-242,348,683.	10,567,921.	-1,094,331.	-232,875,093.
27 Total expense/deduction items (from Part III, line 38)	-114,766,705.	-87,785,275.	15,426,412.	-187,125,568.
28 Other items with no differences	413,567,735.	Stmt 11		413,567,735.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	56,452,347.	-77,217,354.	14,332,081.	-6,432,926.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c	56,452,347.	-77,217,354.	14,332,081.	-6,432,926.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) | Employer identification number

Columbia Gas of Pennsylvania, Inc. | 25-1100252

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC group

Check if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	6,045,860.		-6,045,860.	
2 U.S. deferred income tax expense	12,076,997.		-12,076,997.	
3 State and local current income tax expense	1,632,204.	1,145,821.		2,778,025.
4 State and local deferred income tax expense	-3,156,210.		3,156,210.	
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	22,416,292.	-652,856.		21,763,436.
9 Stock option expense			101,173.	101,173.
10 Other equity-based compensation	97,056.	-10,956.		86,100.
11 Meals and entertainment	376,671.		-188,336.	188,335.
12 Fines and penalties	239,710.		-239,710.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	5,797,072.	-37,028.		5,760,044.
17 Other post-retirement benefits	-781,682.	645,606.		-136,076.
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	419,961.			419,961.
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Reserved				
30 Depletion				
31 Depreciation	36,491,713.	37,315,444.		73,807,157.
32 Bad debt expense	16,811,321.	-60,444.		16,750,877.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement) Statement 12	16,299,740.	49,439,688.	-132,892.	65,606,536.
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	114,766,705.	87,785,275.	-15,426,412.	187,125,568.

Form **1125-A**
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at *www.irs.gov/form1125a.*

OMB No. 1545-2225

Name	Employer identification number
Columbia Gas of Pennsylvania, Inc.	25-1100252

1	Inventory at beginning of year	1	96,222,352.
2	Purchases	2	246,031,442.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	342,253,794.
7	Inventory at end of year	7	94,340,154.
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see Instructions)	8	247,913,640.

9a Check all methods used for valuing closing inventory:
- (i) [X] Cost
- (ii) [ ] Lower of cost or market
- (iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO — 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of $1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of $10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18, I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2013

Attachment Sequence No. **179**

Name(s) shown on return

Identifying number

Columbia Gas of Pennsylvania, Inc. 25-1100252

Business or activity to which this form relates

General Depreciation and Amortization

Part I Election To Expense Certain Property Under Section 179

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	56,224,787.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,150,622.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	14,317,636.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		150,949.	5.000	HY	200 DB	30,190.
c 7-year property		1,524.	7.000	HY	200 DB	218.
d 10-year property						
e 15-year property						
f 20-year property		55,112,593.	20.000	HY	150 DB	2,066,722.
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property		1,440,335.	39 yrs.	MM	S/L	16,982.
				MM	S/L	

Section C - Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	73,807,157.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	388,392.

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.*)

24a Do you have evidence to support the business/investment use claimed? X Yes No **24b** If "Yes," is the evidence written? X Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ Investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	X	
39 Do you treat all use of vehicles by employees as personal use?		X
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	X	
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		X

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year (see instructions):					
43 Amortization of costs that began before your 2013 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at *www.irs.gov/form4797.*

OMB No. 1545-0184

2013

Attachment Sequence No. **27**

Name(s) shown on return	Identifying number
Columbia Gas of Pennsylvania, Inc.	25-1100252

1 Enter the gross proceeds from sales or exchanges reported to you for 2013 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39	3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6 Gain, if any, from line 32, from other than casualty or theft	6	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.		
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.		
8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Stmt 13						-3,498,725.

11 Loss, if any, from line 7	11	( )
12 Gain, if any, from line 7 or amount from line 8, if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17 Combine lines 10 through 16	17	-3,498,725.
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

For Paperwork Reduction Act Notice, see separate instructions. Form **4797** (2013)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20 Gross sales price (Note: *See line 1 before completing.*)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 If section 1245 property:					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 If section 1254 property:					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the **smaller** of line 24 or 28a	28b				
29 If section 1255 property:					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the **smaller** of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

Form **4797** (2013)

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120.*

OMB No. 1545-2061

2013

Name of common parent
Columbia Gas of Pennsylvania, Inc.

Employer identification number
25-1100252

Name of subsidiary

Employer identification number

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions		16,192,268.		16,192,268.
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs		67,942.		67,942.
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement)	243,360,106.	Stmt 14 -11,706,676.		231,653,430.
7 Other items with no differences				
8 Total cost of goods sold. Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See Instructions	243,360,106.	4,553,534.		247,913,640.

For Paperwork Reduction Act Notice, see Instructions. Form **8916-A** (2013)

Columbia Gas of Pennsylvania, Inc. 25-1100252

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group	290,383.			290,383.
5	Other interest income Stmt 15	969,873.	566,132.	-749,201.	786,804.
6	Total Interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See the instructions.	1,260,256.	566,132.	-749,201.	1,077,187.

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group	21,986,309.			21,986,309.
4	Other interest expense Stmt 16	429,983.	-652,856.		-222,873.
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.	22,416,292.	-652,856.		21,763,436.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 5 - Interest income

Interco Interest Income From Tax Affiliated Group	290,383.
Interest Income On IRS Audit Issues	770,138.
Other Interest Income	16,666.
Total	1,077,187.

Line 10 - Other income

Contribution In Aid Of Construction	106,110.
Customer Advances Received	1,547,092.
Income Accrued On Regulatory Liability	1,723,550.
Misc Non-Operating Income	1,426,926.
Sec 481(A) Adjustments	15,806,883.
Total	20,610,561.

Line 14 - Repairs

Repairs and Maintenance	52,611,913.
Total	52,611,913.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 16 - Rents

Rent Expense	4,305,494.
Building Lease Writedown/Buyouts	-106,958.
Rent Expense - Leased Automobile	-930.
Utility Rent Expense	734,197.
Total	4,931,803.

Line 17 - Taxes and licenses

Gross Receipts/Storage Taxes	1,511.
License/Franchise Taxes	1,375.
Net Worth Or Capital Stock Taxes	331,334.
Other Taxes	6,417.
Payroll Taxes	2,078,006.
Real Estate/Personal Property Taxes	572,874.
Sales/Use Tax	383,982.
State Taxes Based On Income	2,778,025.
Total	6,153,524.

Line 18 - Interest deduction

Interco Interest Expense To Tax Affiliated Group	21,986,309.
Interest Expense	767,550.
Interest Expense On IRS Audit Issues	-602,031.
Other Interest Expense	-388,392.
Total	21,763,436.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 19 - Current year contributions

Current Year Contributions	419,961.
Total	419,961.

Columbia Gas of Pennsylvania, Inc. 25-1100252

Form 1120, Page 1 Detail

Line 22 - Advertising

Advertising	362,329.
Total	362,329.

Line 23 - Pension, profit-sharing plans

Pension, Profit-Sharing, etc. Plans	5,760,044.
Total	5,760,044.

Line 24 - Employee benefit programs

Employee Benefit Programs	1,486,549.
Total	1,486,549.

Line 26 - Other deductions

Business Meals & Entertainment	188,335.
Customer Accounts Expense	14,442,197.
Environmental Costs	-3,005.
Gas Distribution Operating Exp	27,786,878.
Injuries And Damages	2,976,380.
Miscellaneous General Expenses	383,548.
Office Supplies & Exp Net Of Admin Exp Trnf	2,581,685.
Outside Services Employed	35,102,561.
Property Cost Of Removal	348,152.
Property Insurance	186,211.
Regulatory Commission Expense	1,585,462.
Sales Expense	628,075.
Sections 263A: Mixed Service Costs	14,185,338.
Underground Storage	405,937.
Total	100,797,754.

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Sch L, Line 1 - Cash	Beginning	Ending
Cash	5,584,501.	2,010,621.
Total	5,584,501.	2,010,621.

Sch L, Line 2 - Trade notes and accounts receivable		
Trade Notes And Accounts Receivable	33,211,297.	48,975,464.
Total	33,211,297.	48,975,464.

Sch L, Line 3 - Inventories		
Inventories	73,814,649.	88,112,889.
Total	73,814,649.	88,112,889.

Sch L, Line 6 - Other current assets		
Accrued Utility Revenues	17.	20.
Accts Receivable - Associates	6,130,605.	146,182.
Interest & Dividends Receivable	82.	83.
Misc. Current Assets	231,116.	253,539.
Prepayments	2,369,008.	2,341,910.
Regulatory Assets	7,140,823.	6,920,370.
Unrecovered Purchased Gas	7,594,300.	2,401,106.
Other Current Assets	128,900.	1,365,521.
Total	23,594,851.	13,428,731.

Sch L, Line 9 - Other investments		
Investment In Subsidiary	17,253,840.	17,606,369.
Total	17,253,840.	17,606,369.

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Sch L, Line 14 - Other assets	Beginning	Ending
Accumulated Dfrd Income Taxes	49,599,044.	69,803,829.
Construction Work In Progress	11,596,649.	24,550,265.
Misc. Dfrd Debits	4,696,838.	7,219,373.
Prelim Gas Survey & Investigation	2,214,634.	2,739,364.
Regulatory Assets	270,977,281.	264,073,559.
Unrecovered Purchased Gas	6,510,142.	
Other Assets	16,814,405.	953,912.
Total	362,408,993.	369,340,302.

Sch L, Line 16 - Accounts payable		
Accounts Payable	28,637,936.	33,220,101.
Total	28,637,936.	33,220,101.

Sch L, Line 17 - Mortgages, notes, bonds payable in less than 1 year		
Current Maturities	22,000,000.	
Total	22,000,000.	

Sch L, Line 18 - Other current liabilities		
Accrued Interest	350,196.	328,454.
Accrued Rate Refunds		1,268,777.
Accrued Taxes	1,401,074.	2,276,078.
Accrued Vacation	3,268,805.	3,478,914.
Accts Payable-Associates	12,263,162.	55,401,474.
Medical & Dental Liability Reserve	199,789.	259,792.
Obligations-Capital Lease	63,426.	48,733.
OPEB Liability Deferred	444,423.	303,696.
OPEB Liability-Cur	188,701.	214,009.
Other Accrued Liabilities	67,125,163.	64,658,027.
Regulatory Liabilities - Current	26,410,763.	3,568,988.
Tax Collections Payable	341,060.	505,780.
Total	112,056,562.	132,312,722.

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Sch L, Line 20 - Mortgages, notes, bonds payable in 1 year or more	Beginning	Ending
Notes Payable	356,390,000.	411,390,000.
Total	356,390,000.	411,390,000.

Sch L, Line 21 - Other liabilities		
Accum Dfrd Income Taxes	430,053,929.	485,801,489.
Asset Retirement Obligations	10,566,493.	
Obligations-Capital Lease	2,259,381.	2,177,034.
OPEB Liability-Deferred	3,053,583.	-1,548,625.
Other Deferred Credits	62,960,446.	45,270,089.
Other Liabilities	565,320.	126,360.
Outstanding Loss Reserves	234,321.	83,669.
Regulatory Liability-Income Taxes	-510,960.	2,512,634.
Regulatory Liabilities - Noncurrent	20,753,806.	32,842,186.
Total	529,936,319.	567,264,836.

Sch L, Line 22b - Common capital stock		
Capital Stock - Common	45,127,800.	45,127,800.
Total	45,127,800.	45,127,800.

Sch L, Line 23 - Additional paid-in capital		
Additional Paid-In Capital	7,679,577.	7,686,976.
Total	7,679,577.	7,686,976.

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Sch M-2, Line 3 - Other increases

Rounding	12.
Total	12.

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Form 4626 Detail

Line 2o - Contributions Adjustment

Regular Contributions	419,961.
AMT Contributions	419,961.
Contribution adjustment	NONE

Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
CUSTOMER ADVANCES RECEIVED		1,547,092.		1,547,092.
CONTRIBUTION IN AID OF CONSTRUCTION		106,110.		106,110.
Total		1,653,202.		1,653,202.

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Schedule M-3, Part II Detail

Line 28 - Other items with no differences

INCOME ACCRUED ON REGULATORY LIABILITY	1,723,550.
MISC NON-OPERATING INCOME	1,426,926.
SALES	512,158,281.
CUSTOMER ACCOUNTS EXPENSE	-8,679,057.
CUSTOMER SERVICE AND INFORMATIONAL EXPEN	-6,633,249.
GAS DISTRIBUTION MAINTENANCE EXP	-15,421,704.
GAS DISTRIBUTION OPERATING EXP	-26,916,769.
GAS UNDERGROUND STORAGE MAINTENANCE EXP	-41,356.
GENERAL ADVERTISING EXPENSE	-362,329.
GROSS RECEIPTS/STORAGE	-1,511.
LICENSE / FRANCHISE	-1,375.
MISCELLANEOUS GENERAL EXPENSES	-383,548.
NET WORTH OR CAPITAL STOCK TAXES	-331,334.
OFFICE SUPPLIES & EXPENSES	-2,581,685.
OTHER TAXES	-6,417.
OUTSIDE SERVICES EMPLOYED	-35,102,561.
PAYROLL TAXES	-2,078,006.
REGULATORY COMMISSION EXPENSE	-1,585,462.
RENTS	153,550.
SALES EXPENSE	-628,075.
UNDERGROUND STORAGE OPERATING EXPENSES	-405,937.
UTILITY RENT EXPENSE	-734,197.
Total	413,567,735.

Schedule M-3, Part III Detail

Line 37 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
A&G - RENT EXPENSE	4,462,384.	-156,890.	-930.	4,304,564.
A&G - SALARIES	3,981,016.	12,993.	-6,489.	3,987,520.
BUILDING LEASE WRITEDOWN/BUYOUTS		-106,958.		-106,958.
EMPLOYEE INSURANCE PLANS	-2,405,633.	-60,003.		-2,465,636.
ENVIRONMENTAL COSTS		-3,005.		-3,005.
EXPENSE ACCRUED ON REGULATORY ASSET	-2,158,589.	2,158,589.		
EXPENSE ACCRUED ON REGULATORY LIABILITY	2,508,447.	-2,508,447.		
INJURIES & DAMAGES	2,825,728.	150,652.		2,976,380.
OTHER EMPLOYEE BENEFITS	4,460,699.	-372,438.		4,088,261.
PROPERTY COST OF REMOVAL		348,152.		348,152.
PROPERTY INSURANCE	213,309.	-27,098.		186,211.
RATE REFUND	1,268,777.	-1,268,777.		
REAL ESTATE / PERSONAL PROPERTY TAXES	521,650.	51,224.		572,874.
REPAIRS		37,148,853.		37,148,853.
SALES/USE	496,479.	-112,497.		383,982.
SECTION 263A - MIXED SERVICE COSTS		14,185,338.		14,185,338.
LOBBYING EXPENSE	125,473.		-125,473.	
Total	16,299,740.	49,439,688.	-132,892.	65,606,536.

Form 4797, Page 1 Detail

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
Public Utility	VARIOUS	VARIOUS	179,010.	7,976,359.	11,653,911.	-3,498,542.
Land	VARIOUS	VARIOUS			183.	-183.
Part II 4797 Ordinary Gains and Losses						-3,498,725.

Form 8916-A, Part I Detail

Line 6 - Other items with differences

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
EXCHANGE GAS EXPENSE	-5,412,226.			-5,412,226.
NATURAL GAS PURCHASES	250,838,232.			250,838,232.
OTHER GAS SUPPLY EXPENSES	-13,378,653.			-13,378,653.
PURCHSE GAS ADJUSTMENT	11,309,413.	-11,703,336.		-393,923.
SYSTEM GAS LOSSES	3,340.	-3,340.		
Total	243,360,106.	-11,706,676.		231,653,430.

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Form 8916-A, Part II Detail

Part II Line 5 - Other Interest Income

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Income	969,873.	566,132.	-749,201.	786,804.
Total	969,873.	566,132.	-749,201.	786,804.

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Form 8916-A, Part III Detail

Line 4 - Other Interest Expense

Description	Per Income Stmt	Temporary Difference	Permanent Difference	Per Tax Return
Other Interest Expense	429,983.	-652,856.		-222,873.
Total	429,983.	-652,856.		-222,873.

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