

NISOURCE INC/DE
Form DEF 14A
April 07, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

NISOURCE INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

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- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(3) Filing Party:

(4) Date Filed:

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NiSource Inc.

801 E. 86th Avenue Merrillville, IN 46410 (877) 647-5990

NOTICE OF ANNUAL MEETING

April 7, 2015

To the Holders of Common Stock of NiSource Inc.:

The annual meeting of the stockholders (the Annual Meeting) of NiSource Inc., a Delaware corporation (the Company), will be held at the Hyatt Rosemont, 6350 N. River Road, Rosemont, IL 60018 on Tuesday, May 12, 2015, at 10:00 a.m., local time, for the following purposes:

- (1) To elect eleven directors to hold office until the next annual stockholders meeting and until their respective successors have been elected or appointed;
- (2) To approve executive compensation on an advisory basis;
- (3) To ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accountants for the year 2015;
- (4) To approve an amendment to the Company s Amended and Restated Certificate of Incorporation to give stockholders the power to request special meetings of the stockholders;
- (5) To approve an amendment to the Company s Amended and Restated Certificate of Incorporation to reduce the minimum number of Company directors from nine to seven;
- (6) To re-approve the Company s 2010 Omnibus Incentive Plan pursuant to Section 162(m) of the Internal Revenue Code;
- (7) To approve an amendment to the Company s Employee Stock Purchase Plan to increase the maximum number of shares available under the plan;
- (8) To consider a stockholder proposal regarding reports on political contributions, if properly presented; and

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(9) To transact such other business as may properly come before the meeting and any adjournment or postponement thereof. All persons who were stockholders of record at the close of business on March 16, 2015 will be entitled to vote at the Annual Meeting and any adjournment thereof.

Please act promptly to vote your shares with respect to the proposals described above. You may vote your shares by marking, signing, dating and mailing the enclosed proxy card. You may also vote by telephone or through the Internet by following the instructions set forth on the proxy card. If you attend the Annual Meeting, you may be able to vote your shares in person, even if you have previously submitted a proxy. See the section "Voting in Person" for specific instructions on voting your shares.

If you plan to attend the Annual Meeting, please so indicate in the space provided on the proxy card or respond when prompted on the telephone or through the Internet.

**PLEASE VOTE YOUR SHARES BY TELEPHONE, THROUGH THE INTERNET OR BY PROMPTLY
MARKING, DATING, SIGNING AND RETURNING THE ENCLOSED PROXY CARD.**

Robert E. Smith

Corporate Secretary

**Important Notice Regarding the Availability of Proxy Materials
For the Annual Meeting of Stockholders to be Held on May 12, 2015
The Proxy Statement and 2014 Annual Report to Stockholders
are available at <http://ir.nisource.com/annuals.cfm>**

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PROXY STATEMENT

The accompanying proxy is solicited on behalf of the Board of Directors of NiSource Inc. (the **Board**) for the 2015 annual meeting of the stockholders (the **Annual Meeting**) to be held at the Hyatt Rosemont, 6350 North River Road, Rosemont, IL 60018 on Tuesday, May 12, 2015 at 10:00 a.m., local time. The common stock, \$.01 par value per share, of the Company represented by the proxy will be voted as directed. If you return a signed proxy card without indicating how you want to vote your shares, the shares represented by the accompanying proxy will be voted as recommended by the Board **FOR** all of the nominees for director; **FOR** advisory approval of the compensation of the Company's Named Executive Officers; **FOR** the ratification of the appointment of Deloitte & Touche LLP (**Deloitte**) as the Company's independent registered public accountants for 2015; **FOR** both of the proposed amendments to the Company's Amended and Restated Certificate of Incorporation (the **Certificate of Incorporation**); **FOR** the re-approval of the Company's 2010 Omnibus Incentive Plan (the **Omnibus Plan**); **FOR** the proposed amendment to the Company's Employee Stock Purchase Plan; and **AGAINST** the stockholder proposal regarding reports on political contributions.

This Proxy Statement and the accompanying proxy card are first being sent to stockholders on April 7, 2015. We will bear the expense of this mail solicitation, which may be supplemented by telephone, facsimile, e-mail and personal solicitation by our officers, employees and agents. To aid in the solicitation of proxies, we have retained D.F. King for a fee of approximately \$9,500, plus reimbursement of expenses. We will also request brokerage houses and other nominees and fiduciaries to forward proxy materials, at our expense, to the beneficial owners of stock held on March 16, 2015, the record date for voting.

We use the terms NiSource, the Company, we, our and us in this proxy statement to refer to NiSource Inc.

Who May Vote

Holders of shares of common stock as of the close of business on March 16, 2015 are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. As of March 16, 2015, 317,257,855 shares of common stock were issued and outstanding. Each share of common stock outstanding on that date is entitled to one vote on each matter presented at the Annual Meeting.

Voting Your Proxy

If you are a stockholder of record (that is, if your shares of common stock are registered directly in your name on the Company's records), you may vote your shares by proxy using any of the following methods:

Telephoning the toll-free number listed on the proxy card;

Using the Internet website listed on the proxy card; or

Marking, dating, signing and returning the enclosed proxy card.

All votes must be received by the proxy tabulator by 11:59 p.m. Eastern Time on May 11, 2015.

If your shares are held in a brokerage account or by a bank or other stockholder of record (herein referred to as a **Broker**), you are considered a beneficial owner of shares held in street name. As a beneficial owner, you will receive proxy materials and voting instructions from the stockholder of record that holds your shares. You must follow the voting instructions in order to have your shares of common stock voted.

Discretionary Voting by Brokers, Banks and Other Stockholders of Record

If your shares are held in street name and you do not provide the Broker with instructions as to how to vote such shares, your Broker will only be able to vote your shares at its discretion on certain routine matters as permitted by New York Stock Exchange (**NYSE**) rules. The proposal to ratify the appointment of our independent registered public accountants is considered a routine matter. At this meeting, Brokers will only have discretionary authority to vote your shares with regard to the ratification of the appointment of Deloitte as our independent registered public accountants for 2015. Brokers will not have discretionary authority to vote your shares with respect to the election of directors, the advisory approval of executive compensation, either of the

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proposed amendments to our Certificate of Incorporation, the re-approval of the Omnibus Plan, the proposed amendment to our Employee Stock Purchase Plan, or the stockholder proposal. Therefore, it is important that you instruct your Broker or other nominee how to vote your shares.

If you hold your shares in our 401(k) Plan (401(k) Plan) administered by Fidelity Management Trust Company (Fidelity), you should instruct Fidelity how to vote your shares by one of the methods discussed in this Proxy Statement. If you do not instruct the 401(k) Plan how to vote your shares by completing and returning the proxy card or by using the telephone or Internet, or if you sign the proxy card with no further instructions as to how to vote your shares, the 401(k) Plan provides for Fidelity to vote your shares in the same proportion as the shares for which it receives instructions from all other participants, to the extent permitted under applicable law.

Voting in Person

You also may come to the Annual Meeting and vote your shares in person by obtaining and submitting a ballot that will be available at the meeting. However, if your shares are held in street name by a Broker, then, in order to be able to vote at the meeting, you must obtain an executed proxy from the Broker indicating that you were the beneficial owner of the shares on March 16, 2015, the record date for voting, and that the Broker is giving you its proxy to vote the shares.

If your shares are held in the 401(k) Plan, you will not be able to vote your shares at the meeting. In order to vote your shares you must provide instructions to Fidelity either by returning your proxy card or by voting via the telephone or internet no later than 11:59 p.m. Eastern Time on May 11, 2015.

Votes cast in person or represented by proxy at the meeting will be tabulated by the inspectors of election.

If you plan to attend the Annual Meeting, please so indicate when you vote, so that we may send you an admission ticket and make the necessary arrangements. Stockholders who plan to attend the meeting must present picture identification along with an admission ticket or evidence of beneficial ownership.

Revoking Your Proxy

You may revoke your proxy at any time before a vote is taken or the authority granted is otherwise exercised. To revoke a proxy, you may send to the Company's Corporate Secretary a letter (which must be received before a vote is taken) indicating that you want to revoke your proxy or you can supersede your initial proxy by submitting a duly executed proxy bearing a later date, voting by telephone or through the Internet on a later date, or attending the meeting and voting in person. Attending the Annual Meeting will not in and of itself revoke a proxy.

Quorum for the Meeting

A quorum of stockholders is necessary to take action at the Annual Meeting. A majority of the outstanding shares of common stock, present in person or represented by proxy, will constitute a quorum at the Annual Meeting. The inspectors of election appointed for the Annual Meeting will determine whether or not a quorum is present. The inspectors of election will treat abstentions and broker non-votes as present and entitled to vote for purposes of determining the presence of a quorum. A broker non-vote occurs when a Broker holding shares for a beneficial owner does not have discretionary authority to vote the shares and has not received instructions from the beneficial owner as to how the beneficial owner would like the shares to be voted.

PROPOSAL 1 ELECTION OF DIRECTORS

At the recommendation of the Corporate Governance Committee, the Board has nominated the persons listed below to serve as directors, each for a one-year term, beginning at the Annual Meeting on May 12, 2015 and running until the 2016 annual meeting of the Company's stockholders (the 2016 Annual Meeting). The nominees include ten independent directors, as defined in the applicable rules of the NYSE, and our President and Chief Executive Officer (CEO). The Board does not anticipate that any of the nominees will be unable to serve, but if any nominee is unable to serve, the proxies will be voted in accordance with the judgment of the person or persons voting the proxies.

All of the nominees currently serve on the Board.

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The Company has announced plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company, Columbia Pipeline Group, Inc. (CPG, Inc.). If the planned separation of CPG, Inc. from the Company (the Separation) occurs in mid-2015, we expect that six of the Company s directors Sigmund L. Cornelius, Marty R. Kittrell, W. Lee Nutter, Deborah S. Parker, Robert C. Skaggs and Teresa A. Taylor are expected to resign from the Company s Board and will become directors of CPG, Inc. The other five Company directors Richard A. Abdo, Aristides S. Candris, Michael E. Jesanis, Richard L. Thompson and Carolyn Y. Woo will continue to serve on the Company s Board until the 2016 Annual Meeting. In addition, in connection with the Separation, Joseph Hamrock is expected to become CEO of the Company and to be named to the Company s Board. Mr. Hamrock is currently Executive Vice President and Group CEO of the Company s gas distribution business unit and one of the Company s Named Executive Officers for 2014. Mr. Hamrock is not a nominee for director at the Annual Meeting.

The following chart gives information about all nominees (each of whom has consented to being named in the proxy statement and to serving if elected). The dates shown for service as a director include service as a director of the Company and its corporate predecessor.

Vote Required

In order to be elected, a nominee must receive more votes cast in favor of his or her election than against election. Abstentions by those present or represented by proxy and broker non-votes will not be voted with respect to the election of directors and therefore will have no effect on the outcome.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED BELOW.

Name, Age and Principal Occupations for Past Five Years and Directorships Held Directors Expected to Remain on the Board Following the Separation:	Has Been a Director Since
<p>Richard A. Abdo, 71 Since May 2004, Mr. Abdo has been President of R.A. Abdo & Co. LLC, Milwaukee, Wisconsin, an environmental and energy consulting firm. Prior thereto, Mr. Abdo was Chairman and CEO of Wisconsin Energy Corporation from 1991 until his retirement in April 2004. He also served as President of Wisconsin Energy Corporation from 1991 to April 2003. Mr. Abdo is also a director of A.K. Steel Corporation and ZBB Energy Corp.</p> <p>By virtue of his former positions as Chairman and CEO of a large electric and gas utility holding company, as well as his current positions as director of one other energy-related company and a steel maker that is a major user of energy, Mr. Abdo has extraordinary expertise and experience with the issues facing the energy industry in general and public utilities in particular. As a former CEO, Mr. Abdo has deep understanding about the issues facing executive management of a major corporation. Mr. Abdo s credentials as a registered professional engineer in several states allow him to offer a unique technical perspective on certain issues under consideration by the Board. As a long-time champion of humanitarian and social causes, including on behalf of the Lebanese-American community, Mr. Abdo brings expertise and understanding with respect to social issues confronting the Company. His commitment to and work on behalf of social causes earned him the Ellis Island Medal of Honor, presented to Americans of diverse origins for their outstanding contributions to their own ethnic groups and to American society.</p>	<p>2008</p>

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Name, Age and Principal Occupations

for Past Five Years and Directorships Held

**Has Been a
Director Since
2012**

Aristides S. Candris, 63

Dr. Candris was President and CEO of Westinghouse Electric Company (Westinghouse), Pittsburgh, Pennsylvania, a unit of Tokyo-based Toshiba Corp., from July 2008 until his retirement on March 31, 2012. During his 36 years of service at Westinghouse, Dr. Candris served in various positions, including Senior Vice President, Nuclear Fuel from September 2006 to July 2008. Dr. Candris was also on the board of Westinghouse until October 1, 2012 and is a director of Kurion, Inc.

Dr. Candris is a nuclear scientist and engineer, and has significant experience gained through leading a global nuclear power company. His knowledge of the electric industry gives him significant insight on the issues impacting the electric utility industry. His experience managing highly technical engineering operations is valuable as we build and maintain facilities to address increasing environmental regulations and make long-term strategic decisions on electric power generation. His technical and management skills are helpful as we build and modernize both our transmission and distribution systems. Dr. Candris' experience developing customer focused programs and attaining excellence in business processes and behaviors is insightful as we better meet the increasing expectations of customers and regulators. He serves on the Boards of Carnegie Mellon University and Transylvania University. He also serves on the Board of Directors for The Hellenic Initiative.

Michael E. Jesanis, 58

2008

Since July 2013, Mr. Jesanis has been a co-founder and Managing Director of HotZero, LLC, a firm formed to develop hot water district energy systems in New Hampshire. Mr. Jesanis has also, since November 2007, been a principal with Serrafix, Boston, Massachusetts, a firm providing energy efficiency consulting and implementation services, principally to municipalities. Mr. Jesanis also serves as an advisor to several startups in energy related fields. From July 2004 through December 2006, Mr. Jesanis was President and CEO of National Grid USA, a natural gas and electric utility, and a subsidiary of National Grid plc, of which Mr. Jesanis was also an Executive Director. Prior to that, Mr. Jesanis was Chief Operating Officer of National Grid USA from January 2001 to July 2004. Mr. Jesanis also is a director of Ameresco, Inc.

By virtue of his former positions as President and CEO, Chief Operating Officer and, prior thereto, Chief Financial Officer (CFO) of a major electric and gas utility holding company, as well as his current role with an energy efficiency consulting firm, Mr. Jesanis has extraordinarily broad and deep experience with regulated utilities. He has strong financial acumen and extensive managerial experience, having led modernization efforts in the areas of operating infrastructure improvements, customer service enhancements and management-team development. Mr. Jesanis also demonstrates a commitment to education as the former chair of the board of a college and a current trustee (and past chair of the audit committee) of a university. As a result of his former senior managerial roles and his non-profit board service, Mr. Jesanis also has particular expertise with board governance issues.

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Name, Age and Principal Occupations for Past Five Years and Directorships Held	Has Been a Director Since
<p>Richard L. Thompson, 75 Independent Chairman of the Board since May 2013. Prior to his retirement in 2004, Mr. Thompson was Group President, Caterpillar Inc., Peoria, Illinois, a leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. Mr. Thompson also is lead director of Lennox International, Inc. He was also on the board of Gardner Denver Inc. from November 1998 to July 2013.</p> <p>In his prior role as Group President of a large, publicly traded manufacturing company, Mr. Thompson had responsibility for its gas turbine and reciprocating engine business, as well as research and development activities. By virtue of this and prior positions, Mr. Thompson possesses significant experience in energy issues generally and gas turbine electric power generation and natural gas pipeline compression in particular. He is a graduate electrical engineer with experience in electrical transmission system design and generation system planning. This experience provides Mr. Thompson a valuable understanding of technical issues faced by the Company.</p>	<p>2004</p>
<p>Carolyn Y. Woo, 60 Since January 2012, Dr. Woo has been President and CEO of Catholic Relief Services, the international humanitarian agency of the Catholic community in the United States. Prior thereto, Dr. Woo was Martin J. Gillen Dean and Ray and Milann Siegfried Professor of Entrepreneurial Studies, Mendoza College of Business, University of Notre Dame, Notre Dame, Indiana. Dr. Woo is also a director of AON Corporation.</p> <p>Dr. Woo's current position as President and CEO of an international organization provides her with knowledge and experience in managing a large organization. Her experience as the dean of a major business school and her experience as a professor of entrepreneurship provided her a deep understanding of business principles and extensive expertise with management and strategic planning issues. Through her current and previous service on the boards of directors, audit committees and compensation committees of a number of public companies, including a global reinsurance and risk management consulting company, a pharmaceutical distribution company, an international automotive manufacturer and a financial institution, Dr. Woo has developed an excellent understanding of corporate governance, internal control, financial and strategic analysis and risk management issues. Dr. Woo is a leader in the areas of corporate social responsibility and sustainability, which adds an important perspective to the Company. She is also a current and past board member of several non-profit organizations, including an international relief organization, a global business school accreditation organization, leadership development organizations and an educational organization. This commitment to social and educational organizations provides Dr. Woo with an additional important perspective on the various community and social issues confronting the Company in the various communities that the Company serves.</p>	<p>1998</p>

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Name, Age and Principal Occupations for Past Five Years and Directorships Held	Has Been a Director Since
Directors Expected to Resign from the Board in Connection with the Separation:	
Sigmund L. Cornelius, 60 Since April 1, 2014, Mr. Cornelius has been President and Chief Operating Officer of Freeport LNG, LLC. From October 2008 to October 2010, Mr. Cornelius served as Senior Vice President, Finance and CFO of ConocoPhillips, Houston, Texas, an integrated energy company, before retiring at the end of 2010. During his 30-year tenure at ConocoPhillips, Mr. Cornelius served in various positions, including Senior Vice President, Planning, Strategy and Corporate Affairs from September 2007 to October 2008; Regional President, Exploration & Production-Lower 48 from 2006 to September 2007; and President, Global Gas from 2004 to 2006. Mr. Cornelius served on the board of DCP Midstream L.P. from 2007 to 2008 and is also a director of USEC, Inc., Carbo Ceramics Inc., Western Refining, Inc. and Parallel Energy Inc.	2011
Mr. Cornelius has significant experience in the oil and natural gas industry, which enables him to provide valuable insight on issues impacting our pipeline business. He also has significant experience in exploration, production as well as the midstream business, which is valuable to us as we expand our presence in the Utica and Marcellus Shale gas plays. In addition, as the former CFO of a public company, he has extensive experience and skills in the areas of corporate finance, accounting, strategic planning and risk oversight.	
Marty R. Kittrell, 58 In February 2011, Mr. Kittrell retired as Executive Vice President & CFO of Dresser, Inc. (Dresser), Addison, Texas, after serving in that capacity since December 2007. Dresser, a worldwide leader in providing highly engineered products for the global energy industry, was acquired by General Electric Company in February 2011. Prior to joining Dresser, Mr. Kittrell was Executive Vice President and CFO of Andrew Corporation from October 2003 to December 2007. Mr. Kittrell is also a director of On Assignment, Inc.	2007
Mr. Kittrell brings to the Board over 25 years of experience as a CFO, having served in that role at several public companies. As a result of this experience, he has significant expertise with financial reporting issues facing the Company, including Securities and Exchange Commission reporting, and Sarbanes-Oxley internal control design and implementation. His position with a company that supplies infrastructure products to the energy industry gives Mr. Kittrell a particular familiarity with the issues facing the Company's gas transmission and storage and gas distribution businesses. Mr. Kittrell also has extensive experience with mergers and acquisitions and capital markets transactions. He formerly practiced accounting with a national accounting firm and is an active member of the American Institute of CPAs, the National Association of Corporate Directors, and Financial Executives International. Mr. Kittrell also serves on the Executive Committee and as Chair of the Finance and Real Estate Committee of Lipscomb University.	

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Name, Age and Principal Occupations

for Past Five Years and Directorships Held

**Has Been a
Director Since
2007**

W. Lee Nutter, 71

Prior to his retirement in 2007, Mr. Nutter was Chairman, President and CEO of Rayonier, Inc., Jacksonville, Florida, a leading supplier of high performance specialty cellulose fibers and owner of timberlands and other higher value land holdings. Mr. Nutter was a director of Rayonier, Inc. from 1996 to 2009. He is also a director of Republic Services Inc. and the non-executive Chairman of J.M. Huber Corporation. He is also a member of the Advisory Board at the University of Washington Foster School of Business.

Mr. Nutter's former positions as Chairman and CEO of a forest products company, and his current positions as director of one company engaged in waste management and another involved in the forest products and energy industries, give him a particular familiarity with the issues involved in managing natural resources. These issues include compliance with environmental laws and exercising responsible environmental stewardship. Mr. Nutter also has an extensive background and familiarity in human resource and compensation issues, which complements well his service as chair of the Company's Officer Nomination and Compensation Committee. In addition, as a former CEO, Mr. Nutter understands how to address the complex issues facing major corporations.

Deborah S. Parker, 62

Ms. Parker retired as Senior Vice President, Quality and Environmental, Health and Safety of Alstom Power, a business segment of Alstom, in August 2014, after serving in that capacity since April 2011. Alstom Power, a global leader in power generation located in Zurich, Switzerland, has agreed to be acquired by General Electric Company. From April 2008 until April 2011, Ms. Parker was President and CEO of International Business Solutions, Inc. (IBS), Washington, D.C., a provider of strategic planning and consulting services to profit and not-for-profit organizations. Before joining IBS, Ms. Parker was Executive Vice President and Chief Operations Officer of the National Urban League from July 2007 through April 2008. Prior thereto, Ms. Parker served in numerous operating positions, including Vice President of Global Quality at Ford Motor Company. During her tenure at Ford Motor Company, Ms. Parker also served as CEO and Group Managing Director at Ford Motor Company of Southern Africa (Pty) Ltd. from September 2001 to December 2004.

Ms. Parker brings a unique combination of community development and industrial management experience to the Board. As a Senior Vice President of Quality, Environmental, Health and Safety of a global power generation firm, she brings knowledge and understanding of operations, health and safety issues that are valuable to us as we execute on our commitment to increase our investment in environmental projects and focus on safety. As a former CEO of a consulting firm and Chief Operating Officer of a national civil rights organization dedicated to economic empowerment of historically underserved urban communities, Ms. Parker brings expertise and understanding with respect to the social and economic issues confronting the Company and the communities it serves. As a result of her 23-year career at a global manufacturing company, Ms. Parker has extensive experience managing industrial operations, including turning around several struggling business units, finding innovative solutions to management and union issues, implementing quality control initiatives and rationalizing manufacturing and inventory. This experience positions her well to provide valuable insights on the Company's operations and processes, as well as on social issues confronting the Company.

2007

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Name, Age and Principal Occupations for Past Five Years and Directorships Held	Has Been a Director Since
<p>Robert C. Skaggs, Jr., 60 Chief Executive Officer of the Company since July 2005 and President of the Company since October 2004. Prior thereto, Mr. Skaggs served as Executive Vice President, Regulated Revenue from October 2003 to October 2004; President of Columbia Gas of Ohio, Inc. from February 1997 to October 2003; President of Columbia Gas of Kentucky, Inc. from January 1997 to October 2003; President of Bay State Gas Company and Northern Utilities from November 2000 to October 2003; and President of Columbia Gas of Virginia, Inc., Columbia Gas of Maryland, Inc. and Columbia Gas of Pennsylvania, Inc. from December 2001 to October 2003.</p> <p>The Board believes it is important that the Company's CEO serve on the Board. Mr. Skaggs has a unique understanding of the challenges and issues facing the Company. During his nearly 32 years with the Company, he has served in a variety of positions across the organization, including the legal and finance departments, President of a number of our gas distribution subsidiaries, and Executive Vice President, Regulated Revenue, where he was responsible for developing regulatory strategies and leading external relations across all of our energy distribution markets, as well as our interstate pipeline system. He also led regulated commercial activities, including large customer and marketer relations, energy supply services, as well as federal governmental relations. This wide and deep experience provides an incomparable knowledge of our operations, our markets and our people. Over the course of his career, Mr. Skaggs has been involved in a wide array of community-based organizations as well as a number of industry organizations, further providing him with a valuable perspective on the communities the Company serves and the issues facing our industry. He served as Chairman of the American Gas Association in 2010.</p>	2005
<p>Teresa A. Taylor, 51 Ms. Taylor is currently CEO of Blue Valley Advisors, LLC. Ms. Taylor served as Chief Operating Officer of Qwest Communications, Inc. (Qwest), Denver, Colorado, from August 2009 to April 2011. Prior thereto, she was Executive Vice President, Business Markets Group of Qwest from January 2008 to April 2009 and served as Executive Vice President and Chief Administrative Officer from December 2005 to January 2008. Ms. Taylor served in various positions with Qwest and the former US West since 1987. Ms. Taylor also is a director of T-Mobile USA, Inc. and First Interstate BancSystem, Inc.</p> <p>In her position as Chief Operating Officer, Ms. Taylor was responsible for the daily operations of a publicly traded telecommunications company. In this role, she led a senior management team responsible for field support, technical development, sales, marketing, customer support and information technology systems. During her 24-year tenure with Qwest and US West, she held various leadership positions responsible for strategic planning and execution, sales, marketing, product development, human resources, corporate communications and social responsibility. Ms. Taylor is keenly aware of the technical and managerial skills necessary to operate a customer service company in a complex regulatory and competitive business environment. This experience will provide valuable insights to the Company as it operates in multiple regulatory environments and develops products and customer service programs to meet the expectations of our customers.</p>	2012

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CORPORATE GOVERNANCE

Director Independence

Under our Corporate Governance Guidelines, a majority of the Board must be comprised of independent directors. In order to assist the Board in making its determination of director independence, the Board has adopted categorical standards of independence consistent with the standards contained in Section 303A.02(b) of the NYSE Corporate Governance Standards. The Board also has adopted an additional independence standard providing that a director who is an executive officer of a company that has made payments to or received payments from the Company for property or services within the last three years in excess of 1% of such other company's consolidated gross revenues is not independent until three years after payments fall below that threshold. A copy of our Corporate Governance Guidelines is posted on our website at <http://ir.nisource.com/governance.cfm>.

The Board has affirmatively determined that, with the exception of Mr. Skaggs, all of the members of the Board and all nominees are independent directors as defined in Section 303A.02(b) of the NYSE Corporate Governance Standards and meet the additional standard for independence set by the Board.

Policies and Procedures with Respect to Transactions with Related Persons

We have established policies and procedures with respect to the review, approval and ratification of any transactions with related persons as set forth in the Audit Committee Charter and the Code of Business Conduct.

Under its Charter, the Audit Committee is charged with the review of reports and disclosures of insider and affiliated party transactions. Under the Code of Business Conduct, the following situations must be reviewed to determine if they involve a direct or indirect interest of any director, executive officer or employee (including immediate family members):

owning more than a 10% equity interest or a general partner interest in any entity that transacts business with the Company (including lending or leasing transactions, but excluding the receipt of utility service from the Company at tariff rates), if the total amount involved in such transactions may exceed \$120,000;

selling anything to the Company or buying anything from the Company (including lending or leasing transactions, but excluding the receipt of utility service from the Company at tariff rates), if the total amount involved in such transactions may exceed \$120,000;

consulting for or being employed by a competitor of the Company; and

being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member employed by the Company.

Related party transactions requiring review under the Code of Business Conduct are annually reviewed and, if appropriate, ratified by the Audit Committee. Directors, individuals subject to Section 16 of the Securities Exchange Act of 1934 (Section 16 Officers) and senior executive officers are expected to raise any potential transactions involving a conflict of interest that relates to them with the Audit Committee so that they may be reviewed in a prompt manner.

There were no transactions between the Company and any officer, director or nominee for director, or any affiliate of or person related to any of them, since January 1, 2014 of the type or amount required to be disclosed under the applicable Securities and Exchange Commission (SEC) rules.

Executive Sessions of Non-Management Directors

To promote open discussion among the non-management directors, the Board schedules regular executive sessions at meetings of the Board and each of its Committees. The non-management members met separately from management six times in 2014 in sessions at which the independent

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Chairman of the Board presided. All of the non-management members are independent directors as defined under the applicable NYSE and SEC rules.

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Communications with the Board and Non-Management Directors

Stockholders and other interested persons may communicate any concerns they may have regarding the Company as follows:

Communications to the Board may be made to the Board generally, any director individually, the non-management directors as a group, or the Chairman of the Board, by writing to the following address:

NiSource Inc.

Attention: Board of Directors, or any Board member, or non-management directors, or Chairman of the Board

c/o Corporate Secretary

801 East 86th Avenue

Merrillville, Indiana 46410

The Audit Committee has approved procedures with respect to the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or audit matters. Communications regarding such matters may be made by contacting the Company's Ethics and Compliance Officer at ethics@nisource.com, calling the business ethics hotline at 1-800-457-2814, or writing to:

NiSource Inc.

Attention: Director, Corporate Ethics

801 East 86th Avenue

Merrillville, Indiana 46410

Code of Business Conduct

The Company has adopted a Code of Business Conduct to promote (i) ethical behavior including the ethical handling of conflicts of interest, (ii) full, fair, accurate, timely and understandable financial disclosure, (iii) compliance with applicable laws, rules and regulations, (iv) accountability for adherence to our code and (v) prompt internal reporting of violations of our code. Our Code of Business Conduct satisfies applicable SEC and NYSE requirements and applies to all directors, officers (including our principal executive officer, principal financial officer, principal accounting officer and controller) as well as employees of the Company and its affiliates. A copy of our Code of Business Conduct is available on our website at <http://ir.nisource.com/governance.cfm> and also is available to any stockholder upon written request to our Corporate Secretary.

Any waiver of our Code of Business Conduct for any director, Section 16 Officer or senior executive may be made only by the Audit Committee of the Board and must be promptly disclosed to the extent and in the manner required by the SEC or the NYSE and posted on our website. No such waivers have been granted.

Corporate Governance Guidelines

The Corporate Governance Committee is responsible for annually reviewing and reassessing the Corporate Governance Guidelines and will submit any recommended changes to the Board for its approval. A copy of the Corporate Governance Guidelines can be found on our website at <http://ir.nisource.com/governance.cfm> and is also available to any stockholder upon written request to the Company's Corporate Secretary.

Board Leadership Structure and Risk Oversight

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Our Corporate Governance Guidelines state that the Company should remain free to configure leadership of the Board in the way that best serves the Company's interests at the time and, accordingly, the Board has no fixed policy with respect to combining or separating the offices of Chairman and CEO. If the Chairman is not an independent director, an independent lead director will be chosen annually by the Corporate Governance Committee. The Chairman or, if the Chairman is not an independent director, the lead director will serve as chair of the Corporate Governance Committee and as the presiding director for purposes of the NYSE rules.

Since late 2006, the offices of Chairman and CEO of the Company have been held by different individuals, with the Chairman being an independent director. In deciding to separate the offices, the Board determined that having a director with a long tenure serve as Chairman would help ensure continuity and stability. At this time, the Board believes that the independent Chairman arrangement serves the Company well.

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The Board takes an active role in monitoring and assessing the Company's risks, which include risks associated with operations, credit, energy supply, financing, capital investments, and compensation policies and practices. The Board administers its oversight function through utilization of its various committees, as well as through a Risk Management Committee, consisting of members of our senior management, which is responsible for the risk management process. Senior management provides an annual report on our risks to the Board and to the Audit Committee. Additionally, the Audit Committee discusses with management and the independent auditor the effect of regulatory and accounting initiatives on the Company's financial statements and is responsible for review and evaluation of the Company's major risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee reviews and assesses the adequacy of the Company's Risk Management Committee Charter annually and amends the charter as appropriate. In addition, the Finance Committee, Officer Nomination and Compensation (ONC) Committee and the Environmental, Safety and Sustainability (ESS) Committee are each charged with overseeing the risks associated with their respective areas of responsibility.

Meetings and Committees of the Board

The Board met fourteen times during 2014. Each director attended at least 93% of the total number of the Board meetings and the meetings of the committees of which he or she was a member. Pursuant to our Corporate Governance Guidelines, all directors are expected to attend the Annual Meeting. All incumbent directors attended the 2014 Annual Meeting of Stockholders.

The Board has established five standing committees to assist the Board in carrying out its duties: the Audit Committee, the Corporate Governance Committee, the ESS Committee, the Finance Committee, and the ONC Committee. The Board evaluates the structure and membership of its committees on an annual basis and appoints the independent members of the Board to serve on the committees and elects committee chairs following the Annual Meeting of Stockholders. The following tables show the composition of each Board committee during 2014. Mr. Skaggs does not serve on any committee but is invited to attend various committee meetings. Mr. Thompson who is Chairman of the Board, also serves as the Chair of the Corporate Governance Committee and is invited to attend all meetings of each of the standing committees.

Board Committee Composition