# NISOURCE INC.

## CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines were adopted by the Board of Directors (the "Board") of NiSource Inc. (the "Company") and, along with the charters of the board committees, are intended to provide the framework of governance of the Company.

## A. Composition of the Board of Directors

1. Size. The Board believes it should have between 7 and 12 members. This size makes the Board large enough to allow for a diversity of perspectives and backgrounds without being so large as to impede effective discussion. The quality of the individuals serving and the overall balance of the Board is more important than the precise number of members. The Nominating and Governance Committee periodically reviews the size of the Board, and these considerations could lead the Nominating and Governance Committee to recommend to the Board, from time to time, a smaller or larger Board, subject to the limitations contained in the Company's certificate of incorporation.

2. Independence. A majority of the Board consists of "independent directors," as defined under New York Stock Exchange ("NYSE") rules. No director shall qualify as "independent" unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In order to assist the Board in making this determination, the Board has adopted, as categorical standards of independence, the standards contained in the NYSE rules, with the following additional standard: a director who is an executive officer or director of a company that receives payments from the Company in an amount which exceeds 1% of such other company's consolidated gross revenues is not "independent" until three years after falling below such threshold. The Company will disclose, in its annual proxy statement, the names of those directors that the Board has determined to be independent under the rules and the categorical standards. In addition, for purposes of Audit Committee independence only, no member of the Audit Committee may accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary of the Company or be an affiliated person of the Company or any subsidiary of the Company. Further, for purposes of the Compensation Committee independence only, to the extent required by the NYSE rules, the Board shall consider all factors specifically relevant to determining whether a director has a relationship to the Corporation which is material to the director's ability to be independent from management in connection with the duties of a Compensation Committee member.

3. Retirement. In the course of its self-evaluation described below, the Board will periodically evaluate the performance of individual directors, including the appropriate time for retirement of directors. However, no director after having attained the age of 72 years will be nominated for re-election to the Board unless the Board determines that said nomination is in the best interests of the Company.

4. Change of Principal Occupation or Business Association. Independent directors whose principal occupation or business association substantially changes shall promptly provide

notice to the Chair of the Nominating and Governance Committee of the change which shall include a letter of resignation from the Board that shall be conditioned upon the Board's acceptance of the same. The Nominating and Governance Committee shall recommend to the Board whether continued service of the Board member is advisable. It is not the sense of the Board that a director who retires from or changes his or her principal occupation or business association should necessarily leave the Board. However, the Board should have an opportunity through the Nominating and Governance Committee to review the continued appropriateness of Board membership under the circumstances.

5. Candidates. The Board as a whole is responsible for selecting candidates for director. The Nominating and Governance Committee is responsible for screening and recommending candidates.

a. Qualifications of Each Board Member. The Nominating and Governance Committee seeks to identify, as candidates for director, persons who (a) meet both the NYSE's independence standards and the independence standards of the Company, (b) are free from conflicts of interest that could interfere with their duties to the Company and its stockholders, (c) have a reputation for and record of integrity and good business judgment, (d) have experience in positions with a high degree of responsibility and are leaders in the organizations with which they are affiliated, (e) have an understanding of or experience with complex companies or organizations, (f) have the ability to work collegially and collaboratively with other directors and management, (g) are willing and able to make the necessary commitment of time and attention required for effective Board service, including limiting their service on other boards to a reasonable number, and (h) have risk oversight ability with respect to their particular skills and experience.

b. Skills and Experience of the Board as a Whole. The Nominating and Governance Committee also takes into account skills and experience that the Board as a whole should possess, including relevant business, academic, industry and financial expertise (including financial literacy), as well as racial, ethnic and gender diversity. The Nominating and Governance Committee monitors the mix of skills and experience of the members of the Board in order to assess whether the Board has the necessary tools to perform its oversight function effectively.

6. Term Limits. Although the Nominating and Governance Committee will consider length of service in recommending candidates for re-election, the Board does not believe that adopting a set term limit for directors serves the interests of the Company.

7. Service on Other Boards. The Board does not believe that fixing a specific limitation on the number of directorships a member of the Board may hold serves the interests of the Company. The Board recognizes that service on too many boards may interfere with the ability of a director to perform his or her responsibilities as a director, and the Nominating and Governance Committee will take into account the competing demands on a person's time in deciding whether or not to recommend to the Board such person's nomination or renomination as a director. Directors shall notify the Chair of the Nominating and Governance Committee prior to accepting membership on another public company board. A member of the Audit Committee may not serve on the audit committee of more than two additional public companies.

8. Leadership. The Board should remain free to configure leadership of the Board and the Company in the way that best serves the Company's interests at the time and, accordingly, has no fixed policy with respect to combining or separating the offices of Chairman and Chief Executive Officer ("CEO"). If the Chairman is not an independent director, a Lead Director shall be chosen annually by the Board, taking into account the recommendation of the Nominating and Governance Committee. The Chairman, or, if the Chairman is not independent, the Lead Director shall be the presiding director for purposes of NYSE rules.

9. Compensation. Director compensation should be set by the Board. The Nominating and Governance Committee, with the assistance of the Company's staff, reviews the amount and composition of director compensation from time to time and makes recommendations to the Board when it concludes changes are needed. In recommending director compensation, the Nominating and Governance Committee considers the potential negative effect on director independence if director compensation and perquisites exceed customary levels.

10. Resignation of Incumbent Directors. Each director who is recommended for re-election by the Board in an election in which the only nominees are those who have been recommended by the Board must execute a conditional resignation, effective only if both (a) the votes against his or her election exceed the votes in favor of his or her election (a "failed re-election") and (b) such resignation is subsequently accepted by the Board. Any failed re-election will be referred to the Nominating and Governance Committee, which will make a recommendation to the Board as to whether to accept or reject the resignation. The Board will make a determination and publicly disclose its decision, the rationale for the decision and the directors who participated in the process within 90 days after the election.

The Board expects the director who has had a failed re-election to abstain from participating in the Nominating and Governance Committee or Board discussion or vote regarding whether to accept his or her resignation offer. A director who has had a failed re-election may participate in discussions or votes with respect to other directors who have had a failed re-election.

## B. Responsibilities of Directors; Meeting Attendance and Preparation

1. General Responsibilities of Directors. Directors are expected to exercise their business judgment in good faith and in what they reasonably believe to be the best interests of the Company and its stockholders. In discharging those obligations, directors should be entitled to rely on the honesty and integrity of the Company's senior management and outside advisors and auditors.

2. Indemnification. Directors shall be entitled to indemnification to the fullest extent permitted by law and by the Company's charter and bylaws and to exculpation as provided by state law and by the Company's charter. Directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf.

3. Frequency of Meetings. The number of regularly scheduled Board meetings will vary with circumstances, although it is expected that the Board will hold a minimum of four regularly scheduled meetings per year. Additionally, special meetings will be called as necessary.

4. Agendas. The Chairman of the Board is responsible for setting and circulating in advance an agenda for each meeting of the Board. Any director may suggest items for inclusion on the agenda or may raise, at any Board meeting, subjects that are not on the agenda for that meeting. The Board expects that meeting agendas will include on a regular basis a review of financial performance and a review of the Company's business strategies and practices.

5. Meeting Attendance and Preparation. Directors are expected to attend all Board meetings and to spend the time needed to discharge their responsibilities as directors. Materials with respect to matters on which action is expected to be taken are circulated to the Board at least several days in advance of the meeting whenever possible, and directors are expected to review these materials in advance of the meeting. Financial reports, certain Committee minutes and other background materials are also circulated in advance of the meeting and during months when the Board is not scheduled to meet.

6. Attendance at Annual Meeting of Stockholders. Directors are expected to attend the annual meeting of the Company's stockholders.

7. Executive Sessions. The non-management members of the Board meet, without management, at regularly scheduled executive sessions which may take place before or after a regularly scheduled meeting of the full board. The Chairman, or if the Chairman is not independent, the Lead Director, presides at the executive sessions.

8. Communications with Directors. The Company discloses, in its annual proxy statement and on its website, one or more methods by which stockholders and other interested parties may communicate directly with the Board of Directors, including the Chairman or Lead Director, as the case may be, who presides over executive sessions of the Board, individual directors and the independent directors as a group.

9. Access to Employees, Outside Advisors and Independent Auditor. The Board expects that senior officers of the Company will regularly attend Board and Committee meetings, present proposals and otherwise assist in the work of the Board. Members of the Board have direct access to all of the Company's employees, outside advisors and independent auditor.

10. Authority to Engage Advisors. The Board has the power to hire independent legal, financial or other advisors as it deems necessary, without consulting or obtaining the approval of any officer of the Company in advance, and the Company will pay any fees and expenses incurred in connection with the engagement.

11. Confidentiality. The proceedings and deliberations of the Board and its committees are confidential. Each director is expected to maintain the confidentiality of information received in connection with his or her service as a director.

## C. Committees of the Board

1. Numbers and Composition of Committees. The Company will have at all times Audit, Nominating and Governance, Compensation, Finance and Environmental, Safety and Sustainability Committees. The responsibilities of each Committee and any membership requirements are contained in, or set by the Board pursuant to, the Company's bylaws and

charters approved by the Board. The Company will comply with all applicable NYSE rules and regulatory requirements concerning the membership of the Audit, Nominating and Governance, and Compensation Committees, including those with respect to the independence of the directors who serve on those Committees. The Nominating and Governance Committee reviews the Committee structure of the Board and the membership of the various Committees at least annually and makes recommendations for any changes to the Board.

2. Committee Chairs and Membership. The Board believes that Committee assignments should be based on the director's knowledge, interests and areas of expertise. As provided in Section A.8 above, the Chairman or, if the Chairman is not independent, the Lead Director will serve as chair of the Nominating and Governance Committee. All other Committee Chairs are appointed annually with the expectation that they each will typically serve in that capacity for no more than five consecutive years.

3. Committee Meeting Procedures. The Committee Chair, in consultation with the Committee members and the officer supporting the Committee, determines the frequency of Committee meetings. Directors are expected to attend all meetings of the Committees on which they sit and to spend the time needed to discharge their responsibilities as members of those Committees. The agenda and any background materials for Committee meetings may be developed in consultation with Committee members, management, or the officer responsible for supporting the Committee and are circulated in advance of a meeting whenever practical. Committee members are expected to review these materials in advance of the meeting. The Committee Chairs report to the Board after each meeting, and the minutes of the Committee meetings are circulated to the Board.

## D. Role with Respect to Management

1. Evaluation of Executive Officers. A key responsibility of the Board is to monitor the performance of the CEO and, in consultation with the CEO, the performance of the Company's other executive officers. The Compensation Committee conducts a periodic review of the Company's executive officers development and succession plan (other than the CEO succession plan) and reports its findings and recommendations to the Board.

2. Succession Planning. The Nominating and Governance Committee reviews the CEO succession plan and reports its findings and recommendations to the Board, and works with the Board in evaluating potential successors to the CEO.

3. Communication. Management speaks for the Company. Inquiries from institutional investors, the press and others should be referred to the CEO or other appropriate officers. Individual directors may from time to time meet with various constituencies of the Company, but the Board expects that this would be done only with its concurrence or that of management.

## E. Director Stock Ownership

Non-employee directors of the Company are required to hold Company stock in an amount equal to or greater than five times the annual cash retainer paid to directors by the Company. Company equity that counts toward satisfaction of this requirement includes:

- Personal stock holdings, including shares purchased on the open market;
- Stock units obtained through director compensation plans;
- Shares beneficially owned in a trust, by a spouse or other immediate family member residing in the same household; and
- Stock fund balances under any nonqualified deferred compensation plan or arrangement.

Ownership levels should be achieved within five years of first appointment to the Board. Adherence to the ownership requirement will be measured annually using the retainer amount in effect on December 31, the number of shares or stock units owned on December 31 and the average stock price during the six-month period of July 1 to December 31. Once a director attains compliance with the ownership requirement, he or she will not be considered to fall out of compliance solely due to subsequent stock price declines.

Until such time as the director satisfies the stock ownership requirements, the director will be required to hold 50% of shares received upon the lapse of any restrictions on restricted stock or units obtained through director compensation plans (net of any shares utilized to pay for tax withholding). Notwithstanding the foregoing, the application of the consequences of this paragraph shall not apply to any director who experiences a bona fide immediate and heavy financial hardship as determined in the sole discretion of the Nominating and Governance Committee or its designee.

## F. Director Orientation and Continuing Education

The Company has and will continue to maintain an orientation program that consists of written material, oral presentations and site visits. The Company provides ongoing director education through presentations at Board and Committee meetings, and written materials. In addition, all directors are encouraged to periodically attend, at Company expense, director continuing education programs offered by various organizations.

## G. Periodic Evaluation of Guidelines

The Nominating and Governance Committee of the Board reviews and reassesses these Guidelines periodically and submits any recommended changes to the Board for its approval.

## H. Annual Performance Evaluation

The Nominating and Governance Committee leads the Board in an annual self-evaluation to determine whether the Board and its committees are functioning effectively and in compliance with these Corporate Governance Guidelines. Such evaluation includes a review and assessment of the continuing independence of the Board's non-management directors. The Nominating and Governance Committee solicits comments from all of the directors and reports annually to the Board on its assessment of the Board's performance and its recommendations for improvement. All directors are encouraged to make suggestions at any time for the improvement of the Board's practices.

## I. Policy Statement on Stockholder Rights Plan

The Company does not currently have a stockholder rights plan. In the future, the Board will only adopt a stockholder rights plan if either:

(1) Stockholders have approved the adoption of the plan; or

(2) The Board, in the exercise of its fiduciary responsibilities, determines that, under the circumstances then existing, it is in the best interest of stockholders for the Company to adopt a stockholder rights plan without the delay that would result from seeking stockholder approval; provided that such a plan would be subject to a ratification vote of the stockholders within twelve months of adoption or expire.

If the Board adopts a plan under (2) above and the plan is not approved by a majority of stockholders who vote on the ratification of the plan, then the plan will immediately terminate.

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