EFiled: Jul 03 2018 04:16PM EDT
Transaction ID 62201737
Case No. 2018-0484-

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. ROBERT C. SKAGGS, JR., STEPHEN P. SMITH, SIGMUND L. CORNELIUS, MARTY R. KITTRELL, W. LEE NUTTER, DEBORAH S. PARKER, TERESA A. TAYLOR, LESTER P. SILVERMAN, and TRANSCANADA CORPORATION, Defendants	C.A. No. _____-___

VERIFIED STOCKHOLDER CLASS ACTION COMPLAINT

Plaintiff Public Employees' Retirement System of Mississippi ("Plaintiff"), on behalf of itself and all other similarly situated former stockholders of Columbia Pipeline Group, Inc. ("Columbia Pipeline" or the "Company"), brings the following Verified Stockholder Class Action Complaint (the "Complaint") against members of Columbia Pipeline's former board of directors, Robert C. Skaggs ("Skaggs"), Sigmund L. Cornelius ("Cornelius"), Marty R. Kittrell ("Kittrell"), W. Lee Nutter ("Nutter"), Deborah S. Parker ("Parker"), Teresa A. Taylor ("Taylor"), and Lester P. Silverman ("Silverman") (collectively the "Board" or "Director Defendants") and Columbia Pipeline's former Chief Financial Officer Stephen P.

Smith ("Smith," and together with the Director Defendants, the "Individual Defendants") for breaching their fiduciary duties as directors and/or officers of Columbia Pipeline, and against TransCanada Corporation ("TransCanada") for aiding-and-abetting the Individual Defendants' breaches of fiduciary duty. The allegations of the Complaint are based on the knowledge of Plaintiff as to itself, and on information and belief, including the investigation of counsel, and the review of publicly-available information, including newly discovered publicly available evidence in *In re Appraisal of Columbia Pipeline Group, Inc.* Cons. C.A. No. 12736-VCL (Del. Ch.) (the "Appraisal Litigation"), as to all other matters.

INTRODUCTION

1. This stockholder class action challenges a disloyal plan by fiduciaries of Columbia Pipeline to spin the Company off from its former parent, NiSource Inc. ("NiSource"), and force a sale to their preferred buyer, TransCanada, in order to cash in on lucrative change-in-control benefits.

2. NiSource is an energy company that, as of mid-2014, operated two largely distinct businesses: (i) a regulated utility business providing energy to end-users, and (ii) a midstream natural gas business. NiSource's midstream natural gas business was viewed, both internally and by the market, as having immense growth potential. In 2014, multiple potential buyers expressed interest in acquiring NiSource's midstream business.

3. Those indications of interest created a serious conflict for NiSource's executive officers—including Defendants Skaggs and Smith, along with Executive Vice President Glen Kettering ("Kettering")—who were nearing retirement and entitled to multimillion dollar golden parachute payments but only in the event of a change-in-control. A sale of only NiSource's midstream assets, however, would not have qualified as a change-in-control transaction for purposes of triggering their golden parachutes and, moreover, would have seriously undermined any hope of a future change-in-control transaction.

4. Skaggs, Smith, and Kettering resolved their dilemma by undertaking a plan to: (i) engineer a spin-off of NiSource's coveted midstream assets into a new company; (ii) assume the executive officer positions at the new company; (iii) transfer their rights to golden parachute compensation to the new company; and then (iv) quickly engineer a sale of the new company in order to trigger that compensation.

5. The plan went off without a hitch. NiSource's executives successfully engineered a spin-off of the company's midstream business as a new publicly-traded company on July 1, 2015: Columbia Pipeline (the "Spin-Off"). Skaggs, Smith, Kettering, and a majority of the NiSource directors who approved the Spin-Off (the other Individual Defendants) then left NiSource for Columbia Pipeline, transferring their change-in-control benefits to Columbia Pipeline.

6. Rather than seeking to manage Columbia Pipeline for the long term benefit of the Company's stockholders, immediately after the Spin-Off the Individual Defendants set about working to sell the Company. Within months, Columbia Pipeline was engaged in exclusive negotiations with TransCanada. Defendant Smith had a prior relationship with TransCanada's principal negotiator and knew TransCanada would facilitate the termination of Columbia Pipeline's executives in a manner that triggered their change-in-control payments. On March 17, 2016, Columbia Pipeline agreed to be acquired by TransCanada for $25.50 per share in cash (the "Merger"). The Merger subsequently received shareholder approval and closed on July 1, 2016.

7. This Court has already found that information publicly available as of the time of the Merger created a reasonably conceivable inference that fiduciaries of Columbia Pipeline breached their duties of loyalty in connection with the transaction. *In re Columbia Pipeline Group, Inc. Stockholder Litigation*, 2017 WL 898382 *2, ¶ 7 (Del. Ch. Mar. 7, 2017). However, the Court found that no publicly-available facts created an inference of a reasonably conceivable material omission in Columbia Pipeline's proxy statement, filed with the SEC on May 17, 2017 (the "Proxy").

8. But since then, new information has come to light demonstrating that the stockholder vote in favor of the Merger was materially uninformed.

Specifically, discovery in the Appraisal Litigation has revealed a number of critical facts never disclosed to Columbia Pipeline stockholders prior to the vote on the Merger, including that:

- Before the Spin-Off, Lazard Freres & Co. ("Lazard") (Columbia Pipeline's banker) approached TransCanada to discuss a sale of the Company to TransCanada and, after confirming TransCanada was interested, asked TransCanada to wait until after the Spin-Off before pursuing the deal;
- Other potential buyers were effectively precluded by tax law from pursuing an acquisition of Columbia Pipeline for two years following the Spin-Off;
- Columbia Pipeline negotiated standstill agreements with all potential bidders but selectively acceded to TransCanada's breach of its agreement in an effort to preference TransCanada;
- Smith and his contact at TransCanada had back-channel discussions during which Smith told TransCanada that Columbia Pipeline had "eliminated all the competition"; and
- A March 2016 exclusivity agreement with TransCanada, which the Proxy stated was requested by TransCanada, was actually requested by Columbia Pipeline.

9. These revelations make plain that the stockholder vote on the Merger was not fully informed. Thus, the Individual Defendants are not entitled to business judgment rule protection under *Corwin v. KKR Fin. Hldgs. LLC*, 125 A.3d 304 (Del. 2015).

10. Moreover, these revelations make plain that TransCanada was a knowing participant in the Individual Defendant's breaches.

11. Through this action, Plaintiff seeks to hold the Individual Defendants and TransCanada liable for their misconduct in connection with the Merger.

THE PARTIES

12. Plaintiff held shares of Columbia Pipeline common stock at all times relevant hereto.

13. Non-party Columbia Pipeline is a Delaware Corporation headquartered in Houston, Texas. Columbia Pipeline was established on September 26, 2014 as a subsidiary of NiSource. NiSource then spun off Columbia Pipeline as a new independent, publicly-traded company on July 1, 2015, with NiSource stockholders receiving one share of Columbia Pipeline common stock for each share of NiSource stock they held prior to the Spin-Off. Columbia Pipeline was acquired by TransCanada in the Merger and is now a wholly-owned subsidiary of TransCanada. After the Spin-Off and prior to the Merger, Columbia Pipeline's common stock traded on the New York Stock Exchange ("NYSE") under the ticker symbol "CPGX."

14. Defendant Skaggs was President, Chief Executive Officer, and Chairman of the Board of Columbia Pipeline at the time of the Merger. Skaggs served as President of NiSource from October 2004 to July 2015 and as Chief Executive Officer and Chairman of the Board of NiSource from July 2005 to July 2015. He left NiSource for Columbia Pipeline in connection with the Spin-Off.

15. Defendant Smith was Executive Vice President and Chief Financial Officer of Columbia Pipeline at the time of the Merger. Smith served as Executive Vice President of NiSource from June 2008 to July 2015 and Chief Financial Officer of NiSource from August 2008 to July 2015. He left NiSource for his positions at Columbia Pipeline in connection with the Spin-Off.

16. Defendant Cornelius was Lead Director of Columbia Pipeline at the time of the Merger. Cornelius served as a director of NiSource from 2011 to July 2015. He left the NiSource Board for his position on the Columbia Pipeline Board in connection with the Spin-Off.

17. Defendant Kittrell was a director of Columbia Pipeline at the time of the Merger. Kittrell served as a director of NiSource from 2007 to July 2015. He left the NiSource Board for his position on the Columbia Pipeline Board in connection with the Spin-Off.

18. Defendant Nutter was a director of Columbia Pipeline at the time of the Merger. Nutter served as a director of NiSource from 2007 to July 2015. He left the NiSource Board for his position on the Columbia Pipeline Board in connection with the Spin-Off.

19. Defendant Parker was a director of Columbia Pipeline at the time of the Merger. Parker served as a director of NiSource from 2007 to July 2015. She

left the NiSource Board for her position on the Columbia Pipeline Board in connection with the Spin-Off.

20. Defendant Taylor was a director of Columbia Pipeline at the time of the Merger. Taylor served as a director of NiSource from 2012 to July 2015. She left the NiSource Board for her position on the Columbia Pipeline Board in connection with the Spin-Off.

21. Defendant Silverman was a director of Columbia Pipeline at the time of the Merger and had been since the Spin-Off.

22. Defendant TransCanada is a Canadian corporation headquartered in Calgary, Alberta, Canada. TransCanada acquired Columbia Pipeline in the Merger.

SUBSTANTIVE ALLEGATIONS

I. Background of NiSource and its Prized Midstream Business

23. NiSource is an energy company headquartered in Merrillville, Indiana. Prior to the Spin-Off, NiSource operated two largely distinct businesses: (i) a regulated utility business distributing natural gas and electricity to nearly four million customers in seven states; and (ii) a midstream natural gas business with a network of pipeline, storage, and other midstream assets.

24. NiSource's utility business was stable and profitable. Prior to the Spin-Off, NiSource management projected its utility business was positioned to

generate stable 4–6% earnings and dividend growth. It was NiSource's midstream business, however, that was viewed both internally and by the investment community as housing the Company's most dynamic assets.

25. NiSource's midstream business included a network of pipeline and storage assets in the prolific natural gas producing Marcellus and Utica shale regions—regions where already-robust natural gas production was, as of 2014, projected to double by 2020. NiSource's midstream assets were particularly prized because, among other things, they connected these natural gas sources to some of the fastest growing end markets, including on the Gulf Coast.

26. As of 2014, NiSource's midstream business was generating highly stable and predictable cash flows, with approximately 95% of revenues coming from long-term contracts with high-end customers and an average remaining term of five years, insulating the business from direct exposure to fluctuations in commodity pricing. Moreover, NiSource's midstream business was also in the midst of an extensive capital expansion program that built on its existing portfolio, with approximately $8–9 billion in growth projects and modernization investments. As a result, NiSource's midstream business was projected to grow at a compounded annual growth rate of 20% through 2020 and experience 15% dividend growth over that same period.

27. In a September 2014 analyst report, Credit Suisse wrote of NiSource's midstream business that "[t]here are few disputes with fundamentals . . . being very strong." Similarly, KeyBanc Capital Markets noted that "[o]ver the last several years the [NiSource] story has garnered much attention among investors, but predominantly due to the opportunity [in its midstream business]."

II. NiSource's Midstream Business Attracts Buyers, Creating a Conflict for NiSource Executives.

28. Given its potential, NiSource's midstream business attracted potential buyers. In the fall of 2014, several companies operating in the energy distribution sector submitted unsolicited indications of interest to NiSource for the company's midstream assets. These indications of interest created a serious conflict for NiSource's executive management team, including Defendants Skaggs (President and CEO) and Smith (Executive VP and CFO), as well as Kettering (Executive VP and head of NiSource's midstream business).

29. Skaggs, Smith, and Kettering had spent decades at NiSource and were nearing retirement. Each also stood to receive substantial golden parachute payments in the event of a change-in-control transaction. In the event of their retiring as a result of a change-in-control transaction, each of Skaggs, Smith, and Kettering would be entitled under their respective employment agreements to: (i) a lump sum payment at a multiple (3x for Skaggs, 2x for Smith and Kettering) of their current base salary and target bonus; (ii) a *pro rata* portion of their target

bonus for the year of termination; (iii) immediate vesting of previously granted share awards and restricted stock units; and (iv) certain valuable health insurance benefits. As of the end of 2014, retirement caused by a change-in-control transaction would have resulted in each of Skaggs, Smith, and Kettering receiving substantial golden parachute payments in excess of the amounts they would other otherwise receive upon retirement: ***$13 million*** more for Skaggs; ***$8.5 million*** more for Smith; and ***$3.3 million*** more for Kettering.

30. The problem for Skaggs, Smith, and Kettering was that the indications of interest received in 2014 did not contemplate a whole-company acquisition of NiSource. In order for an asset sale to qualify as a change-in-control transaction under the executives' employment agreements, the sale would have to encompass "50% of the aggregate book value of NiSource Inc. and its Affiliates and Associates as set forth on the most recent balance sheet of NiSource Inc., prepared on a consolidated basis…" As of the end of 2014, NiSource's prized midstream assets constituted only between 24% and 25% of NiSource's total book value. A sale of those assets, therefore, would not trigger the lucrative change-in-control provisions in Skaggs', Smith's, and Kettering's employment agreements. Such a sale, moreover, would leave those executives in charge of a much-diminished company with no real or immediate prospect of attracting a subsequent transaction sufficient to trigger the executives' golden parachutes.

III. NiSource Executives Hatch a Plan to Secure Golden Parachute Payments by Spinning-Off, Then Selling, NiSource's Midstream Business.

31. Skaggs, Smith, and Kettering addressed their conflict by undertaking a plan to: (i) engineer a spin-off of NiSource's coveted midstream business into a new independent company; (ii) assume the executive officer positions at the new company; (iii) transfer their rights to golden parachute compensation to the new company; and then (iv) quickly engineer a sale of the new company in order to trigger that compensation.

32. On September 24, 2014, in preparation for the planned Spin-Off, Skaggs, Smith, and Kettering caused NiSource to establish a new wholly-owned subsidiary, Columbia Pipeline, housing NiSource's midstream assets.

33. Skaggs, Smith, and Kettering then immediately set about laying the groundwork for a post-Spin-Off sale of Columbia Pipeline. They recognized that tax law created a potential obstacle to successful execution of their scheme. Under U.S. tax law, a tax-optimization strategy known as the "Reverse Morris Trust" allows for a Company to effect a tax-free sale of a subsidiary through a spin-off and subsequent sale of the new company. Reverse Morris Trust rules, however, impose prohibitive tax liabilities which effectively preclude pre-spin-off suitors from acquiring the post-spin-off company for a period of two years. As such, those companies that had already submitted indications of interest for NiSource's

midstream business would not be able to bid for Columbia Pipeline for a period of two years after the planned Spin-Off.

34. In order to ensure that all prospective buyers did not disqualify themselves by communicating their interest prior to the Spin-Off, Skaggs, Smith, and Kettering acted to tip-off a preferred suitor: TransCanada. Smith had a prior relationship with TransCanada's SVP for Strategy and Corporate Development, Francis Poirier ("Poirier"), who had acted as J.P. Morgan's relationship manager for American Electric Power Co. when Smith served as Treasurer of that Company. Thus, NiSource's executive team enlisted the investment banking firm Lazard, which had a longstanding relationship with NiSource, to approach TransCanada and discuss its potential interest in acquiring Columbia Pipeline post-Spin-Off.

35. On September 28, 2014—two days after NiSource established the Columbia Pipeline subsidiary—Lazard conveyed to TransCanada that Skaggs, Smith, and Kettering wanted to retire, that they planned to spin-off Columbia Pipeline, and that Columbia Pipeline would then be for sale immediately following a spin-off. In a subsequent communication, Lazard communicated to TransCanada that NiSource's executives were interested in a potential deal and would engage quickly when possible, but cautioned that NiSource and TransCanada should refrain from any actual discussion of a takeover so as to avoid violating Reverse

Morris Trust rules. These surreptitious pre-Spin-Off communications were never disclosed to Columbia Pipeline stockholders and only came to light as a result of discovery in the Appraisal Litigation. Further, discovery in the Appraisal Litigation has also revealed that, as a result of Lazard's surreptitious communications, TransCanada was aware that other bidders for Columbia Pipeline would be hindered by Reverse Morris Trust issues. This too was never disclosed to stockholders.

IV. NiSource Completes the Spin-Off of Columbia Pipeline; The Individual Defendants Migrate to Columbia Pipeline.

36. On July 1, 2015, with the groundwork laid for a quick sale, NiSource completed the Spin-Off devised by Skaggs, Smith, and Kettering. Columbia Pipeline, which housed NiSource's coveted midstream assets, became a new, standalone publicly-traded company. NiSource stockholders received one share of Columbia Pipeline stock for each share of NiSource stock they held at the time of the Spin-Off.

37. Skaggs, Smith, and Kettering all migrated from NiSource to Columbia Pipeline. Skaggs became Columbia Pipeline's CEO and Chairman of the Board. Smith became Columbia Pipeline's Executive Vice President and CFO. Kettering became Columbia Pipeline's President.

38. Five members of NiSource's Board—Defendants Cornelius, Kittrell, Nutter, Parker, and Taylor—also migrated from NiSource to become directors at

Columbia Pipeline. These directors and Skaggs constituted six members of NiSource's 11-member board that approved the Spin-Off. They then became six members of Columbia Pipeline's seven-member Board. The seventh Columbia Pipeline director was Defendant Silverman.

39. In their new employment agreements with Columbia Pipeline, Skaggs, Smith, and Kettering secured dollar-for-dollar transfers of their change-in-control benefits even though Columbia Pipeline was much smaller than NiSource, thus significantly increasing the executives' proportionate share of prospective sale proceeds.

40. The five non-executive directors who left NiSource for Columbia Pipeline also had, over the years, accumulated substantial amounts of restricted stock units that would immediately vest upon a change-in-control. Like Skaggs, Smith, and Kettering, these directors' change-in-control benefits were transferred dollar-for-dollar from NiSource to Columbia Pipeline.

V. Immediately After the Spin-Off, Defendants Get to Work Trying to Sell Columbia Pipeline.

41. At the time of the Spin-Off, Defendants touted Columbia Pipeline as a long-term investment for "investors seeking earnings and dividend growth in line with a pure-play natural gas pipeline, midstream and storage business." Skaggs touted to the market that Columbia Pipeline's new independent status would promote its ability to "execute on [its] robust, long-term investment plans,"

including a "potential capital investment opportunity of $12–$15 billion over the next 10 years, positioning the company to provide enhanced earnings and dividend growth driven by its projected net investment growth."

42. In reality, however, the Individual Defendants—in particular, Skaggs and Smith—were not focused on Columbia Pipeline's long-term prospects as an independent company. Instead, they were focused from day one on selling Columbia Pipeline in order to trigger their change-in-control compensation.

43. As noted above, NiSource had engaged Lazard to promote a sale of Columbia Pipeline in September 2014, well before the July 1, 2015 Spin-Off. Goldman Sachs Group, Inc. ("Goldman Sachs") was also retained to assist with a sale. Goldman Sachs was retained twice, first by engagement letter dated March 19, 2015 and then a second time by engagement letter dated July 2, 2015—*the very next day after the Spin-Off*. Goldman Sachs's second engagement letter reflected that its engagement was to assist Columbia Pipeline with, "among other things, preparing for unsolicited acquisition proposals."

44. Within a week of the Spin-Off, Columbia Pipeline's executive management team had begun entertaining suitors interested in acquiring the Company. On July 7, 2015, Skaggs had a telephone conversation with the CEO of a large U.S. midstream energy company, referred to as Party A in the Proxy, in which that CEO conveyed an interest in a strategic transaction with Columbia

Pipeline. Later in July 2015—still within mere weeks of the Spin-Off—Skaggs met with the CEO of a large U.S. diversified utility company, referred to in the Proxy as Party B. As part of that discussion, Party B's CEO provided Skaggs with an oral indication of interest at a range of $32.50 to $35.50 per Columbia Pipeline share.

45. On August 3 and 4, 2015, the Columbia Pipeline Board met with representatives of Lazard and Goldman Sachs to discuss, among other things, Party B's indication of interest. The Board shared the executives' enthusiasm for a sale and determined to offer Party B certain non-public due diligence materials in the expectation that it might provoke a higher bid, due to Columbia Pipeline's strong "planned growth projects and future financial prospects."

46. The Proxy omits any discussion of the Board's reasons for determining to pursue a potential sale only a month after the Spin-Off, particularly in view of Columbia Pipeline's bright prospects as a standalone company. Indeed, on August 3, 2015—one of the very days the Board met to discuss a potential sale—Columbia Pipeline released its first quarterly earnings report as a standalone company. The earnings report painted a picture of a Company that provided an excellent long-term investment opportunity. Skaggs was quoted in the Company's press release issued that day as stating that "[o]ur core investment strategies continue to deliver solid financial and operational results squarely in line with our

expectations." He pointedly added that "[a]s a *standalone* pipeline, midstream and storage company, we believe [Columbia Pipeline] presents a compelling investment proposition—a unique combination of very stable cash flows, a high quality and diverse customer base and highly visible growth driven by an unmatched position in the country's most prolific shale basins." After an analyst conference call that same day, UBS issued a report with the headline "Growth Pipeline Expands" and the sub-headline "No Change to Growth Story," stating that "management continues to anticipate EBITDA to grow at 20% CAGR and dividends at a 15% CAGR over the next five years."

27. On August 5, Skaggs advised Party B that Columbia Pipeline would provide it with non-public information but that, to proceed beyond that, Party B would need to move to a price range in the "upper-$30s." On August 12, 2015 Columbia Pipeline and Party B entered into a mutual non-disclosure agreement that included a standstill provision. The standstill provision provided that, upon a determination by the Columbia Pipeline Board to stop negotiations toward a merger agreement, Party B would be required to destroy all due diligence materials and was prohibited from taking any steps towards making any new offers. Of particular significance, the standstill agreement also included a so-called "Don't Ask, Don't Waive" provision that prohibited Party B from seeking a waiver of the standstill from Columbia Pipeline.

47. Thus, upon the Columbia Pipeline Board's termination of merger discussions, Party B would be foreclosed from engaging in any further bidding other than by invitation by the Board.

48. Not long after entering the NDA, Columbia Pipeline's negotiations with Party B were short-circuited by general stock market volatility in the energy sector and a corresponding drop in the Company's stock price. On August 31, 2015, Party B indicated it was no longer willing to acquire Columbia Pipeline in the price range it had previously indicated, the parties agreed to terminate merger discussions, and Columbia Pipeline invoked the non-disclosure and standstill agreement locking Party B out of any future bidding.

VI. Defendants Continue To Push for a Sale of Columbia Pipeline; TransCanada Enters the Fray.

49. On October 9, 2015, just over three months after the Spin-Off, TransCanada began its campaign to acquire Columbia Pipeline. TransCanada's Poirier called Smith to request a dinner meeting later in October.

50. On October 26, 2015, Smith and Poirier met for dinner. Poirier advised Smith that TransCanada was interested in a potential acquisition to acquire Columbia Pipeline. On November 9, TransCanada and Columbia Pipeline signed a mutual non-disclosure agreement, with standstill provisions similar to those contained in the agreement with Party B.

51. Also on October 26, 2015, Skaggs alerted Party B that Columbia Pipeline was likely to move forward with a large equity offering in the near-term and suggested that, if Party B was still interested in an acquisition, it should move quickly to make a bid before Columbia Pipeline before the offering.

52. On November 2, Party B's CEO proposed to Skaggs two potential approaches: (i) a joint acquisition of Columbia Pipeline by Party B and Party C, a large U.S. utility company, in an all-stock, modified "merger of equals" transaction with a modest premium, or (ii) an equity investment by Party B in certain Columbia Pipeline subsidiaries or joint ventures. After consulting with the Board, Skaggs advised Party B that it was interested in the joint acquisition proposal. On November 9, Columbia Pipeline and Party C entered into a mutual non-disclosure agreement that had standstill provisions similar to those contained in the agreement Party B signed.

53. Also on or about November 9, Skaggs had a second conversation with the CEO of Party A concerning a potential strategic transaction. While the Proxy states that Party A's CEO did not request a follow-up conversation, it is silent as to why, if the Company was conducting an auction of the Company between TransCanada and Party B and C, Skaggs did not also affirmatively seek a bid from Party A, or at least explore its interest in making one.

54. In fact, Goldman, which on November 10 was retained to act as Columbia Pipeline's financial advisor in connection with a possible sale of the Company, apparently made only one effort at contacting a potential bidder. On November 11, Goldman contacted a representative of Party D, a large privately held energy company, to explore its interest in investing in the Company. Party D indicated it interest in acquiring the Company, and on November 17, Party D and Columbia Pipeline signed a mutual non-disclosure agreement with standstill provisions similar to those contained in the agreement signed with Party B.

55. On November 17, the Board determined that because of volatility in capital markets, and the possibility of missing an optimal window to do an equity financing if it was delayed past early December, the Company would need to move forward with an equity financing. Still, Skaggs advised Party D and TransCanada to make offers by a deadline date of November 24. No explanation is contained in the Proxy as to why Party B and Party C were not similarly advised of this deadline.

VII. Underwhelmed by Bids for the Company, The Board Puts Columbia Pipeline's Sale Process on Hold.

56. On November 24, 2015, TransCanada proposed an all-cash acquisition of Columbia Pipeline common between $25 and $26 per share. On the same day, Party D proposed a similar transaction at $23.50 per share. The next day, on November 25, Skaggs informed the Board of these offers and the fact that

Party B and Party C had not made a bid (though no mention is made in the Proxy as to whether Skaggs informed the Board that those entities had not been advised of the deadline date for offers). The Board determined to terminate the sale process and proceed with the equity offering. Thereafter, on the same day, the Company advised Party B, Party C, Party D and TransCanada that it was terminating merger discussions and invoking the terms of the non-disclosure and standstill agreements.

57. On November 25, 2015, however, Smith placed a telephone call to TransCanada, during which he conveyed that TransCanada should not worry about the temporary halt in the sale process because Columbia Pipeline would be restarting efforts to sell itself in a few months. Neither Smith nor anyone at else at Columbia Pipeline conveyed similar information to any other potential bidder.

58. In December 2015, Columbia Pipeline completed its equity financing transaction, funding its operations and growth projects through 2017.

VIII. Columbia Pipeline Executives Surreptitiously Re-engage with TransCanada, Leading to the Merger.

59. On January 7, 2016, in manifest violation of the standstill agreement and without the approval of the Columbia Pipeline Board, Smith and Poirier met to discuss TransCanada's continued interest in acquiring the Company. Specifically, Poirer informed Smith that TransCanada's wish to conduct due diligence and make a firm bid for Columbia Pipeline. During that meeting, as evidenced from

handwritten notes produced in the Appraisal Litigation, Smith identified for TransCanada each of the competing bidders, and apparently referring to the standstill agreements with those bidders, told Poirier: "We've eliminated all the competition. . . ."

60. Approximately one week after that meeting, Smith asked Goldman Sachs and Lazard to return due diligence materials to TransCanada, again in violation of the standstill agreements and again without Board approval. Indeed, the lead director of Columbia Pipeline's Board testified in the Appraisal Litigation that the Board did not authorize Smith's actions. Columbia Pipeline's Board nevertheless, without any indication in the Proxy that it took any action to correct or restrain this misconduct by Smith and TransCanada, instead thereafter approved a thirty day exclusivity agreement with TransCanada, which was executed on February 1, 2016. By doing so, the Board ignored its prior determination during the earlier selling process that "Party B would likely have a greater ability to pay a higher price compared to TransCanada".

61. Prior to the request for exclusivity, TransCanada advised Skaggs that it was interested in making an all-cash bid in the range of $25 to $28 per share. Without seeking prior authorization from the Board, Skaggs told the TransCanada representative that such a range would be acceptable, though the bid would need to be at the top end.

62. While Columbia Pipeline and TransCanada negotiated over various terms of a prospective merger agreement during the 30 day exclusivity period, TransCanada did not make a price proposal before the period expired. The parties thereafter agreed to extend exclusivity until March 8. On March 5, 2016, after initially indicating that it might make an offer below its previously stated range, TransCanada proposed acquiring Columbia Pipeline for $25.50 per share. The Board rejected that offer and the second exclusivity period expired. At that point the Company could have sought additional bidders, freed from any contractual obligation to negotiate only with TransCanada. Or the Board could have committed to pursuing its already established growth plan, which was continuing to meet its objectives. Instead, notwithstanding TransCanada's offers below or at the bottom of its prior indications of interest, the Board continued to negotiate with TransCanada.

63. On March 9, one day after the expiration of the second exclusivity agreement, TransCanada offered to acquire Columbia Pipeline for $26 per share of Columbia Pipeline common stock, with 10% of the consideration being comprised of TransCanada common stock and the remainder being comprised of cash, and a termination fee of 4.5% of the transaction value. The Board determined that the termination fee was unacceptably high but was willing to continue negotiating with TransCanada.

64. On March 10, 2016, *The Wall Street Journal* reported that TransCanada was in talks to acquire Columbia Pipeline. The very next day, on March 11, Party A, which was not subject to the standstill agreements, for the third time approached Columbia Pipeline to discuss a potential acquisition bid. At this point, with the second exclusivity agreement with TransCanada having expired, the Company could have negotiated a higher and more competitive bid with Party A, and/or use Party A's indication of interest as leverage with TransCanada to negotiate a higher price. The Board did neither.

65. The Board discussed Party A's communications of interest at Board meetings on March 11 and 12, 2016. At these meetings, according to the Proxy, management (i) informed the Board that TransCanada had requested a new exclusivity period, and (ii) recommended that the Board reject Party A because engaging with Party A would "distract management and CPG's advisors" from pursuing a deal with TransCanada. Contrary to management's representations reported in the Proxy, evidence in the Appraisal Litigation has revealed that TransCanada *had not* requested renewed exclusivity at the time of the March 11 and March 12 meetings. Nevertheless, the Board determined to reject Party A and to enter a renewed exclusivity period with TransCanada lasting through March 18.

66. Then, later on March 12, Columbia Pipeline management contacted TransCanada and *volunteered* to enter an exclusivity agreement lasting through

March 18. Moreover, management informed TransCanada of Party A's interest and—without any attempt to leverage that interest in negotiations with TransCanada—told TransCanada it would be rebuffing Party A. Indeed, Columbia Pipeline management went so far as to share the message it intended to send to Party A and ask TransCanada whether it wanted to approve the message.

67. Later in the day on March 12, the Company signed a new exclusivity agreement with TransCanada, extending through March 18. On March 14, TransCanada presented to Columbia Pipeline orally, without a written proposal, a reduced offer of $25.50 per share and a deadline of no more than three days to accept it or else, it threatened, it would publicly announce the termination of the acquisition discussions. Settling for a reduction of the termination fee to 3%, the Board caved to this peremptory negotiation tactic.

28. Less than one year after the Spin-Off, on March 17, 2016, Columbia Pipeline entered into a definitive agreement to be acquired by TransCanada for $25.50 per share in cash.

IX. The Merger Triggers Change-in-Control Payments Enriching Defendants.

68. Having successfully engineered the Spin-Off of Columbia Pipeline from NiSource and the subsequent Merger, Skaggs, Smith, and Kettering got what they wanted. All three retired from the Company with handsome golden parachute payments. Indeed, each received a more lucrative golden parachute payment than

they would have received in their capacities as officers and directors of NiSource. This is because, after the Spin-Off but before announcement of the Merger, the Company enacted a series of favorable changes to the executives' change-in-control compensation. All three executives received additional restricted stock units, and Smith and Kettering's agreements were amended to provide for their receipt of three times, instead of two times, their annual salary and target bonus. Ultimately, Skaggs received ***$23,496,030*** in change-in-control compensation, Smith received ***$9,513,351*** in change-in-control compensation, and Kettering received ***$7,235,269*** in change-in-control compensation.

69. The non-executive directors also profited handsomely from the Merger as a result of the immediate vesting of restricted stock units upon the change-in-control transaction. Cornelius received $363,094.50; Kittrell received $660,501; Nutter received $1,194,165; Parker received $1,184,398.50; Silverman received $131,172; and Taylor received $431,638.50. These sums represented multiples of the directors' ordinary compensation which, in 2015, ranged from $45,000 to $70,000.

X. The Merger Was Procedurally and Financially Unfair to Columbia Pipeline Stockholders.

70. The process leading to the Merger was unfair to Columbia Pipeline stockholders. Skaggs, Smith, and Kettering were determined to sell the Company quickly in order to realize their change-in-control payments before retirement. As

a result, they pursued a sale without affording any good faith consideration to whether it was the right time to sell or whether Columbia Pipeline stockholders would be better served by Columbia Pipeline remaining a standalone enterprise.

71. The Individual Defendants also unfairly excluded multiple potential bidders. Specifically, by endeavoring to sell Columbia Pipeline less than two years after the Spin-Off, Defendants forwent the opportunity to negotiate with those potential counterparties who had communicated with NiSource about an acquisition of its midstream business pre-Spin-Off and were thus unable to acquire Columbia Pipeline due to prohibitive tax consequences under Reverse Morris Trust rules. Further, even as to those suitors not precluded from bidding due to Reverse Morris Trust rules, Defendants failed to structure a proper auction. Instead, Smith and the other management Defendants actively worked to tilt the playing field in favor of TransCanada by, among other things: (i) enlisting Lazard to tip-off TransCanada as to their intention to pursue a post-Spin-Off sale even before the Spin-Off; (ii) utilizing standstill agreements with other bidders to unfairly exclude them from the process, "eliminating the competition" for TransCanada; (iii) failing to inform bidders of purported "deadlines" communicated to TransCanada and select other bidders; (iv) surreptitiously back-channeling with TransCanada without the knowledge or approval of the Board; (v) permitting TransCanada to violate its own standstill agreement; (vi) continually rebuffing other bidders,

including Party A and Party B, even after the Board determined that Party B was capable of making a higher bid than TransCanada; and (vii) repeatedly entering, even affirmatively proposing, exclusivity agreements with TransCanada. This was not a process designed to maximize value for Columbia Pipeline stockholders. Rather, it was a process designed to quickly secure a deal with management's preferred bidder so that management could realize golden parachute payments before retirement. The Board rubber-stamped all of this due to their own financial interest in a change-in-control transaction.

72. Unsurprisingly, Columbia Pipeline's sale "process" failed to secure a fair price for Columbia Pipeline's stockholders. At the time of the Merger, the Company was well-positioned for dramatic growth as a standalone company. Columbia Pipeline's February 18, 2016 press release disclosing year-end 2015 results, for example, announced that, "[d]espite ongoing turmoil in the energy and financial markets" it had exceeded its 2015 EBITDA target of $680 million, achieving EBITDA of $685 million. Indeed, the same press release identified 2015 as a "landmark year" for Columbia Pipeline, recognized that the Company's "growth profile" distinguished it from competitors, and forecasted that "[Columbia Pipeline]'s extensive, and highly accretive, project inventory is expected to drive average annual EBITDA and dividend growth of 20 and 15 percent, respectively, through 2020." Analysts lauded the Company's growth prospects. A UBS report,

for example, was titled "No Change to Growth Story" and reported that "Management indicated that customers expect production in the Marcellus and Utica to continue to grow in '16 despite the current environment." It also noted that the Company's equity raise in December 2015 had "eliminate[d] the need to access capital markets until '17. [Columbia Pipeline] has $2.9bn of liquidity to finance growth plans." Defendants failed to secure adequate value for these growth prospects in the Merger, instead allowing the Company to be acquired at a time when its stock price was depressed by wider market conditions largely irrelevant to the Company's own business model. Indeed, the $25.50 in merger consideration represented an 18.9% discount from the closing price for the Company's common stock on its first day of trading after the Spin-Off, just a little more than eight months before that announcement.

73. Columbia Pipeline's growth continued apace after announcement of the Merger. In its press release on May 3, 2016 disclosing the Company's first quarter results, Skaggs acknowledged "[t]his quarter's performance was strong by any measure." Credit Suisse titled its subsequent report "Solid 1Q16 No Matter How You Slice It," with the subtitle "What's Not to Like?" UBS likewise titled its report "1Q Above Expectations," and noted that "[Columbia Pipeline] continued to execute on its plan to invest ~$8bn in growth and modernization."

74. Reflecting the market's recognition that it was buying Columbia Pipeline for a bargain, TransCanada's common stock price gained 20.6% in value from the day of the announcement to the day the merger closed, on July 1, 2016.

XI. The Proxy Was Materially False, Misleading and Incomplete

75. As noted above, the Proxy failed to disclose material information concerning the Merger process, including material facts regarding the sequence of events between the announcement of the Spin-Off in September 2014 and the Merger vote in June 2016.

76. *First*, the Proxy did not disclose that NiSource received indications of interest for the Columbia Pipeline assets prior to the Spin-Off, including an indication of interest from TransCanada, and that TransCanada was told by Lazard that: (i) NiSource would not be pursuing an asset sale because of Skaggs's, Smith's, and Kettering's desire to retire and receive their change-in-control payments; and (ii) Columbia Pipeline would be in play immediately following the spin.

77. *Second,* the Proxy did not disclose that the auction process for the sale of Columbia Pipeline was limited by the inability of certain bidders that had previously expressed an interest in acquiring its midstream assets to participate because of Reverse Morris Trust tax issues.

78. *Third,* the Proxy did not disclose that TransCanada received preferential treatment in in the Merger process and that other potential suitors were either excluded from the process or otherwise unable to make bids.

79. Specifically, the Proxy did not disclose that TransCanada—and all other interested suitors—were subject to standstill agreements that, following the equity financing, prohibited them from engaging with the Company, including seeking waivers of their standstills.

80. The Proxy states that "[u]like TransCanada, none of Party B, Party C or Party D sought to re-engage in discussions with [Columbia Pipeline] after discussions were terminated in November 2015." That statement is materially misleading because it does not disclose that Parties B, C, and D were subject to standstills that had not been waived, whereas TransCanada had not been required to abide by its standstill. Also, and also missing from the Proxy, is the fact all of Parties B, C, and D were expressly advised that in light of the equity offering, the Company was no longer for sale. By contrast, TransCanada received a phone call from Defendant Skaggs stating ""Don't worry about it. We're going to revisit this process in a few months".

81. Similarly, the Proxy also did not disclose that Smith, without Board authorization, re-engaged with TransCanada in or around January 2016. The Proxy did not disclose unauthorized meetings between Smith and Poirier, including

a January 7, 2016 meeting in which Smith stated to Poirier "We've eliminated all the competition," and identified companies excluded from the sale process. The Proxy also failed to disclose that on or around January 15, 2016, Smith, also without Board authorization, directed the Board's financial advisors to return due diligence to TransCanada.

82. Finally, the Proxy misrepresented key facts regarding the renewed exclusivity Columbia Pipeline granted TransCanada in March 2016. Among other things, the Proxy states that on March 10, 2016, Poirier, in a conversation with Defendant Smith, "requested that [Columbia Pipe] and TransCanada enter into a new exclusivity agreement granting TransCanada exclusivity for a period of two weeks." That statement was false and misleading because Poirier did not request exclusivity, but rather was offered it by Smith, who had not received authority from the Board. Those facts are not disclosed in the Proxy.

CLASS ACTION ALLEGATIONS

83. Plaintiffs bring this action individually and as a class action pursuant to Court of Chancery Rules 23 (a) and (b) on behalf of themselves and all other similarly situated public stockholders of Columbia Pipeline that have been harmed by defendants' conduct described herein (the "Class"). Excluded from the Class are Defendants and their affiliates.

84. This action is properly maintainable as a class action.

85. The Class is so numerous that joinder of all members is impracticable. According to the Proxy, there were more than 400 million shares of Columbia Pipeline common stock outstanding as of the May 18, 2016 record date for the Merger.

86. There are questions of law and fact that are common to the Class and that predominate over questions affecting any individual Class member. The common questions include the following:

a. Whether the Individual Defendants have breached their fiduciary duties to Plaintiffs and the other members of the Class in connection with the Merger;

b. Whether the Proxy disclosed all material information to stockholders in connection with their vote on the Merger; and

c. Whether Plaintiffs and the other members of the Class are entitled to money damages and/or other equitable relief as a result of the alleged breaches of fiduciary.

87. Plaintiffs' claims are typical of the claims of the other members of the Class, and Plaintiffs do not have any interests adverse to the Class.

88. Plaintiffs have retained competent counsel experienced in litigation of this nature and will fairly and adequately represent and protect the interests of the Class.

89. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class that would establish incompatible standards of conduct for the party opposing the Class.

90. Defendants have acted, or failed to act, on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

COUNT I

AGAINST THE INDIVIDUAL DEFENDANTS FOR BREACH OF FIDUCIARY DUTY

91. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

92. The Individual Defendants breached their duties of loyalty by consciously failing to advance the best interests of stockholders.

93. The Individual Defendants further breached their fiduciary duties by disseminating a Proxy Statement that they knew was false and misleading.

94. By the acts, transactions and courses of conduct alleged herein, the Individual Defendants, individually and acting as a part of a common plan, unfairly deprived Plaintiffs and the other members of the Class of the fair value of Columbia Pipeline.

95. As a result of the Individual Defendants' conduct, Plaintiffs and the other members of the Class have been harmed and the Individual Defendants are liable for damages.

COUNT II

AGAINST TRANSCANADA
FOR AIDING AND ABETTING BREACHES OF FIDUCIARY DUTY

96. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

97. TransCanada actively and knowingly participated in the Individual Defendants' disloyal plan to spin-off, and then sell, Columbia Pipeline in order to cash in on lucrative change-in-control benefits by, *inter alia*, (i) following Lazard's instructions to avoid bidding until after the Spin-Off and (ii) colluding with Smith during the process leading to the Merger to gain an unlawful advantage over other bidders for Columbia Pipeline.

98. The active and knowing participation of TransCanada in the Individual Defendants' fiduciary breaches has caused substantial harm to Plaintiff and the Class.

99. Plaintiff and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

100. WHEREFORE, Plaintiffs demand relief in their favor and in favor of the Class, and against defendants, as follows:

a. declaring this action to be a class action under Court of Chancery Rule 23(a) and (b)(3) on behalf of the Class defined herein;

b. declaring that the Individual Defendants breached their fiduciary duties;

c. declaring that TransCanada aided and abetted the Individual Defendants' breaches of fiduciary duty;

d. awarding Plaintiffs and the Class damages or other equitable monetary relief, together with pre-judgment and post-judgment interest;

e. awarding Plaintiff the costs and disbursements of this Action, including attorneys', accountants', and expert fees and

f. Awarding such other and further relief as this Court may deem just and proper.

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Dated: July 3, 2018