

2018 SUSTAINABILITY SCORECARD



A SUPPLEMENT TO NISOURCE'S 2018 INTEGRATED ANNUAL REPORT



2018 Sustainability Scorecard

A Supplement to NiSource's 2018 Integrated Annual Report

Anchored in safety and care for our customers, our seven commitments define our direction as a company and drive our strategy.

As we execute on our priorities, we are relentlessly focused on our path forward. We are more confident than ever that our well-established business strategy will deliver sustainable value for customers, communities and other stakeholders.

With our commitments as a foundation, we've identified milestones our teams are working to achieve. This Sustainability Scorecard, a supplement to our 2018 Integrated Annual Report, mirrors the format of the report and highlights the key metrics and milestones we track regarding the company's and stakeholders' priorities. Please refer to the definitions at the end of the scorecard for additional context.

Additional related information is available in our Supplemental Sustainability Data document, which includes more historical measurements and sustainability metrics commonly tracked and requested by individual stakeholders. These supporting materials and the Global Reporting Initiative (GRI) table are available on our website at NiSource.com/Sustainability.



INVESTING IN SAFETY

- At the foundation of our business is the safety of and care for our employees, business partners, customers and the public
- In our gas segment, we're accelerating the implementation of a Safety Management System aligned with the framework developed for pipeline operators by the American Petroleum Institute

MEASURE	MILESTONE	2018 STATUS	2017 STATUS	CURRENT PERFORMANCE
DART Rate*	Industry Top Decile	0.84	0.43	Second Quartile
Recordable Injury Rate	Industry Top Decile	1.36	0.91	Second Quartile
Vehicle Collision Rate	Industry Top Decile	1.96	1.67	First Quartile
Business Partner DART Rate	Industry Top Decile	0.29	0.50	Top Decile
Business Partner Recordable Injury Rate	Industry Top Decile	0.78	1.22	Top Decile
Facility Damage Prevention Rate	Industry Top Quartile	2.12	2.33	Second Quartile

*Days away, restricted or transferred.



INVESTING IN SAFETY

- Engaged in a robust, multi-year effort to replace existing cast iron and unprotected steel natural gas distribution pipes with modern, state-of-the-art materials, such as advanced plastics and protected steel
- Leading a long-term effort to modernize our electric systems, as well as overhaul our electric generation fleet to meet long term energy needs and improve environmental performance

MEASURE	MILESTONE	2018 STATUS	2017 STATUS	CURRENT PERFORMANCE
Miles of Priority Pipe Replaced	>350 Miles per Year	302 Miles Replaced	377 Miles Replaced	Approaching Milestone
Natural Gas System Leaks Found	Continued Reduction	-6.5% Reduction in Leaks Found (2018 v. 2017)	1.5% Reduction in Leaks Found (2017 v. 2016)	-



PRESERVING THE ENVIRONMENT

- Our business plan raises the bar on environmental improvements, including actions to reduce risks and improve our performance
- Milestones through 2030 to reduce greenhouse gas and other air emissions, water withdrawal, water discharge and coal ash generated
- Plan announced to retire 100 percent of our coal electric generating capacity by the end of 2028

MEASURE	REDUCTION MILESTONES (BY 2030 FROM 2005 LEVELS)	2018 STATUS (% REDUCTION SINCE 2005)	2017 STATUS (% REDUCTION SINCE 2005)	CURRENT PERFORMANCE
GAS				
Methane Emission Reduction (Service & Main Lines)	50%	34%	32%	On Track
ELECTRIC				
Carbon Dioxide	90%	37%	43%	On Track
Nitrogen Oxide		79%	80%	
Sulfur Dioxide	99%	96%	96%	On Track
Mercury		90%	93%	
Water Withdrawal	99%	76%	21%	On Track
Water Discharge	99%	81%	22%	On Track
Coal Ash Reduction	100%	37%	39%	On Track

MEASURE	MILESTONE	2018 STATUS	2017 STATUS	CURRENT PERFORMANCE
PIPELINE REPLACEMENT				
EPA Natural Gas STAR Methane Challenge	1.5% Per Year - Priority Pipe Replacement	5.8% Priority Pipe Replaced	6.4% Priority Pipe Replaced*	On Track

*The percentage for 2017 has been updated based on our submittal to EPA in October 2018.

Additional environmental data and metrics (including greenhouse gas emissions) are covered in the GRI Table and Supplemental Sustainability Data available on our website at www.NiSource.com/Sustainability.



SERVING OUR CUSTOMERS AND COMMUNITIES

- Committed to transforming our customer experience by adopting best practices across all customer touchpoints
- Fostering a customer-centric culture among employees, enhancing our processes and implementing new technologies to meet customers' changing expectations

MEASURE	MILESTONE	2018 STATUS	2017 STATUS	CURRENT PERFORMANCE
Emergency Response Time	98% of Emergency Response <45 Minutes	95%	96%	Aligned with Industry
On-Time Appointment Rate	99%	97%	97%	On Target
J.D. Power Residential Score	First Quartile	Second Quartile	Second Quartile	Improving With Industry
Customer Satisfaction	91%	90%	88%	On Target
LiHEAP Funding	-	\$47M	\$46M	Advocating for Full Funding



SERVING OUR CUSTOMERS AND COMMUNITIES

- Continued support of customer programs to help ensure affordability, increase comfort and reduce energy usage
- Promoting several programs that allow customers to generate electricity using renewable resources
- Supply chain diversity focused on reflecting the communities where we do business

MEASURE	MILESTONE	2018 STATUS	2017 STATUS	CURRENT PERFORMANCE
Energy Efficiency – Customer Participation	-	~800,000 Customers	~900,000 Customers*	-
Energy Efficiency – Energy/Dollars Saved	-	~\$23M	~\$21M	-
Customer Renewable Electric Generation (Feed-In Tariff)	-	~123,000 Megawatt Hours More than 596,000 Megawatt Hours Since 2011	~114,000 Megawatt Hours More than 473,000 Megawatt Hours Since 2011	-
Total Diverse Supplier Spend	14% by Year-End 2020	8.7%	9.9%	Aligned with Industry
NiSource Diverse Suppliers	5% by Year-End 2020	1.6%	3.2%	Aligned with Industry
NiSource Diverse Supplier Spend (\$1M+)	12% by Year-End 2020	17.2%	12%	On Track



FINANCIAL PERFORMANCE

- 100% regulated natural gas and electric utility business with \$30B in identified long-term investment opportunities
- Expected annual net operating earnings per share and dividend growth of 5%-7% from 2019 through 2022*
- Commitment to healthy balance sheet, growing cash flow and investment-grade credit ratings

MEASURE	MILESTONE	2018 STATUS	2017 STATUS	CURRENT PERFORMANCE**
Customer Growth	Sustained 1% Annual Growth (Net) by 2020	0.76%	0.81%	On Track
Net Operating Earnings Per Share Guidance (Non-GAAP)*	2018: \$1.26 - \$1.32 Per Share	\$1.30	\$1.21	On Track
Net Operating Earnings Per Share Growth (Non-GAAP)*	2019-2022: 5% -7% Growth	7%	11%	On Track
Earnings Per Share - Continuing Operations (GAAP)	-	\$(0.18)	\$0.39	-
Operating Income (GAAP)	-	\$124.7M	\$910.6M	-
Annual Dividend	2019-2022: 5% -7% Growth	\$0.78	\$0.70	On Track
Total Shareholder Return	-	2%	19%	-

* See Regulation G Disclosure Statement on page 11. For a reconciliation of non-GAAP earnings to GAAP earnings, see Schedule 1 on page 12.

** As of April 1, 2019



GROWING OUR TEAM

- Respecting individuality while fostering collaboration, rewarding performance and providing the tools and resources our employees need to build their careers
- National recognition from Forbes magazine, the Ethisphere Institute, Bloomberg and others
- Actively engaged in the community through volunteerism and philanthropy, making them great places to live and call home

Employee Resource Groups

DAWN: Developing and Advancing Women at NiSource; **GENesis:** The next 'gen'eration of the company; **GOLD:** Generating Opportunities for Latinos and Diversity; **LEAD:** Leadership & Education for African-American Development; **NiPride:** To recruit, retain, develop and support LGBTQ employees and allies; **NiVets:** NiSource Veterans; **PACE:** Promoting Asian Culture and Engagement

MEASURE	MILESTONE	2018 STATUS	2017 STATUS	CURRENT PERFORMANCE
Number of Employees	-	8,076	8,167	-
Employee Engagement	Recognized as a High-Performing Organization	89%	91%	On Track
Would Recommend NiSource as a Great Place to Work	Recognized as a High-Performing Organization	87% of Employees	88% of Employees	On Track
New Hire Experience Index	-	91%	87%	-
Dollars for Doers Employee Volunteer Hours	>10,000 Hours per Year	~12,000 Hours	~12,000 Hours	On Track
NiSource Charitable Giving	-	~\$23M, including \$1.2M from the NiSource Charitable Foundation	~\$6.3M, including \$1.3M from the NiSource Charitable Foundation	-



DEFINITIONS

- **Customer Satisfaction:** This metric is based on a third-party customer survey measuring the percent of customers who say we met or exceeded their expectations in a recent interaction.
- **Days Away Restricted or Transferred Rate (DART):** The number of OSHA recordable incidents that resulted in lost time, restricted or transferred to other work incidents for every 200,000 hours worked (or approximately per every 100 employees)
- **Emergency Response Time:** The percent of the time a gas local distribution company responds to an emergency (odor of gas) in less than 45 minutes.
- **Facility Damage Prevention:** The number of excavation and demolition damages to underground facilities per one thousand locate requests received through a state one-call center in a given time period.
- **J.D. Power Residential Score:** A quarterly survey sent out by J.D. Power that ranks us in many customer service related topics.
- **New Hire Experience Index:** Combines a number of factors including retention, safety and engagement to assess our effectiveness in recruiting and bringing new employees on board.
- **NiSource Diverse Supplier Spend \$1M+:** Percentage of diverse suppliers with which we spend more than one million dollars annually.
- **NiSource Diverse Suppliers:** Measures the percentage of all suppliers across our companies that fall within the definition of diverse supplier.
- **On-Time Appointment Rate:** The percent of customer-generated appointments that are met within the appointment window or according to state regulation, where applicable.
- **Recordable Injury Rate:** The number of OSHA recordable incidents for every 200,000 hours worked (or approximately per every 100 employees).
- **Preventable Vehicle Collision Rate:** A measure of the number of company vehicle accidents deemed "preventable" under a reasonable standard.
- **Top Decile:** Rated in the top 10 percent of our industry.
- **Top Quartile:** Rated in the top 25 percent of our industry.
- **Total Diverse Supplier Spend:** Percentage of total supplier dollars spent with diverse suppliers.
- **Total Shareholder Return:** Stock price appreciation + annual dividend amount, divided by the year-end closing stock price for the previous year-end.



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's or any of its subsidiaries' business, performance, growth, commitments, investment opportunities, and planned, identified, infrastructure or utility investments. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans, expectations and strategy discussed in this presentation include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; NiSource's ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation; any damage to NiSource's reputation, including in connection with the Greater Lawrence Incident; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs or an inability to obtain an adequate, reliable and cost-effective fuel supply to meet customer demands; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc.; NiSource's ability to manage new initiatives and organizational changes; the performance of third party suppliers and service providers; and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Presentation on Form 10-K for the fiscal year ended December 31, 2018, and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization. In addition, dividends are subject to board approval. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings, which is a non-GAAP financial measure as defined by the SEC's Regulation G. The company includes this measure because management believes it permits investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. The company is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.



Schedule 1 - Reconciliation of Consolidated Net Income (Loss) Available to Common Shareholders to Net Operating Earnings Available to Common Shareholders (Non-GAAP)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions, except per share amounts)	2018	2017	2018	2017
GAAP Net Income (Loss) Available to Common Shareholders	\$ (19.8)	\$ (52.4)	\$ (65.6)	\$ 128.5
Adjustments to Operating Income (Loss):				
Operating Revenues:				
Weather - compared to normal	(10.6)	(6.9)	(32.5)	30.2
Greater Lawrence Incident ⁽¹⁾	3.9	—	3.9	—
Operating Expenses:				
Plant retirement costs ⁽²⁾	—	—	3.3	1.5
IT service provider transition costs ⁽³⁾	—	8.3	—	21.6
Greater Lawrence Incident ⁽⁴⁾	379.0	—	830.6	—
Loss on sale of assets and impairments, net	0.8	0.1	1.2	—
Total adjustments to operating income (loss)	373.1	1.5	806.5	53.3
Other Income (Deductions):				
Greater Lawrence Incident - Charitable contribution ⁽⁴⁾	10.4	—	20.7	—
Interest rate swap settlement gain	(25.0)	—	(46.2)	—
Loss on early extinguishment of long-term debt	—	—	45.5	111.5
Income Taxes:				
Tax effect of above items	(79.8)	0.1	(180.6)	(56.9)
Income taxes - discrete items ⁽⁵⁾	(117.0)	161.1	(117.0)	161.1
Total adjustments to net income (loss)	161.7	162.7	528.9	269.0
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	\$ 141.9	\$ 110.3	\$ 463.3	\$ 397.5
Basic Average Common Shares Outstanding	369.4	337.5	356.5	329.4
GAAP Basic Earnings (Loss) Per Share	\$ (0.05)	\$ (0.16)	\$ (0.18)	\$ 0.39
Adjustments to basic earnings (loss) per share	0.43	0.49	1.48	0.82
Non-GAAP Basic Net Operating Earnings Per Share	\$ 0.38	\$ 0.33	\$ 1.30	\$ 1.21

⁽¹⁾ Represents revenues not billed to impacted customers as a result of the Greater Lawrence Incident.

⁽²⁾ Represents costs incurred associated with the planned retirement of Units 7 and 8 at Bailly Generating Station.

⁽³⁾ Represents contract termination costs and external legal and consulting costs associated with termination of the IBM IT services agreement and the transition to a new multi-vendor strategy for IT service delivery.

⁽⁴⁾ Represents costs incurred for estimated third-party claims and related other expenses as a result of the Greater Lawrence Incident net of insurance recoveries recorded to date.

⁽⁵⁾ 2017 activity represents the impact of adopting the provisions of the Tax Cuts and Jobs Act of 2017. 2018 activity represents adjustments to the impact of the Tax Cuts and Jobs Act of 2017 due to regulatory actions in 2018.