

Supplemental Slides

Fourth Quarter & Year-End 2017 Earnings

February 20, 2018

NiSource



NiSource





Forward-Looking Statements

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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 presentations include statements and expectations regarding NiSource's 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; any damage to NiSource's reputation; 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; 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; potential incidents and other operating risks associated with our business; 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; advances in technology; 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; the availability of insurance to cover all significant losses and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 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 asset 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. NiSource 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.

Key Takeaways – Year-End 2017

- **2017 results slightly above guidance range**
  - Net operating earnings per share (NOEPS)* of $1.21 versus $1.09 in 2016
  - Record $1.7 billion invested in gas & electric utility infrastructure modernization

- **Disciplined execution produces value for customers, stakeholders**
  - Replaced 377 miles of priority pipe in 2017, reducing leaks and methane emissions; Replaced 68 miles of underground electric cable and about 1,300 electric poles, supporting increased service reliability
  - Achieved industry top-decile performance in core employee safety metrics
  - Improved customer satisfaction across all NiSource utilities
  - Settlements approved in Maryland, Virginia gas base rate cases, Indiana electric generation environmental investments plan
  - Refinanced nearly $1 billion in long-term debt at more favorable rates, which will result in significant interest expense savings over the next several years
  - Established aggressive environmental targets supported by our business strategy, including a reduction of greenhouse gas emissions from 2005 levels 50 percent by 2025
  - Added nearly 28,000 net new customers, with growth driven by increased conversions to gas from other fuels and a healthy housing market

- **Delivered total shareholder return of more than 19 percent, significantly exceeding performance of the two major utility indices**

2018 NOEPS Guidance: $1.26 to $1.32 Per Share*; CapEx Guidance: $1.7B to $1.8B

* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of 2017 GAAP to non-GAAP earnings, see Schedule 1 of NiSource's Feb. 20, 2018 Earnings Release

NiSource & Federal Tax Reform

- **Balance Sheet Re-measurements from the Adoption of Tax Cuts and Jobs Act**
  - The Federal NOL (Net Operating Loss) carryforward revalued to $508M, which is expected to provide a cash tax benefit to NiSource that extends beyond 2025
  - Re-measurement of deferred tax liabilities increased regulatory liabilities by approximately $1.5B, which supports lower costs to our customers
- **Primary Earnings and Cash Consequences of the Lower Tax Rate**
  - Reduced tax shield of corporate debt; no change to deductibility
  - Reduces tax collections, driving lower cost to customers and reduced cash flow to utilities
  - Re-measurement of deferred tax liability expected to be passed back to customers over the life of the assets, which reduces cash flow to utilities
- **Management of Tax Reform Impacts – Ensuring Financial Commitments and Sustainable Investment Program Funding**
  - Near-term levers to manage cash and earnings impacts
    - Balanced, constructive regulatory approach to benefit long-term customer interests
    - Business initiatives focused on efficiencies
    - Potential financing plan options – debt tenor, mix and timing of hybrids, convertibles, debt and equity

NiSource Reaffirms Financial Commitments - Guidance, Long-Term Growth Rates, Investment-Grade Credit

Year-End 2017 Financial Highlights

Non-GAAP*	2017	2016	Change
Net Operating Earnings ($M)	$397.5	$351.2	$46.3
Net Operating Earnings Per Share	$1.21	$1.09	$0.12

GAAP	2017	2016	Change
Income from Continuing Operations ($M)	$128.6	$328.1	($199.5)
Earnings Per Share - Continuing Operations	$0.39	$1.02	($0.63)

2017 Results Slightly Above Guidance Range

*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's Feb. 20, 2018 Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of www.nisource.com.

NiSource Debt and Credit Profile

- **Current debt level: ~$9.0B as of December 31, 2017**
  - ~$7.7B of long-term debt
    - Weighted average maturity ~18 years
    - Weighted average interest rate of 4.8%
- **Solid liquidity position**
  - ~$2.2B of committed facilities in place as of December 31, 2017
    - ~$1.9B 5-year revolving credit facility
    - ~$0.3B* accounts receivable securitization facilities
  - ~$1.0B in net available liquidity as of December 31, 2017**
- **Interest rate hedging position**
  - ~$1.0B of anticipated debt issuances hedged as of December 31, 2017
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities

* Committed capacity on accounts receivable securitization facilities changes with seasonality
** Consisting of cash and available capacity under credit facilities

Gas Distribution Operations

- Operating Earnings* $586.9M in 2017 vs. $597.6M in 2016
- Significant progress on regulatory initiatives across all states
- Ongoing infrastructure modernization on track and designed to further customer value, including improved system safety, reliability and environmental performance
- New customer growth on track, in line with long-term expectations
- Improving customer satisfaction across all states

Key Milestones:

Highlight	Key Components	Status
NIPSCO Gas Base Rate Case	• First base rate increase request in more than 25 years • Supports continued investments in system upgrades, technology improvements, and other measures to enhance system safety and reliability • Inclusive of various tracker programs and reflecting customer benefits of federal tax reform, seeks annual revenue increase of $117.9M	• Filed Sept. 27, 2017 • Revised Jan. 26, 2018 (Reflecting tax reform benefits) • Order expected in 2H18
Columbia Gas of Ohio Infrastructure Replacement Program (IRP) Extension	• Well-established program covers replacement of priority mainline pipe and targeted customer service lines • Five-year extension through Dec. 31, 2022 (Program previously authorized through Dec. 31, 2017)	• Filed Feb. 27, 2017 • Settlement filed Aug. 18, 2017 • Settlement approved Jan. 31, 2018
Columbia Gas of Ohio Capital Expenditure Program (CEP)	• Seeks establishment of cost recovery mechanism for certain deferred capital investments not recovered through the IRP tracker • Requests annual revenue increase of $29M for 2018	• Filed Dec. 1, 2017 • Awaiting procedural schedule
Columbia Gas of Maryland Base Rate Case	• Supports continued expedited replacement of aging infrastructure and adoption of pipeline safety upgrades • Settlement includes $2.4M annual revenue increase	• Filed Apr. 14, 2017 • Settlement approved Sept. 19, 2017 • New rates effective Oct. 27, 2017
NIPSCO Gas System Modernization Program	• Investment focused on system modernization to improve service and reliability, and customer growth • TDSIC 7 semi-annual tracker update covering $59M in 1H 2017 investments	• Filed Aug. 31, 2017 • Approved Dec. 28, 2017 • New rates effective Jan. 1, 2018

~$20B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's Feb. 20, 2018 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Electric Operations

- Operating Earnings* $376.6M in 2017 vs. $302.3M in 2016
- Completed year two of seven-year ~$1.25B electric system modernization program
- Electric transmission projects on schedule, with line and tower construction continuing
- Settlement approved in environmental upgrades for Michigan City, R.M. Schahfer generating stations

Key Milestones:

Highlight	Key Components	Status
Environmental Upgrades	• Address requirements under U.S. EPA's Effluent Limitation Guidelines (ELG) and Coal Combustion Residuals (CCR) rules • Costs to be recovered through Federally Mandated Cost Adjustment (FMCA) mechanism • Settlement covers CCR-related investments of ~$193M; ELG-related investments moved to later proceeding	• Filed Nov. 1, 2016 • CCR settlement filed Jun. 9, 2017 • CCR settlement approved Dec. 13, 2017 • Construction underway, expected completion by YE18
Electric System Modernization Program	• Focused on electric transmission and distribution investments designed to improve system reliability and safety • TDSIC 3 semi-annual tracker update covering ~$75M in investments from May 2017 - Nov. 2017	• Filed Jan. 30, 2018 • Order expected in 2Q18
Electric Transmission System Enhancement Projects	• Reynolds to Topeka Project ◦ 100-mile, 345-kV transmission project ◦ ~$350M-$400M investment • Greentown to Reynolds (Joint Project) ◦ 65-mile, 765-kV transmission project ◦ ~$350M-$400M investment (NIPSCO portion ~$175M-$200M)	• Substation, line and tower construction continues • Both projects expected to be complete by mid-2018

~$10B in Identified Long-Term Infrastructure Investment Opportunities

* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's Feb. 20, 2018 supplemental segment and financial information accompanying this presentation and available on the investor section of www.nisource.com.

Appendix:
Fourth Quarter & Year-End 2017 Earnings





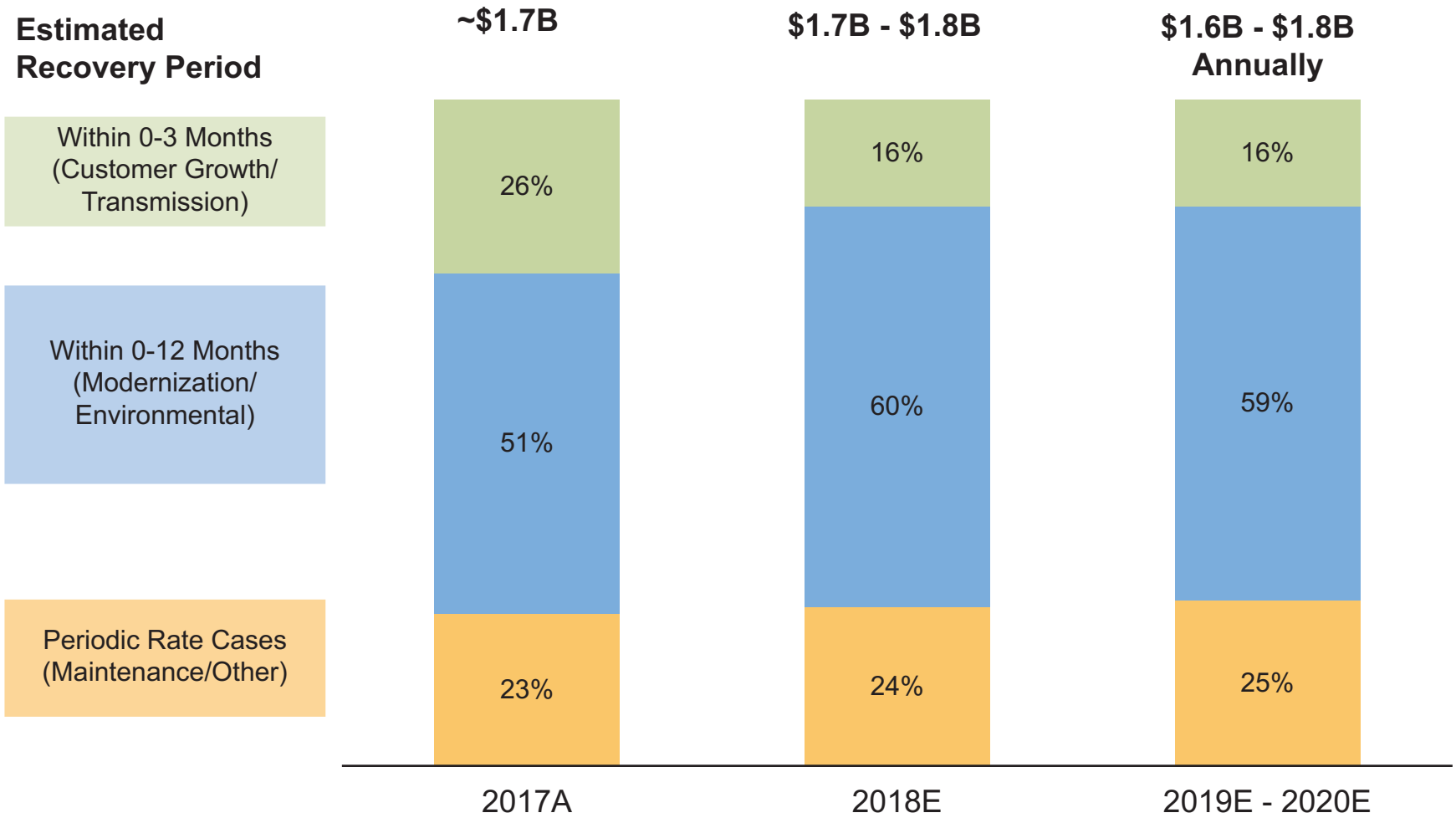






Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



~75% of Capital Investments Begin Earning in Less Than 12 months

Current Liquidity and Debt Detail ($M)

Current Liquidity

	Actual 12/31/17	Maturity
Revolving Credit Facility	$ 1,850	Nov. 28, 2021
Accounts Receivable Program*	337	
Less:		
Drawn on Credit Facility	—	
Commercial Paper	869	
Accounts Receivable Program Utilized	337	
L/C's Outstanding Under Credit Facility	11	
Add:		
Cash & Equivalents	29	
Net Available Liquidity	**$ 999**	

Debt Detail

	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	$ 7,715	4.82%	18 years
Commercial Paper	869	1.97%	26 days
A/R Program Borrowings	337	1.86%	Approx. 1 mo.
Capital Leases, Def Cost & Other	82	N/A	N/A
Total Debt	**$ 9,002**		

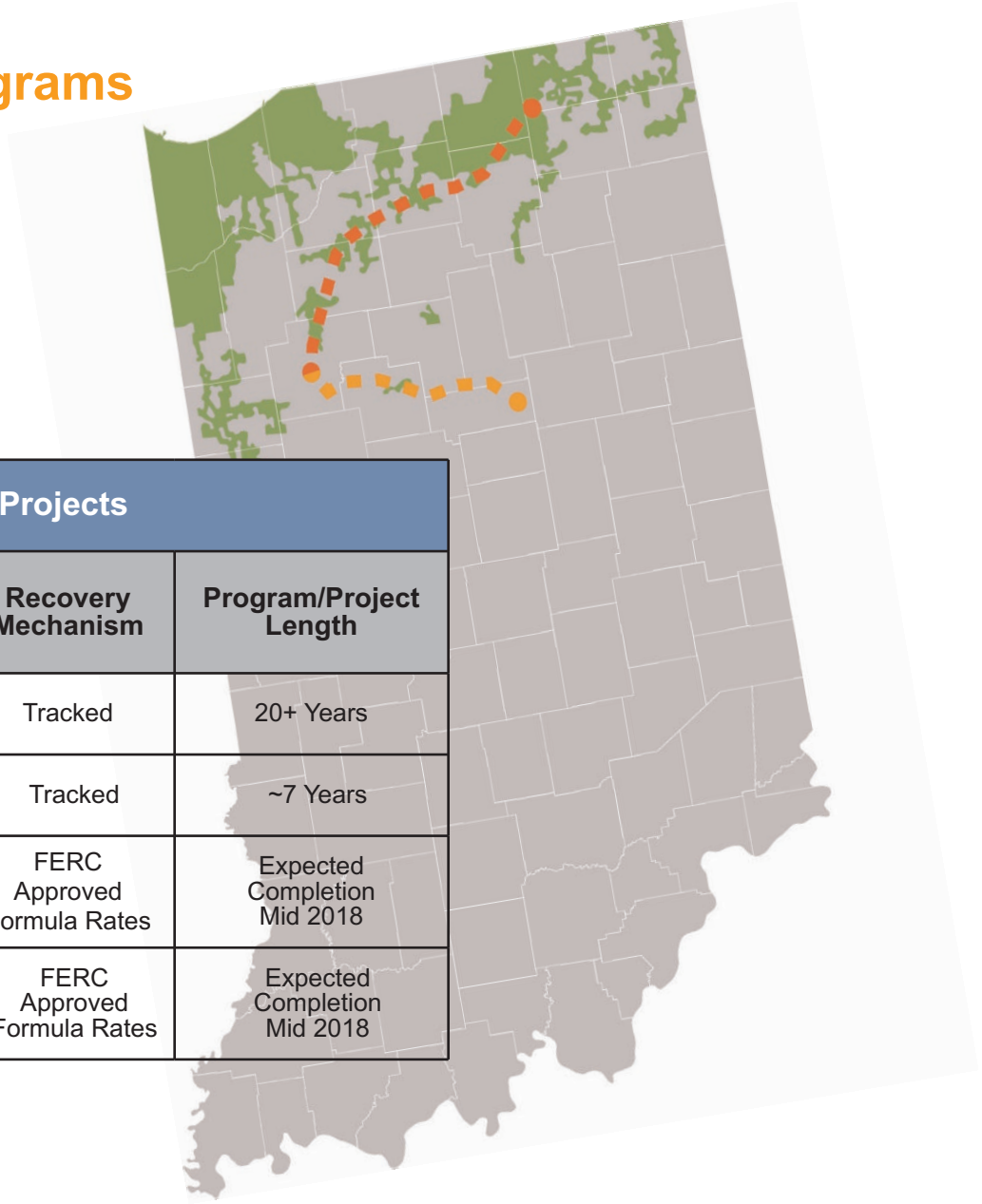
* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables
** Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges
N/A = Not Applicable

Natural Gas Distribution Infrastructure Programs

Company	Base Case Authorized ROE	Year-End 2017 Rate Base	Total Identified Investments	Modernization Program Investments	Estimated Annual Modernization Program	Recovery Mechanism
Columbia Gas of OH	Not Specified	$2.5B	~$4.1B	~$3.4B	$220M - $270M	Tracked
Columbia Gas of PA	Not Specified	$1.5B	~$3.0B	~$1.8B	$210M - $250M	Rate Case (Forward Test Year)
NIPSCO Gas	9.90%	$1.2B	~$4.5B	~$3.9B	$135M - $160M	Tracked
Columbia Gas of MA	9.55%	$792M	~$1.4B	~$700M	$80M - $120M	Tracked
Columbia Gas of VA	Not Specified	$669M	~$550M	~$300M	$30M - $40M	Tracked
Columbia Gas of KY	Not Specified	$259M	~$750M	~$400M	$25M - $45M	Tracked
Columbia Gas of MD	9.70%	$107M	~$200M	~$100M	$16M - $21M	Tracked

Robust Long-Term Investment Programs Deliver Value on $7.0B Rate Base

Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	**Identified Investments**	**Estimated Annual Investment**	**Recovery Mechanism**	**Program/Project Length**
Infrastructure Modernization	~$4.2B	~$135M - $235M	Tracked	20+ Years
Environmental Compliance	~$0.4B	~$10M - $90M	Tracked	~7 Years
Transmission Project I (Reynolds-Topeka)	~$350M - $400M	~$50M - $120M	FERC Approved Formula Rates	Expected Completion Mid 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~$350M - $400M (NI: ~$175M-$200M)	~$25M - $50M	FERC Approved Formula Rates	Expected Completion Mid 2018

High-Value Investments with $3.5B Rate Base*

* As of Sept. 30, 2017

Regulatory Update

2017 Rate Case and Program/Project Activity		
Company/Filing	**Summary**	**Timeline**
Pending Approval		
Columbia Gas of Ohio - Capital Expenditure Program (CEP)	Establishment of Deferral Recovery Rider	Filed: 12/1/2017 Awaiting Procedural Schedule
NIPSCO Gas - PHMSA Filing	Recovery of Federally Mandated Pipeline Safety Compliance Plan	Filed: 11/8/2017
NIPSCO Gas - Base Rate Case	Requested Increase: $117.9M	Filed: 9/27/2017 Revised for Tax Reform: 1/26/2018 Order Expected: 2H2018
Complete		
Columbia Gas of Ohio - Infrastructure Replacement Program	5-Year Plan Extension Filing	Filed: 2/27/2017 Settlement Filed: 8/18/2017 Settlement Approved: 1/31/2018
NIPSCO Electric Environmental Upgrades	Environmental Compliance Investments (CCR)	Filed: 11/1/2016 CCR Settlement Filed: 6/9/2017 CCR Settlement Approved: 12/13/2017
Columbia Gas of Virginia - Base Rate Case	Requested Increase: $37.0M Settled Increase: $28.5M	Filed: 4/29/2016 Effective: 9/28/2016 Settlement Approved: 3/17/2017
Columbia Gas of Maryland - Base Rate Case	Requested Increase: $5.0M Settled Increase: $2.4M	Filed: 4/14/2017 Settlement Approved: 9/19/2017 Effective: 10/27/2017

Continued Regulatory Execution Drives Growth and Customer Value

Infrastructure Investment Details

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2016	~$236M	Feb 2017	May 2017
		FY 2017	TBD	Expected - Feb 2018	Expected - May 2018
Columbia Gas of Pennsylvania*	Base Rate Case with Fully Forecasted Test Year	FY 2016	~$147M	Mar 2015	Dec 2015
		FY 2017	~$204M	Mar 2016	Dec 2016
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2017	~$37M	Aug 2016	Dec 2016
		FY 2018	~$35M	Aug 2017	Jan 2018
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2017	~$73M	Oct 2016	May 2017
		FY 2018	~$84M	Oct 2017	Expected - May 2018
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2017	~$17M**	May 2016	Jan 2017
		FY 2018	~$24M	Oct 2017	Jan 2018
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2017	~$15M	Nov 2016	Jan 2017
		FY 2018	~$21M	Oct 2017	Jan 2018
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 7: Jan 2017 – Jun 2017	~$59M	Aug 2017	Jan 2018
		TDSIC 8: Jul 2017 – Dec 2017	TBD	Expected - Feb 2018	Expected - July 2018
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 2: May 2016 – Apr 2017	~$134M	Jun 2017	Nov 2017
		TDSIC 3: May 2017 – Nov 2017	~$75M	Jan 2018	Expected - Jun 2018

* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)
** 2017 Investment for KY included in base rate case filing