Segment and Financial Information
First Quarter 2019

Supplement to NiSource First Quarter 2019
Earnings Presentation




NiSource®

First Quarter 2019 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the first quarter of 2019 were $497.1 million, compared to $401.7 million in the comparable 2018 period. Refer to the attached schedules for the items included in 2019 and 2018 GAAP operating income but excluded from operating earnings (non-GAAP).

Operating earnings (non-GAAP) for NiSource's business segments for the three months ended March 31, 2019, are discussed below.

Gas Distribution Operations

For the first quarter of 2019, Gas Distribution Operations reported operating earnings of $397.7 million, compared to operating earnings of $320.2 million in the comparable 2018 period.

Net revenues for the first quarter of 2019 were $880.7 million, an increase of $143.4 million from the comparable 2018 period. The change in net revenues was primarily driven by:

- New rates from base rate proceedings and infrastructure replacement programs of $100.1 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of $25.2 million.
- Increased customer growth and usage of $6.6 million
- Adjustments to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of $6.1 million.

Operating expenses for the first quarter of 2019 were $483.0 million, an increase of $65.9 million from the comparable 2018 period. The change in operating expenses was primarily driven by:

- Higher depreciation of $26.7 million due to regulatory outcomes of NIPSCO's gas rate case and higher capital expenditures placed in service.
- Higher regulatory, tax and depreciation trackers, which are offset in net revenues, of $25.2 million.
- Increased property taxes of $5.9 million due to higher capital expenditures placed in service and increased amortization of property taxes previously deferred as a regulatory asset.

Electric Operations

For the first quarter of 2019, Electric Operations reported operating earnings of $95.4 million, compared to operating earnings of $86.0 million in the comparable 2018 period.

Net revenues for the first quarter of 2019 were $301.3 million, an increase of $7.6 million from the comparable 2018 period. The change in net revenues was primarily driven by:

- Higher rates driven by incremental capital spend on infrastructure replacement of $4.3 million.
- Decreased fuel handling costs of $3.4 million.
- Higher regulatory and depreciation trackers, which are offset in operating expense, of $2.7 million.

Partially offset by:

- Decreased residential and industrial usage of $4.4 million.

Operating expenses for the first quarter of 2019 were $205.9 million, a decrease of $1.8 million from the comparable 2018 period. The change in operating expenses was primarily driven by:

- Decreased employee and administrative costs of $4.9 million.
- Decreased outside service costs of $3.5 million primarily related to the retirement of Bailly Generating Station Units 7 and 8 on May 31, 2018.

Partially offset by:

- Higher regulatory and depreciation trackers, which are offset in net revenues, of $2.7 million.
- Increased depreciation of $1.4 million due to higher capital expenditures placed in service.

Corporate and Other Operations

For the first quarter of 2019, Corporate and Other Operations reported operating earnings of $4.0 million compared to an operating loss of $4.5 million in the comparable 2018 period. This change resulted primarily from unrealized gains on the cash surrender value of corporate owned life insurance investments.

Other Income (Deductions)

Other income (deductions) reduced income by $96.3 million for the first quarter of 2019 compared to a reduction in income of $83.0 million in the comparable 2018 period. This variance is primarily driven by lower actuarial investment returns on pension assets.

Income Taxes

The effective tax rate of net operating earnings was 19.8 percent compared to 18.5 percent for the same period last year. This increase is primarily due to the relative impact of permanent differences on higher estimated pre-tax income in 2019 compared to 2018.

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Consolidated Net Operating Earnings Available to Common Shareholders (Non-GAAP) *(unaudited)*

(in millions, except per share amounts)	Three Months Ended March 31, 2019	2018
Net Revenues		
Operating Revenues	**$ 1,858.9**	$ 1,752.2
Cost of Sales (excluding depreciation and amortization)	**680.3**	724.4
Total Net Revenues (Non-GAAP)	**1,178.6**	1,027.8
Operating Expenses		
Operation and maintenance	**329.5**	338.0
Operation and maintenance - trackers	**89.3**	64.5
Depreciation and amortization	**168.7**	139.6
Depreciation and amortization - trackers	**6.4**	5.1
Other taxes	**59.7**	52.8
Other taxes - trackers	**27.9**	26.1
Total Operating Expenses	**681.5**	626.1
Operating Earnings	**497.1**	**401.7**
Other Income (Deductions)		
Interest expense, net	**(95.6)**	(93.1)
Other, net	**(0.1)**	9.1
Other, net - trackers	**(0.6)**	1.0
Total Other Deductions, Net	**(96.3)**	(83.0)
Operating Earnings Before Income Taxes	**400.8**	318.7
Income Taxes	**79.3**	59.0
Net Operating Earnings	**321.5**	259.7
Preferred dividends	**(13.8)**	—
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	**307.7**	259.7
Non-GAAP Basic Net Operating Earnings Per Share	**$ 0.82**	$ 0.77
Basic Average Common Shares Outstanding	**373.4**	338.0

NiSource Inc.

Segment Operating Earnings (Non-GAAP) *(unaudited)*

Gas Distribution Operations *(in millions)*	**Three Months Ended March 31,** **2019**	2018
Net Revenues		
Operating revenues	**$ 1,430.8**	$ 1,329.1
Cost of Sales (excluding depreciation and amortization)	**550.1**	591.8
Net Revenues (Non-GAAP)	**880.7**	737.3
Operating Expenses		
Operation and maintenance	**240.2**	233.1
Operation and maintenance - trackers	**77.5**	54.1
Depreciation and amortization	**96.4**	69.7
Depreciation and amortization - trackers	**1.0**	1.0
Other taxes	**40.0**	33.1
Other taxes - trackers	**27.9**	26.1
Total Operating Expenses	**483.0**	417.1
Operating Earnings (Non-GAAP)	**$ 397.7**	$ 320.2

Electric Operations *(in millions)*	**Three Months Ended March 31,** **2019**	2018
Net Revenues		
Operating Revenues	**$ 431.4**	$ 426.4
Cost of Sales (excluding depreciation and amortization)	**130.1**	132.7
Net Revenues (Non-GAAP)	**301.3**	293.7
Operating Expenses		
Operation and maintenance	**109.9**	115.8
Operation and maintenance - trackers	**11.8**	10.4
Depreciation and amortization	**62.8**	61.4
Depreciation and amortization - trackers	**5.4**	4.1
Other taxes	**16.0**	16.0
Total Operating Expenses	**205.9**	207.7
Operating Earnings (Non-GAAP)	**$ 95.4**	$ 86.0

Corporate and Other Operations *(in millions)*	**Three Months Ended March 31,** **2019**	2018
Operating Earnings (Loss) (Non-GAAP)	**$ 4.0**	$ (4.5)

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Segment Volumes and Statistical Data *(unaudited)*

Gas Distribution Operations	Three Months Ended March 31, 2019	2018
Sales and Transportation (MMDth)		
Residential	**140.7**	135.1
Commercial	**86.0**	82.2
Industrial	**148.1**	145.5
Off-System	**7.2**	7.6
Other	**0.2**	0.1
Total	**382.2**	370.5
Weather Adjustment	**(10.7)**	(0.8)
Sales and Transportation Volumes - Excluding Weather	**371.5**	369.7
Customers		
Residential	**3,206,016**	3,179,647
Commercial	**282,616**	281,503
Industrial	**6,035**	6,244
Other	**3**	5
Total	**3,494,670**	3,467,399
Heating Degree Days	**2,897**	2,823
Normal Heating Degree Days	**2,864**	2,892
% Colder (Warmer) than Normal	**1%**	(2)%

Electric Operations	Three Months Ended March 31, 2019	2018
Sales (Gigawatt Hours)		
Residential	**792.4**	788.4
Commercial	**894.4**	905.7
Industrial	**2,215.7**	2,333.8
Wholesale	**6.5**	50.8
Other	**34.5**	33.2
Total	**3,943.5**	4,111.9
Weather Adjustment	**10.0**	39.5
Sales Volumes - Excluding Weather	**3,953.5**	4,151.4
Customers		
Residential	**412,739**	409,962
Commercial	**56,703**	56,175
Industrial	**2,281**	2,300
Wholesale	**732**	739
Other	**2**	2
Total	**472,457**	469,178

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

	Three Months Ended March 31,	
(in millions, except per share amounts)	**2019**	2018
GAAP Net Income Available to Common Shareholders	**$ 205.1**	$ 276.1
Adjustments to Operating Income:		
Operating Revenues:		
Weather - compared to normal	**(10.9)**	1.4
Operating Expenses:		
Greater Lawrence Incident[1]	**133.6**	—
Loss (Gain) on sale of assets and impairments, net	**0.2**	(0.3)
Total adjustments to operating income	**122.9**	1.1
Other Income (Deductions):		
Interest rate swap settlement gain	**—**	(21.2)
Income Taxes:		
Tax effect of above items	**(20.3)**	3.7
Total adjustments to net income	**102.6**	(16.4)
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	**$ 307.7**	$ 259.7
Basic Average Common Shares Outstanding	**373.4**	338.0
GAAP Basic Earnings Per Share	**$ 0.55**	$ 0.82
Adjustments to basic earnings per share	**0.27**	(0.05)
Non-GAAP Basic Net Operating Earnings Per Share	**$ 0.82**	$ 0.77

[1] 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 for the three months ended March 31, 2019.

NiSource Inc.

Schedule 2 - Reconciliation by Segment of Operating Income (Loss) to Operating Earnings (Non-GAAP) *(unaudited)*

Three Months Ended March 31, 2019 *(in millions)*	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (GAAP)	**$ 275.4**	**$ 95.0**	**$ 3.8**	**$ 374.2**
Adjustments to Operating Income:				
Operating Revenues:				
Weather - compared to normal	(11.3)	0.4	—	**(10.9)**
Operating Expenses:				
Greater Lawrence Incident[1]	133.6	—	—	**133.6**
Loss on sale of assets and impairments, net	—	—	0.2	**0.2**
Total Adjustments to Operating Income	**122.3**	**0.4**	**0.2**	**122.9**
Operating Earnings (Non-GAAP)	**$ 397.7**	**$ 95.4**	**$ 4.0**	**$ 497.1**

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

Three Months Ended March 31, 2018 *(in millions)*	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (Loss) (GAAP)	**$ 321.7**	**$ 83.1**	**$ (4.2)**	**$ 400.6**
Adjustments to Operating Income (Loss):				
Operating Revenues:				
Weather - compared to normal	(1.5)	2.9	—	**1.4**
Operating Expenses:				
Gain on sale of assets	—	—	(0.3)	**(0.3)**
Total Adjustments to Operating Income (Loss)	**(1.5)**	**2.9**	**(0.3)**	**1.1**
Operating Earnings (Loss) (Non-GAAP)	**$ 320.2**	**$ 86.0**	**$ (4.5)**	**$ 401.7**

NiSource Inc.

Consolidated Income Statements (GAAP)

	Three Months Ended March 31,	
(in millions, except per share amounts)	**2019**	2018
Operating Revenues		
Customer revenues	**$ 1,834.5**	$ 1,717.2
Other revenues	**35.3**	33.6
Total Operating Revenues	**1,869.8**	1,750.8
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	**680.3**	724.4
Operation and maintenance	**552.4**	402.5
Depreciation and amortization	**175.1**	144.7
Loss (Gain) on sale of assets and impairments, net	**0.2**	(0.3)
Other taxes	**87.6**	78.9
Total Operating Expenses	**1,495.6**	1,350.2
Operating Income	**374.2**	400.6
Other Income (Deductions)		
Interest expense, net	**(95.6)**	(93.1)
Other, net	**(0.7)**	31.3
Total Other Deductions, Net	**(96.3)**	(61.8)
Income before Income Taxes	**277.9**	338.8
Income Taxes	**59.0**	62.7
Net Income	**218.9**	276.1
Preferred dividends	**(13.8)**	—
Net Income Available to Common Shareholders	**205.1**	276.1
Earnings Per Share		
Basic Earnings Per Share	**$ 0.55**	$ 0.82
Diluted Earnings Per Share	**$ 0.55**	$ 0.81
Basic Average Common Shares Outstanding	**373.4**	338.0
Diluted Average Common Shares	**374.7**	339.0

NiSource Inc.

Consolidated Balance Sheets (GAAP)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 23,079.7**	$ 22,780.8
Accumulated depreciation and amortization	**(7,356.9)**	(7,257.9)
Net utility plant	**15,722.8**	15,522.9
Other property, at cost, less accumulated depreciation	**18.6**	19.6
Net Property, Plant and Equipment	**15,741.4**	15,542.5
Investments and Other Assets		
Unconsolidated affiliates	**2.1**	2.1
Other investments	**208.5**	204.0
Total Investments and Other Assets	**210.6**	206.1
Current Assets		
Cash and cash equivalents	**151.0**	112.8
Restricted cash	**9.8**	8.3
Accounts receivable (less reserve of $31.4 and $21.1, respectively)	**1,132.1**	1,058.5
Gas inventory	**75.1**	286.8
Materials and supplies, at average cost	**107.3**	101.0
Electric production fuel, at average cost	**33.3**	34.7
Exchange gas receivable	**72.1**	88.4
Regulatory assets	**190.9**	235.4
Prepayments and other	**144.2**	129.5
Total Current Assets	**1,915.8**	2,055.4
Other Assets		
Regulatory assets	**1,979.4**	2,002.1
Goodwill	**1,690.7**	1,690.7
Intangible assets, net	**218.0**	220.7
Deferred charges and other	**134.0**	86.5
Total Other Assets	**4,022.1**	4,000.0
Total Assets	**$ 21,889.9**	$ 21,804.0

NiSource Inc.

Consolidated Balance Sheets (GAAP) (continued)

(in millions, except share amounts)	**March 31, 2019**	December 31, 2018
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 373,002,671 and 372,363,656 shares outstanding, respectively	**$ 3.8**	$ 3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,406.5**	6,403.5
Retained deficit	**(1,358.0)**	(1,399.3)
Accumulated other comprehensive loss	**(52.8)**	(37.2)
Total Stockholders' Equity	**5,779.6**	5,750.9
Long-term debt, excluding amounts due within one year	**7,110.1**	7,105.4
Total Capitalization	**12,889.7**	12,856.3
Current Liabilities		
Current portion of long-term debt	**51.4**	50.0
Short-term borrowings	**2,080.0**	1,977.2
Accounts payable	**675.2**	883.8
Dividends payable - common stock	**74.6**	—
Dividends payable - preferred stock	**19.4**	—
Customer deposits and credits	**152.6**	238.9
Taxes accrued	**232.8**	222.7
Interest accrued	**93.7**	90.7
Exchange gas payable	**15.5**	85.5
Regulatory liabilities	**152.1**	140.9
Legal and environmental	**18.9**	18.9
Accrued compensation and employee benefits	**111.0**	149.7
Claims accrued	**258.5**	114.7
Other accruals	**79.5**	63.8
Total Current Liabilities	**4,015.2**	4,036.8
Other Liabilities		
Risk management liabilities	**55.8**	46.7
Deferred income taxes	**1,391.6**	1,330.5
Deferred investment tax credits	**10.8**	11.2
Accrued insurance liabilities	**84.5**	84.4
Accrued liability for postretirement and postemployment benefits	**377.3**	389.1
Regulatory liabilities	**2,488.3**	2,519.1
Asset retirement obligations	**358.4**	352.0
Other noncurrent liabilities	**218.3**	177.9
Total Other Liabilities	**4,985.0**	4,910.9
Commitments and Contingencies	**—**	—
Total Capitalization and Liabilities	**$ 21,889.9**	$ 21,804.0

NiSource Inc.

Statements of Consolidated Cash Flows (GAAP)

Three Months Ended March 31, (*in millions*)		**2019**		2018
Operating Activities				
Net Income	**$**	**218.9**	$	276.1
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:				
Depreciation and amortization		**175.1**		144.7
Deferred income taxes and investment tax credits		**51.6**		56.8
Other adjustments		**6.5**		(15.6)
Changes in Assets and Liabilities:				
Components of working capital		**(27.2)**		(178.4)
Regulatory assets/liabilities		**0.4**		117.1
Deferred charges and other noncurrent assets		**(58.3)**		1.9
Other noncurrent liabilities		**32.1**		(14.4)
Net Cash Flows from Operating Activities		**399.1**		388.2
Investing Activities				
Capital expenditures		**(353.7)**		(370.0)
Cost of removal		**(25.3)**		(19.0)
Other investing activities		**3.6**		(9.9)
Net Cash Flows used for Investing Activities		**(375.4)**		(398.9)
Financing Activities				
Repayments of long-term debt and capital lease obligations		**(2.3)**		(279.0)
Premiums and other debt related costs		**(4.0)**		—
Repayment of short-term debt (maturity > 90 days)		**(350.0)**		—
Change in short-term borrowings, net (maturity ≤ 90 days)		**452.8**		361.6
Issuance of common stock, net of issuance costs		**3.1**		3.7
Acquisition of treasury stock		**—**		(3.6)
Dividends paid - common stock		**(74.5)**		(65.7)
Dividends paid - preferred stock		**(9.1)**		—
Net Cash Flows from Financing Activities		**16.0**		17.0
Change in cash, cash equivalents and restricted cash		**39.7**		6.3
Cash, cash equivalents and restricted cash at beginning of period		**121.1**		38.4
Cash, Cash Equivalents and Restricted Cash at End of Period	**$**	**160.8**	$	44.7