



2016 Sustainability Scorecard

A Supplement to NiSource's 2016 Integrated Annual Report





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Two years ago, NiSource built its strategy as a pure-play regulated utility on seven commitments that drive our aspirations well into the future.

As we execute on our business priorities, we are relentlessly focused on serving our customers in a way that is safe, reliable, environmentally responsible and sustainable, while making it easier to do business with us. At the same time, we're ensuring NiSource is a great place for our employees to work, grow and build a career. By delivering on our commitments and executing in a disciplined, thoughtful manner, we are continuing to build value for all of our stakeholders.

Using these commitments, we've identified milestones that our teams are working to achieve. This Sustainability Scorecard, a supplement to our 2016 Integrated Annual Report, highlights the key metrics and milestones we track regarding the company's priorities and stakeholder materiality. 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.

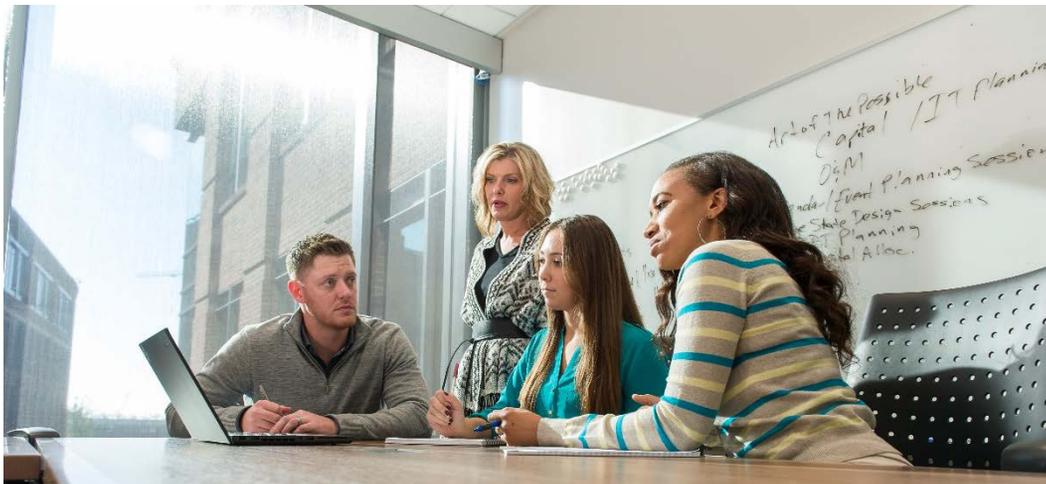




NiSource Stakeholder Commitments

These seven commitments define our direction as a company and how we'll track progress on our path forward:

- Industry-leading safety performance
- Top-tier customer satisfaction
- Investments that systematically and efficiently deliver service integrity
- Dependable, predictable and timely service and emergency response
- Growing our customer base by expanding into unserved areas
- Recognized among the best places to work in our communities
- Sustained year-to-year 5%-7% net operating earnings per share* and dividend growth through 2020



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



Industry-Leading Safety Performance and Emergency Response

- At the foundation of our business is the safety of and care for our employees, contractors, customers and the public
- Our safety goal is always to be incident free
- All key safety metrics solidly improved over 2015 performance
- Focusing on risk awareness and risk reduction



MEASURE	MILESTONE	2016 STATUS	2015 STATUS	CURRENT PERFORMANCE
DART Rate	Industry Top Decile by Year-End 2017	0.82	1.03	Top Quartile
OSHA Injury Rate	Industry Top Decile by Year-End 2017	1.55	1.74	Top Quartile
Preventable Vehicle Collision Rate	Industry Top Decile by Year-End 2017	1.83	2.14	Top Quartile
Contractor DART Rate	Industry Top Decile by Year-End 2017	0.49	0.58	Top Decile
Contractor OSHA Injury Rate	Industry Top Decile by Year-End 2017	0.97	1.31	Top Decile
Facility Damage Prevention Rate	Industry Top Quartile by Year-End 2018	2.46	2.87	Second Quartile
Emergency Response Time	98% of Emergency Response <45 Minutes by Year-End 2016	96%	93%	Approaching Milestone



Top-Tier Customer Satisfaction and Dependable Service

- A desire to improve our customers' experiences and make it easy to do business with us
- Fostering a customer-centric culture among employees, enhancing our processes and implementing new technologies to meet customers' changing expectations
- Continued support of customer programs to help ensure affordability, increase comfort and reduce energy usage
- Promoting several programs allowing customers to generate electricity using renewable resources



MEASURE	MILESTONE	2016 STATUS	2015 STATUS	CURRENT PERFORMANCE
J.D. Power Residential Score	Industry First Quartile by Year-End 2018	Third Quartile	Second Quartile	On Pace With Industry Improvements
On-Time Appointment Rate	99% by Year-End 2017	98%	97%	On Track
Customer Satisfaction	87%	87%	87%	On Track
LIHEAP Funding	-	\$54M	\$68M	Advocating for Full Funding
Additional Customer Assistance Programs	-	~\$3.1M	-	-
Energy Efficiency - Customer Participation	-	1.2M Customers	1.7M Customers*	-
Energy Efficiency - Energy/Dollars Saved	-	-\$12M	-	-
Customer Renewable Electric Generation (Feed-In Tariff, Net Metering)	-	107,000 Megawatt Hours More than 358,000 Megawatt Hours Since 2011	-	-

* Revised from -525,000 reported in 2015 due to a gap in data collection at the time.



Investments That Systematically and Efficiently Deliver Service Integrity

- Record level capital investment driving utility infrastructure safety and reliability improvements
- 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
- Creating supply chain diversity focused on reflecting the communities where we do business

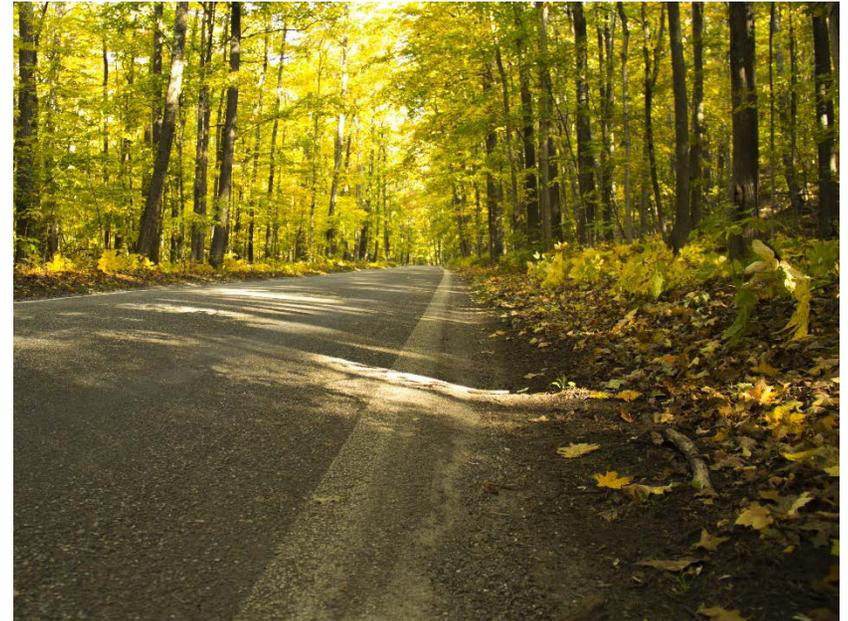


MEASURE	MILESTONE	2016 STATUS	2015 STATUS	CURRENT PERFORMANCE
Capital Investment	2016: ~\$1.5B 2017-2020: \$1.6B-\$1.8B Annually	\$1.5B	\$1.37B	On Track
Miles of Priority Pipe Replaced	>350 Miles per Year	406 Miles Replaced	361 Miles Replaced	On Track
Natural Gas System Leaks Found	Continued Reduction	14% Reduction in Leak's Found (2016 vs. 2015)	-	-
Total Diverse Supplier Spend	10% by Year-End 2020	7.9%	5.5%	On Track
NiSource Diverse Suppliers	5% by Year-End 2020	3.2%	2.6%	On Track
NiSource Diverse Supplier Spend (\$1M+)	12% by Year-End 2020	9.6%	9.3%	On Track



Targeted Environmental Improvements

- Building on a foundation of environmental improvements
- Plan outlined to retire 50 percent of our coal electric generating capacity by the end of 2023
- Significant pipeline replacement efforts reducing methane emissions
- Founding member of Environmental Protection Agency’s Methane Challenge



MEASURE	MILESTONE	2016 STATUS	2015 STATUS	CURRENT PERFORMANCE
EPA Natural Gas STAR Methane Challenge	1.5% Per Year - Priority Pipe Replacement	6.8% Priority Pipe Replaced	Founding Member - Launched March 2016	On Track
Methane Emission Reduction (Service & Main Lines)	>50% Reduction (2005-2025)	>25% Reduction (2005-2016)	-	On Track
Electric Emissions & Water Withdrawal Reduction				
Carbon Dioxide	>50% Reduction (2005 - 2025)	>40% Reduction Since 2005	-	On Track
Nitrogen Oxide Sulfur Dioxide Mercury	>90% Reduction (2005 - 2025)	>80% Reduction Since 2005	-	On Track
Water Withdrawal	>90% Reduction (2005 - 2025)	>15% Reduction Since 2005	-	On Track
Coal Ash Reduction	>60% Reduction (2005 - 2025)	>35% Reduction Since 2005	-	On Track

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



Recognized Among the Best Places to Work in Our Communities

- Respecting individuality while fostering collaboration, rewarding performance and providing the tools and resources our employees need to build a career
- Second-highest ranked utility on *Forbes* magazine's list of America's Best Large Employers in 2016
- 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 (New in 2016); **GOLD:** Generating Opportunities for Latinos and Diversity; **LEAD:** Leadership & Education for African-American Development; **NiVets:** NiSource Veterans; **PACE:** Promoting Asian Culture and Engagement (New in 2016)

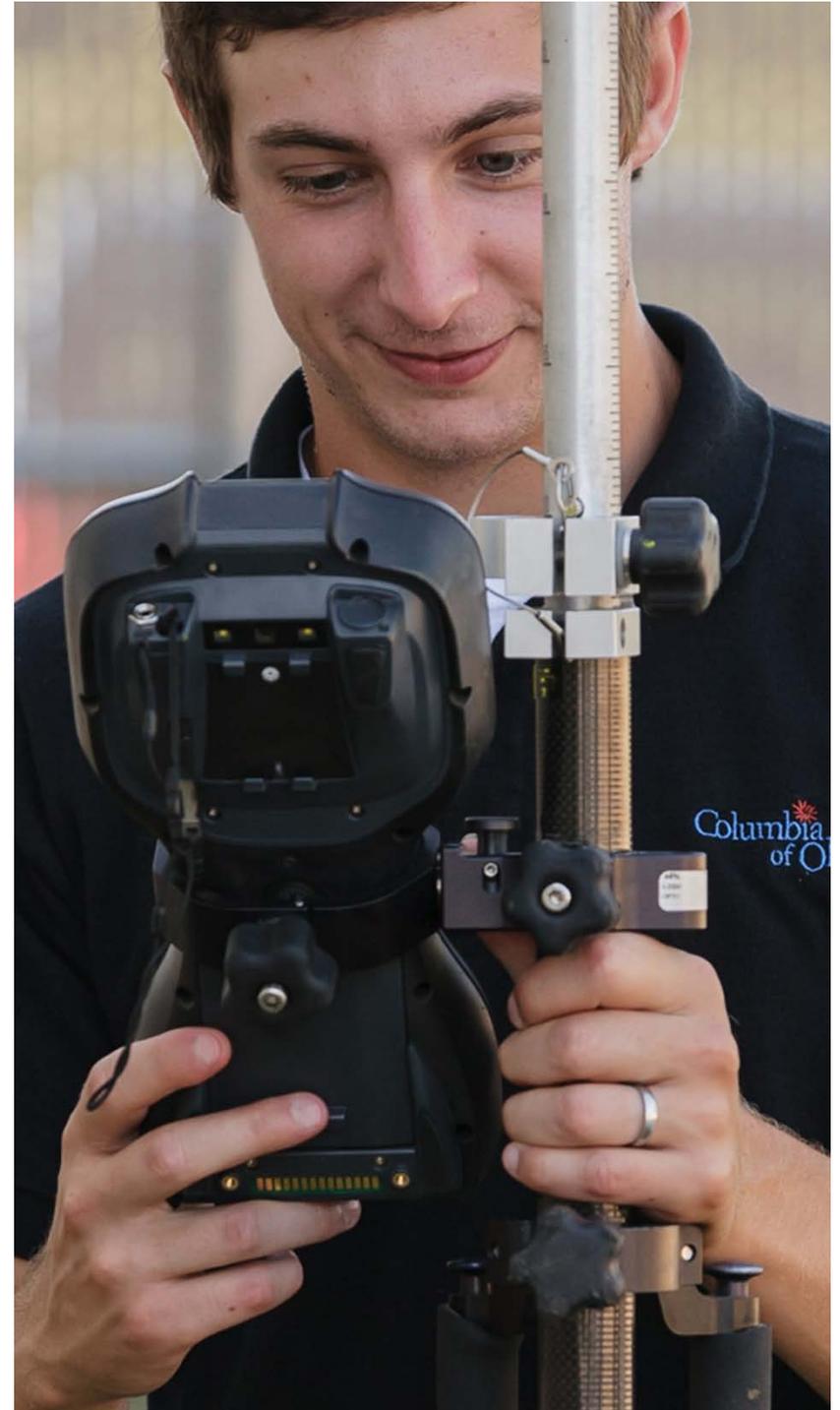
MEASURE	MILESTONE	2016 STATUS	2015 STATUS	CURRENT PERFORMANCE
Number of Employees	-	-8,000	7,596	-
Employee Engagement	Recognized as a High-Performing Organization	78%	New Benchmark in 2016	On Track
Would Recommend NiSource as a Great Place to Work	Recognized as a High-Performing Organization	83% of Employees	New Benchmark in 2016	On Track
New Hire Experience Index	92.5%	90.5%	New Benchmark in 2016	Approaching Milestone
Dollars for Doers Employee Volunteer Hours	>10,000 Hours per Year	-13,500 Hours	-12,000 Hours	On Track
NiSource Charitable Giving	-	-\$5.5M, including \$1.2M from the NiSource Charitable Foundation	>\$5M, including \$1.9M from the NiSource Charitable Foundation	-



Recognized Among the Best Places to Work in Our Communities

Select Recognitions:

- Dow Jones Sustainability Index-North America Member (Three Years)
- World's Most Ethical Companies by the Ethisphere Institute (Six Years)
- One of America's Best Large Employers by *Forbes*
- Best Places to Work in Central Ohio by *Columbus Business First* (Four Years)
- Veterans' Values Company designation by the Commonwealth of Virginia
- Best Midsize Places to Work in the Richmond, Va., area by the Sterling Workplace Awards
- Top Workplace in Toledo by *The Blade*





Creating Shareholder Value, Growing Our Customer Base

- 100% regulated natural gas and electric utility business
- \$30B of identified infrastructure investments
- Commitment to healthy balance sheet, growing cash flow and investment-grade credit
- Expected annual net operating earnings per share and dividend growth of 5%-7% through 2020*



MEASURE	MILESTONE	2016 STATUS	2015 STATUS	CURRENT PERFORMANCE
Customer Growth	Sustained 1% Annual Growth (Net) by 2020	0.89%	0.46%	On Track
Net Operating Earnings Per Share Guidance (Non-GAAP)*	2016: \$1.05 - \$1.10 Per Share 2017: \$1.12 - 1.18 Per Share	\$1.09	\$0.94	On Track
Net Operating Earnings Per Share Growth (Non-GAAP)*	2016: 4%-6% Growth 2017-2020: 5% -7% Growth	16% Growth Over 2015	\$16% Growth Over 2014	On Track
Earnings Per Share - Continuing Operations (GAAP)	-	\$1.02	\$0.63	-
Operating Income (GAAP)	-	\$858.2M	\$799.9M	-
Annual Dividend Growth	2016: 4-6% Growth 2017-2020: 5% -7% Growth	\$0.64 (6.5% Growth)	\$0.60 (Adjusted for July 1, 2015 Separation)	On Track
Total Shareholder Return	-	17%	22%	-

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



Definitions

- **Additional Customer Assistance Programs:** Company and other available programs and may include rebates, special payment programs, among various other initiatives.
- **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 LDC 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.
- **JD 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.
- **OSHA Incidence Rate:** A measure of the number of company vehicle accidents deemed "preventable" under a reasonable standard. Rate is calculated by taking the number of preventable accidents x 1,000,000 divided by total miles driven.
- **Preventable Vehicle Crash 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. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's business, performance, infrastructure or utility investments and growth. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans and expectations discussed in this presentation include, but are not limited to, 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; uncertainties related to the expected benefits of the separation of Columbia Pipeline Group Inc. and other matters referenced in the "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. 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 and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit 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 differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, 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.

Report Parameters & Materiality

Our 2016 Integrated Annual Report and all supplemental Sustainability materials published to support the report address the main areas of the NiSource Sustainability Strategy and Policy and that of interest to its stakeholders based on ongoing feedback.

This report, which covers the seven operating companies of NiSource, is not all-inclusive and includes topics that have a direct or indirect impact on NiSource's ability to operate and create economic, environmental and social value. The concept of materiality is core to the corporate sustainability reporting process. In 2014, NiSource conducted internal and external materiality assessments to help ensure that we are focusing on sustainability issues of importance to our stakeholders, and to ensure that issues deemed material by our stakeholders are aligned with our business strategy and risks. The surveys were sent to management employees across NiSource's operations with a 55 percent response rate, and to external stakeholders from each of our businesses with a 30 percent response rate. The feedback we received from the surveys helps to align our report.

The aspects that ranked highest in materiality to both internal and external stakeholders were: Employee Safety, Public Safety, Service Reliability and Emergency/Storm Response. Other highly rated categories were Ethics and Transparency and Overall Customer Satisfaction.

In addition, we follow the Global Report Indicator (GRI) G4 reporting methodology as the basis of our disclosures. The GRI table applicable to the 2016 Integrated Annual Report, our Sustainability Scorecard and supplemental Sustainability Data with more information about the metrics we measure can be found at www.nisource.com/sustainability.

Report Integrity

Preparing and publishing this Integrated Annual Report has allowed us to share with our stakeholders the challenges we face and the steps we are taking to build sustainable value at NiSource. We made an executive-level decision to improve our environmental and social performance by comprehensively reviewing what we do and how we do it. This enhanced Integrated Annual Report now includes the financial focus of our Sustainability Strategy, as well as other important measures, and grew out of our long-term commitment to our stakeholders. The information included is drawn from our established performance tracking and reporting, as well as new systems of review and engagement designed specifically for this analysis.

Report Assurance

To help guide the 2016 reporting process, a team was established to develop the report. We worked with our Chief Executive Officer, Executive Council and Board of Directors for review, guidance and approval. A third party reviewed the report and Global Reporting Indicator (GRI) tables to provide a statement of assurance to indicate the report met the requirements of GRI G4 guidelines. The full GRI table is available at www.nisource.com/sustainability.

Our last internal audit of our sustainability reporting was completed in early 2012. No significant weaknesses were discovered during the audit; however, recommendations from the audit were incorporated into subsequent reports. We continuously look for ways to improve our reporting and the involvement of our stakeholders. We have produced an annual report covering our sustainability metrics for the past seven years.



Schedule 1 - Reconciliation of Consolidated Net Operating Earnings (Non-GAAP) to
Income from Continuing Operations *(unaudited)*

<i>(in millions, except per share amounts)</i>	Twelve Months Ended December 31,	
	2016	2015
Net Operating Earnings (Non-GAAP)	\$ 351.2	\$ 298.8
Items Excluded from Operating Earnings:		
Net Revenues:		
Weather - compared to normal	(12.4)	(15.6)
Operating Expenses:		
Plant retirement costs ⁽¹⁾	(22.1)	—
Environmental costs ⁽²⁾	—	(10.7)
Transaction costs ⁽³⁾	(2.5)	(4.3)
Gain (loss) on sale of assets and impairments, net	1.0	(1.6)
Total items excluded from operating earnings	(36.0)	(32.2)
Other Income (Deductions):		
Loss on early extinguishment of long-term debt	—	(97.2)
Income Taxes:		
Income taxes - discrete items	—	(17.8)
Tax effect of above items	12.9	47.0
Total items excluded from net operating earnings	(23.1)	(100.2)
GAAP Income from Continuing Operations	\$ 328.1	\$ 198.6
Basic Average Common Shares Outstanding	321.8	317.7
Non-GAAP Basic Net Operating Earnings Per Share	\$ 1.09	\$ 0.94
Items excluded from net operating earnings (after-tax)	(0.07)	(0.31)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 1.02	\$ 0.63

(1) Represents costs incurred associated with the planned retirement of Units 7 and 8 at Bailly Generating Station. Includes costs for contract termination, employee severance and write downs of materials and supplies inventory balances.

(2) Represents costs incurred for liability adjustments at identified Superfund sites.

(3) Represents costs incurred associated with the Separation of CPG.