NISOURCE INC/DE
Form DEF 14A
April 06, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

NISOURCE INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NiSource Inc.

801 E. 86th Avenue   Merrillville, Indiana 46410   (877) 647-5990

NOTICE OF ANNUAL MEETING

April 6, 2018

To the Holders of Common Stock of NiSource Inc.:

The 2018 annual meeting of the stockholders (the Annual Meeting) of NiSource Inc., a Delaware corporation (the Company), will be held at the Hyatt Rosemont, 6350 N. River Road, Rosemont, Illinois 60018 on Tuesday, May 8, 2018, at 10:00 a.m., local time, for the following purposes:

(1) To elect ten directors named in the proxy statement to hold office until the next annual stockholders meeting and until their respective successors have been elected or appointed and qualified;

(2) To approve named executive officer compensation on an advisory basis;

(3) To ratify the appointment of Deloitte & Touche LLP as the Company s independent auditor for the year 2018;

(4) To consider a stockholder proposal regarding stockholder right to act by written consent, if properly presented; and

(5) To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

All stockholders of record as of the close of business on March 13, 2018, are eligible to vote at the Annual Meeting and any adjournment or postponement thereof.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please vote at your earliest convenience. You may vote your shares by marking, signing, dating and mailing the enclosed proxy card. You may also vote by telephone or through the Internet by following the instructions set forth on the proxy card. If you attend the Annual Meeting, you may be able to vote your shares in person, even if you have previously submitted a proxy. See the section Voting in Person for specific instructions on voting your shares.

If you plan to attend the Annual Meeting, please so indicate in the space provided on the proxy card or respond when prompted on the telephone or through the Internet.

PLEASE VOTE YOUR SHARES BY TELEPHONE, THROUGH THE INTERNET OR BY PROMPTLY MARKING, DATING, SIGNING AND RETURNING THE ENCLOSED PROXY CARD.

Samuel K. Lee

Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials

For the Annual Meeting of Stockholders to be Held on May 8, 2018

The Proxy Statement, Notice of Annual Meeting and 2017 Annual Report to Stockholders

are available at *https://www.nisource.com/filings*

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PROXY STATEMENT SUMMARY

This summary highlights information that may be expanded upon elsewhere in this proxy statement (Proxy Statement). This summary does not contain all of the information that you should consider and you should read the entire Proxy Statement before voting. The accompanying proxy is solicited on behalf of the Board of Directors of NiSource Inc. (the Board) for the 2018 annual meeting of the stockholders (the Annual Meeting).

2018 ANNUAL MEETING OF STOCKHOLDERS

Time and Date: 10:00 a.m. local time on Tuesday, May 8, 2018

Place: Hyatt Rosemont, 6350 N. River Road, Rosemont, Illinois 60018

Record Date: March 13, 2018

Common Shares Outstanding on Record Date: 337,567,015

Voting: Each share is entitled to one vote for each director to be elected and on each matter to be voted upon at the Annual Meeting.

This proxy statement and the accompanying proxy card are first being sent to stockholders on April 6, 2018.

VOTING MATTERS AND BOARD RECOMMENDATIONS

Item		Board Recommendations	Page Reference
Proposal 1	Election of ten directors	For All Nominees	7
Proposal 2	Approval of named executive officer compensation on an advisory basis	For	63
Proposal 3	Ratification of Deloitte & Touche LLP as independent auditor for the year 2018	For	64
Proposal 4	Approval of stockholder proposal regarding stockholder right to act by written consent	Against	67

Transact any other business that may properly come before the Annual Meeting or any adjournment(s) or postponement(s) of such meeting.

CORPORATE GOVERNANCE HIGHLIGHTS

Annual election of directors

Majority voting for all directors with resignation policy

No supermajority voting provisions

No stockholder rights plan (poison pill)

Proxy access by-law (3% ownership / 3 years / 20%)

Stockholder right to call special meetings

Separate chairman and CEO

All directors independent except CEO

Board committees comprised of all independent directors

Regular executive sessions of independent directors

Annual Board and committee evaluation process and ongoing evaluations of individual directors

Strategic and risk oversight by Board and committees

Annual Say-on-Pay advisory votes

Strong alignment between pay and performance in incentive plans

Commitment to safety and customer care

Political contributions disclosure

Enhanced independent auditor disclosure

Ongoing active stockholder outreach and engagement

See Corporate Governance for more information on our corporate governance practices.

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BOARD OF DIRECTORS NOMINEES

Director Nominees (10)					Board Committees				
Name	**Age**	**Director Since**	**Inde- pendent**	**Position**	***Audit***	***Comp***	***Finance***	***ESS***	***Nom & Gov***
Peter A. Altabef	58	2017	Yes	President & CEO, Unisys Corporation					
Eric L. Butler	57	2017	Yes	Retired Vice President, Chief Administrative Officer and Corporate Secretary, Union Pacific Corporation					
Aristides S. Candris	66	2012	Yes	Retired President & CEO, Westinghouse			*		
Wayne S. DeVeydt	48	2016	Yes	Chief Executive Officer, Surgery Partners, Inc.					
Joseph Hamrock	54	2015	No	President & CEO, NiSource Inc.					
Deborah A. Henretta	56	2015	Yes	Retired Group President, Proctor & Gamble Co.					
Michael E. Jesanis	61	2008	Yes	Retired President & CEO, National Grid USA	*				
Kevin T. Kabat	61	2015	Yes	Retired Vice Chairman & CEO, Fifth Third Bancorp		*			
Richard L. Thompson	78	2004	Yes	Chairman of the Board, NiSource Inc.					*
Carolyn Y. Woo	63	1998	Yes	Retired President & CEO, Catholic Relief Services				*	

*Chair of Committee

9 of 10

Are

Independent

(90%)

2 of 10

Are

Female

(20%)

2 of 10

Are

Diverse (Race/Ethnicity)

(20%)

Average Director

Age:

60 Years

Average Director

Tenure:

6 Years

See Proposal 1 Election of Directors for more information on our director nominees.

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EXECUTIVE COMPENSATION HIGHLIGHTS

We have designed our executive compensation program to meet our business objectives using various compensation elements intended to drive both long-term and short-term performance. We believe that a significant portion of total compensation should consist of at-risk performance-based compensation. Our executive compensation practices include the following, each of which the Compensation Committee believes reinforces our executive compensation policy and objectives.

See Executive Compensation for more information on our executive compensation program.

We DO Have This Practice	We Do NOT Have This Practice
Incentive award metrics that are objective and tied to key company performance measures	Repricing of options without stockholder approval
Share ownership guidelines applicable to executive officers and independent directors	Hedging or pledging transactions or short sales by executive officers or directors
Compensation recoupment policy	Tax gross-ups for Named Executive Officers (other than gross-ups that are available to all employees who receive relocation benefits)
Limited perquisites	Automatic single-trigger equity vesting upon a change-in-control
Prohibition against pledging unearned shares in our long-term incentive plan	Excise tax gross-ups under change-in-control agreements
Double-trigger severance benefits upon a change-in-control	Excessive pension benefits or defined benefit supplemental executive retirement plan
One-year minimum vesting for equity awards	Excessive use of non-performance based compensation
Significant portions of the executive compensation opportunity that are entirely contingent on performance against pre-established performance goals	Excessive severance benefits
Independent compensation consultant	Dividend equivalent rights or dividends on unvested performance shares or restricted stock units granted to executive officers
Annual Say-on-Pay vote by stockholders	

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GENERAL INFORMATION

Stock Symbol: NI

Stock Exchange: NYSE

Registrar and Transfer Agent: Computershare Investor Services

State of Incorporation: Delaware

Corporate Headquarters: 801 E. 86th Avenue, Merrillville, Indiana 46410

Corporate Website: www.nisource.com

BUSINESS AND STRATEGY

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses.

NiSource s goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures and embarks on long-term investment programs. These strategies are intended to improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns. Additionally, NiSource continues to pursue regulatory and legislative initiatives that will allow residential customers not currently on NiSource s system to obtain gas service in a cost effective manner.

Our directors possess the necessary breadth and depth of skills and experience to oversee the Company s business operations and long term strategy as set forth in Proposal 1 Election of Directors Biographical Information and Skills.

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PROXY STATEMENT

The accompanying proxy is solicited on behalf of the Board for the Annual Meeting to be held at the Hyatt Rosemont, 6350 North River Road, Rosemont, Illinois 60018 on Tuesday, May 8, 2018, at 10:00 a.m., local time. The common stock, $.01 par value per share, of the Company represented by the proxy will be voted as directed. If you return a signed proxy card without indicating how you want to vote your shares, the shares represented by the accompanying proxy will be voted as recommended by the Board FOR all of the nominees for director; FOR advisory approval of the compensation of the Company s named executive officers (the Named Executive Officers); FOR the ratification of the appointment of Deloitte & Touche LLP (Deloitte) as the Company s independent auditor for 2018; and AGAINST the stockholder proposal regarding stockholder right to act by written consent.

This proxy statement and the accompanying proxy card are first being sent to stockholders on April 6, 2018. We will bear the expense of this mail solicitation, which may be supplemented by telephone, facsimile, email and personal solicitation by our officers, employees and agents. To aid in the solicitation of proxies, we have retained D.F. King for a fee of $9,500, plus reimbursement of expenses. We may incur additional fees if we request additional services. We will also request brokerage houses and other nominees and fiduciaries to forward proxy materials, at our expense, to the beneficial owners of stock held as of 5:00 p.m. Eastern Time on March 13, 2018, the record date for voting.

We use the terms NiSource, the Company, we, our and us in this Proxy Statement to refer to NiSource Inc.

Who May Vote

Holders of shares of common stock as of the close of business on March 13, 2018, are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. As of March 13, 2018, 337,567,015 shares of common stock were issued and outstanding. Each share of common stock outstanding on that date is entitled to one vote on each matter presented at the Annual Meeting.

Voting Your Proxy

If you are a stockholder of record (that is, if your shares of common stock are registered directly in your name on the Company s records), you may vote your shares by proxy using any of the following methods:

- Telephoning the toll-free number listed on the proxy card;
- Using the Internet website listed on the proxy card; or
- Marking, dating, signing and returning the enclosed proxy card.

All votes must be received by the proxy tabulator by 11:59 p.m. Eastern Time on May 7, 2018.

If your shares are held in a brokerage account or by a bank, broker, trust or other nominee (herein referred to as a Broker), you are considered a beneficial owner of shares held in street name. As a beneficial owner, you will receive proxy materials and voting instructions from the stockholder of record that holds your shares. You must follow the voting instructions in order to have your shares of common stock voted.

Discretionary Voting by Brokers and Broker Non-Votes

If your shares are held in street name and you do not provide the Broker with instructions as to how to vote such shares, your Broker will only be able to vote your shares at its discretion on certain routine matters as permitted by New York Stock Exchange (NYSE) rules. The proposal to ratify the appointment of our independent auditor is the only proposal considered a routine matter and, accordingly, at the Annual Meeting, Brokers will only have discretionary authority to vote your shares with regard to Proposal No. 3, the ratification of the appointment of Deloitte as our independent auditor for 2018. A broker non-vote occurs when a Broker holding shares for a beneficial owner does not have discretionary authority to vote the shares and has not received instructions from the beneficial owner as to how the beneficial owner would like the shares to be voted. Brokers will not have discretionary authority to vote your shares with respect to the election of directors, the advisory approval of Named Executive Officer compensation or consideration of the stockholder proposal regarding stockholder right to act by written consent, if such proposal is properly presented. Therefore, it is

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important that you instruct your Broker or other nominee how to vote your shares. If Brokers exercise this discretionary voting authority on Proposal No. 3, such shares will be considered present at the Annual Meeting for quorum purposes and broker non-votes will occur as to each of the other proposals presented at the Annual Meeting, which are considered non-routine.

Voting Shares Held in the Company s 401(k) Plan

If you hold your shares of common stock in the 401(k) Plan, those shares are held in the name of Fidelity Management Trust Company (Fidelity), the administrator of the 401(k) Plan. You will receive a proxy card that includes the number of shares of our common stock held in the 401(k) Plan. You should instruct Fidelity how to vote your shares by completing and returning the proxy card or by voting your shares by Internet or by telephone, as detailed above under Voting Your Proxy. If you do not instruct Fidelity how to vote your shares, or if you sign the proxy card with no further instructions as to how to vote your shares, Fidelity will vote your shares in the same proportion as the shares for which it receives instructions from all other participants, to the extent permitted under applicable law. To allow enough time for Fidelity to vote your shares in accordance with your direction, your voting instructions must be received by Fidelity no later than 11:59 p.m. Eastern Time on May 3, 2018.

Voting in Person

You also may come to the Annual Meeting and vote your shares in person by obtaining and submitting a ballot that will be available at the Annual Meeting. However, if your shares are held in street name by a Broker, then, in order to be able to vote at the Annual Meeting, you must obtain an executed proxy from the Broker indicating that you were the beneficial owner of the shares on March 13, 2018, the record date for voting, and that the Broker is giving you its proxy to vote the shares.

If your shares are held in the 401(k) Plan, you will not be able to vote your shares at the Annual Meeting.

Votes cast in person or represented by proxy at the Annual Meeting will be tabulated by the inspectors of election.

If you plan to attend the Annual Meeting, please so indicate when you return your proxy card, so that we may send you an admission ticket and make the necessary arrangements. Stockholders who plan to attend the Annual Meeting must present valid, government-issued photo identification along with an admission ticket or evidence of beneficial ownership.

Revoking Your Proxy

You may revoke your proxy at any time before a vote is taken or the authority granted is otherwise exercised. To revoke a proxy, you may send a letter to the Company s Corporate Secretary (which must be received before a vote is taken) indicating that you want to revoke your proxy, or you can supersede your initial proxy by submitting a duly executed proxy bearing a later date, voting by telephone or through the Internet on a later date, or attending the Annual Meeting and voting in person. Attending the Annual Meeting will not in and of itself revoke a proxy.

Quorum for the Meeting

A quorum of stockholders is necessary to take action at the Annual Meeting. A majority of the outstanding shares of common stock, present in person or represented by proxy, will constitute a quorum at the Annual Meeting. The inspectors of election appointed for the Annual Meeting will determine whether or not a quorum is present. Abstentions are counted for purposes of determining whether a quorum is present. As explained above under Discretionary Voting by Brokers and Broker Non-Votes, if Brokers exercise their discretionary voting authority on Proposal No. 3, such shares will be considered present at the meeting for quorum purposes and broker non-votes will occur as to each of the other proposals presented at the Annual Meeting.

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PROPOSAL 1   ELECTION OF DIRECTORS

At the recommendation of the Nominating and Governance Committee, the Board has nominated the persons listed below to serve as directors, each for a one-year term, beginning at the Annual Meeting on May 8, 2018, and expiring at the 2019 annual meeting of the Company s stockholders (the 2019 Annual Meeting) and until their successors are duly elected or appointed and qualified. The nominees include nine independent directors, as defined in the applicable rules of the NYSE, and our President and Chief Executive Officer (CEO). The Board does not anticipate that any of the nominees will be unable to serve, but if any nominee is unable to serve, the proxies will be voted in accordance with the judgment of the person or persons voting the proxies.

All of the nominees currently serve on the Board.

The following chart provides information regarding all nominees (each of whom has consented to being named in the Proxy Statement and to serving, if elected).

Vote Required

In order to be elected, a nominee must receive more votes cast in favor of his or her election than against election. Abstentions by those present or represented by proxy will not be counted as a vote cast either for or against with respect to the election of directors and, therefore, will have no effect on the outcome. Brokers will not have discretionary authority to vote on the election of directors. Accordingly, there could be broker non-votes which will have no effect on the vote.

Under our Corporate Governance Guidelines, each nominee will tender a conditional resignation prior to the Annual Meeting, effective only if both (a) the votes against a nominee s election exceed the votes for election (a failed re-election) and (b) such resignation is subsequently accepted by the Board. Any failed re-election will be referred to the Nominating and Governance Committee, which will make a recommendation to the Board as to whether to accept or reject the resignation. The Board will make a determination and publicly disclose its decision, the rationale for the decision and the directors who participated in the process within 90 days after the election. The Board expects the director who has had a failed re-election to abstain from participating in the Nominating and Governance Committee or Board discussion or vote regarding whether to accept his or her resignation offer. A director who has had a failed re-election may participate in discussions or votes with respect to other directors who have had a failed re-election.

Biographical Information and Skills

Biographical information regarding each director nominee and his or her qualifications to serve as a director is set forth on the succeeding pages.

Our director nominees possess the necessary breadth and depth of skills and experience to oversee the Company s business operations and long-term strategy as shown below:*

Industry Experience

Gas Distribution or Transmission (50%)

Electricity Distribution, Transmission or Generation (50%)

Energy Markets or Technology (70%)

Other Operations / Customer Service (90%)

Technology (50%)

Safety (60%)

Environmental, Sustainability, Corporate Responsibility and Ethics (100%)

Non-Profit Board / Community Service (100%)

CEO (Current or Prior) (70%)

Government and Regulatory (90%)

Strategic Planning (100%)

Public Company Board (80%)

Financial Literacy and Expertise (100%)

Financial or Capital Markets (90%)

Talent Management (Executive Compensation and Benefits, and Talent Development) (100%)

Risk Management (100%)

* Percentages shown represent the portion of the Board with the indicated skill or experience.

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THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED BELOW.

PETER A. ALTABEF

Director Since: 2017

Age: 58

Standing Board Committees:

Finance Committee

Environmental, Safety and Sustainability Committee

Executive Experience: Mr. Altabef currently serves as President and CEO of Unisys Corporation, a global information technology company, and is a member of its board of directors, a position he has held since January 2015. Prior to his current role, he served as president and CEO of MICROS Systems, Inc., a provider of integrated software and hardware solutions to the hospitality and retail industries, from 2013 to 2014, when it was acquired by Oracle Corporation. Before that, he served as president and CEO of Perot Systems Corporation from 2004 to 2009, when it was acquired by Dell Inc. Following that transaction, Mr. Altabef served as president of Dell Services, the information technology services and business process solutions unit of Dell Inc. until his departure in 2011.

Outside Board and Other Experience: Mr. Altabef is a member of the board of directors of Unisys Corporation. He is also a member of the President s National Security Telecommunications Advisory Committee, a board member of EastWest Institute, and a member of the advisory board of Merit Energy Company, LLC and of the board of directors of Petrus Trust Company, LTA. He has previously served as a senior advisor to 2M Companies, Inc., in 2012, and as a director of MICROS Systems, Perot Systems Corporation and Belo Corporation. He is also active in community service activities, having served on the boards and committees of several cultural, medical, educational and charitable organizations and events.

Skills and Qualifications: Mr. Altabef has experience leading large organizations as CEO and a strong background in strategic planning, financial reporting, risk management, business operations and corporate governance. He also has more than 20 years of senior leadership experience at some of the world s leading information technology companies. As a result, he has a deep understanding of the cybersecurity issues facing businesses today. His overall leadership experience and his cybersecurity background provide the Board with valuable perspective and insight into significant issues faced by the Company.

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Eric L. Butler

Director Since: 2017

Age: 57

Standing Board Committees:

Finance Committee

Environmental, Safety and Sustainability Committee

Executive Experience: Mr. Butler served in a number of executive leadership roles at Union Pacific Corporation (Union Pacific), a transportation company located in Omaha, Nebraska, until his retirement in February 2018. He began his career at Union Pacific in 1985 and held leadership roles in financial planning and analysis and in marketing, sales and commercial, including as Executive Vice President and Chief Marketing Officer from March 2012 to December 2016. He also held leadership roles in supply, procurement and purchasing, including as Vice President and General Manager Industrial Products from April 2005 to March 2012. Most recently, he was Senior Vice President of Union Pacific from December 2017, Executive Vice President and Chief Administrative Officer from December 2016 through November 2017, and Corporate Secretary from February 2017 through November 2017.

Outside Board and Other Experience: Mr. Butler was appointed to the Federal Reserve Bank of Kansas City s Omaha Branch Board in 2015 and, in 2018, was elected chairman. Additionally, he serves on the board of the Omaha Airport Authority, which he joined in 2007.

Skills and Qualifications: Mr. Butler developed and led strategic and financial planning, marketing, sales, commercial; and supply, procurement and purchasing for one of the largest transportation companies in the world, Union Pacific. He most recently led the corporate governance, human resources, labor relations and administration functions at Union Pacific. His knowledge of the railroad transportation industry and the challenges in maintaining top-tier safety, customer service and risk management standards while providing an important part of the nation s infrastructure provides him with unique skills and insights that are valuable to the Board. In addition, he has experience in the purchase of fuel and energy materials and equipment. As a result, Mr. Butler has an understanding of the aging infrastructure, safety, organizational and regulatory issues facing utilities today and provides a fresh viewpoint from an industry that is similarly positioned. His overall leadership experience and his regulated public company background provides the Board with another perspective on significant issues faced by the Company.

Aristides S. Candris

Director Since: 2012

Age: 66

Standing Board Committees:

Finance Committee (Chair)

Compensation Committee

Nominating and Governance Committee

Executive Experience: Dr. Candris was President and CEO of Westinghouse Electric Company (Westinghouse), Pittsburgh, Pennsylvania, a nuclear engineering company, which was a unit of Tokyo-based Toshiba Corp., from July 2008 until his retirement in March 2012. During his 36 years of service at Westinghouse, Dr. Candris served in various positions, including as Senior Vice President, Nuclear Fuel, from September 2006 to July 2008, and continued to serve on the board of Westinghouse until October 2012.

Outside Board and Other Experience: Dr. Candris is a member of the advisory boards of the Carnegie Institute of Technology and the Wilton E. Scott Institute for Energy Innovation at Carnegie Mellon University. He also serves on the boards of trustees of Transylvania University and the Hellenic-American University and the board of directors of The Hellenic Initiative. He previously served on the board of Westinghouse.

Skills and Qualifications: Dr. Candris is a nuclear scientist and engineer, and has significant experience leading a global nuclear power company. His knowledge of the electric industry gives him significant insight to the issues impacting the electric utility industry. His experience managing highly technical engineering operations, and particularly his extensive experience and expertise in risk assessment, as well as process optimization methodologies (such as Lean/Six Sigma), are of great value as we build and maintain facilities to address increasing environmental regulations and make long-term strategic decisions on electric power generation and gas and electric delivery. His technical and management skills are helpful as we build and modernize both our transmission and distribution systems. Dr. Candris has great insight from his experience developing customer focused programs and attaining excellence in business processes and behaviors, which will assist us to better meet the increasing expectations of customers and regulators.

WAYNE S. DEVEYDT

Director Since: 2016

Age: 48

Standing Board Committees:

Audit Committee

Finance Committee

Compensation Committee

Executive Experience: Mr. DeVeydt has been serving as Chief Executive Officer and member of the board of directors of Surgery Partners, Inc., a healthcare services company, since January 2018. Previously, he served as a Senior Advisor to the Global Healthcare division of Bain Capital located in Boston, Massachusetts from January 2017 to January 2018, and as Executive Vice President and Chief Financial Officer (CFO) at Anthem, Inc., a health insurance company and an independent licensee of the Blue Cross and Blue Shield Association from May 2007 until his retirement in June 2016. He also served as Senior Vice President and Chief Accounting Officer at Anthem, Inc. beginning in 2005 and Chief of Staff to the Chairman and Chief Executive Officer from 2006 to 2007. Prior to joining Anthem, Inc., Mr. DeVeydt was a partner at PricewaterhouseCoopers LLP from 1996 to 2005, where he served in many roles in the financial services industry.

Outside Board and Other Experience: Mr. DeVeydt is a member of the board of directors of Surgery Partners, Inc., where he currently serves as Chief Executive Officer. He also serves as a director of Myovant Sciences Ltd. (Myovant), where he is lead independent director and a member of the audit and compensation committees. Mr. DeVeydt has notified the Myovant board that he does not intend to stand for reelection at Myovant s 2018 annual general meeting of shareholders. His term as director at Myovant will, therefore, expire at such annual meeting. Mr. DeVeydt is an active leader in his community through his charitable activities.

Skills and Qualifications: Mr. DeVeydt s positions as CEO and CFO at public companies in regulated industries and as a partner at PricewaterhouseCoopers LLP provide him with strong financial acumen along with a deep understanding of regulated industry operations and extensive leadership skills, particularly in the areas of accounting and finance. His significant experience in internal controls, capital markets, corporate governance, risk management and strategic planning from both a public company and public accounting perspective make him an asset to the Board.

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JOSEPH HAMROCK

Director, President and Chief Executive Officer

Director Since: 2015

Age: 54

Standing Board Committees:

None

Executive Experience: Mr. Hamrock has been our President and CEO since July 2015. From May 2012 to June 2015, he was Executive Vice President and Group CEO for NiSource s Gas Distribution Operations, comprised of local gas distribution companies in Kentucky, Maryland, Massachusetts, Ohio, Pennsylvania and Virginia. Prior thereto, he served in a variety of senior executive positions with American Electric Power (AEP), an electrical service public utility holding company in Columbus, Ohio, including as President and Chief Operating Officer (COO) of AEP Ohio from January 2008 to May 2012. He also served in leadership roles in engineering, transmission and distribution operations, customer service, marketing and information technology.

Outside Board and Other Experience: Mr. Hamrock is currently first vice chair of the board of the American Gas Association, a gas industry trade association. He is also a board member of OhioHealth, a not-for-profit healthcare system in central Ohio, and A Kid Again, which supports families caring for children with life-threatening illnesses.

Skills and Qualifications: Mr. Hamrock has extensive knowledge of our industry from his more than 30 years of experience in a variety of positions at AEP and the Company. He began his career in the energy industry as an electrical engineer in transmission and distribution planning, and progressed to work in commercial and industrial customer services, earning a leadership role in commercial marketing, customer services, and strategic development, among other executive roles, before becoming CEO at NiSource. Consequently, he has a firm understanding of the needs of our customers and is uniquely qualified to lead a focused utility company to meet our customer commitments. Additionally, he has a solid understanding of our organization through his leadership of our gas distribution operations, where he led financial, operational, regulatory and commercial performance for the Columbia gas business. This significant industry experience provides Mr. Hamrock with a unique perspective into the Company s operations, our markets, our people and the strategic vision needed to meet our long-term safety, customer value, business, financial and technology performance goals. In addition, he has been, and continues to be, an active supporter of educational, charitable and utility industry organizations.

DEBORAH A. HENRETTA

Director Since: 2015

Age: 56

Standing Board Committees:

Finance Committee

Environmental, Safety and Sustainability Committee

Compensation Committee

Executive Experience: Ms. Henretta currently serves as a partner at G100 Companies, an executive decision strategy consulting firm, where she works in a senior advisory capacity and spearheads digital transformation services for SSA & Company, one of the G100 companies. She retired from Procter & Gamble Co. (P&G) in 2015, where she served as Group President of Global e-Business. Prior to her appointment as Group President of Global e-Business in January 2015, she held various senior positions throughout several P&G sectors, including as Group President of Global Beauty from 2012 to 2015 and as Group President of P&G Asia from 2007 to 2012. Prior to her appointment as Group President of P&G Asia, she was President Asia from 2005 to 2007 and President of Global Baby, Toddler and Adult Care from 2004 to 2005. She joined P&G in 1985.

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Outside Board and Other Experience: Ms. Henretta has been a director at Corning Incorporated since 2013, and currently serves on its audit and corporate relations committees. She is a director of Meritage Homes Corporation, and serves on its nominating and corporate governance committees. Ms. Henretta served as a director of Staples, Inc. from June 2016 until September 2017 and served on its compensation committee. Additionally, she serves on the board of trustees for Xavier University and St. Bonaventure University.

Skills and Qualifications: Ms. Henretta has over 30 years of business leadership experience with P&G in a multi-jurisdictional regulatory and competitive business environment. She has experience across many markets, including P&L responsibility for multi-billion dollar businesses at P&G and responsibility for strategic planning, sales, marketing, e-business, government relations and customer service. Ms. Henretta led a dynamic business segment and is, therefore, keenly aware of the delicate balance of keeping pace with customer expectations in a changing environment, as well as maximizing the benefits that inclusion and diversity can provide. Because of this experience, Ms. Henretta brings valuable insights to the Board and strategic leadership to the Company as it operates in multiple regulatory environments and develops products and customer service programs to meet our customer commitments. In her partner role at G100 Companies, she assisted in establishing a Board Excellence Program, which provides board director education on board oversight and governance responsibilities, including in the areas of digital transformation and cyber security.

Michael E. Jesanis

Director Since: 2008

Age: 61

Standing Board Committees:

Audit Committee (Chair)

Environmental, Safety and Sustainability Committee

Nominating and Governance Committee

Executive Experience: Mr. Jesanis is a co-founder and, since July 2013, has been Managing Director of HotZero, LLC, a firm formed to develop hot water district energy systems in New England. Since November 2007, Mr. Jesanis has also been a principal with Serrafix, Boston, Massachusetts, a firm that provides energy efficiency consulting and implementation services, principally to municipalities. Mr. Jesanis has served as an advisor to several startups in energy-related fields. From July 2004 through December 2006, Mr. Jesanis was President and CEO of National Grid USA, a natural gas and electric utility, and a subsidiary of National Grid plc, of which Mr. Jesanis was also an Executive Director. Prior to that position, Mr. Jesanis was COO and CFO of National Grid USA from January 2001 to July 2004 and CFO of its predecessor utility holding company from 1998 to 2000.

Outside Board and Other Experience: Mr. Jesanis previously served as a director for several electric and energy companies, including Ameresco, Inc. Mr. Jesanis is the former chair of the board of a college and a past trustee (and past chair of the audit committee) of a university.

Skills and Qualifications: By virtue of his former positions as President and CEO, COO and, prior thereto, CFO, of a major electric and gas utility holding company as well as his current role with an energy efficiency consulting firm, Mr. Jesanis has extensive experience with regulated utilities. He has strong financial acumen and extensive managerial experience, having led modernization efforts in the areas of operating infrastructure improvements, customer service enhancements and management team development. Mr. Jesanis also demonstrates a commitment to education as the former chair of the board of a college and a past trustee (and past chair of the audit committee) of a university. As a result of his former senior managerial roles and his non-profit board service, Mr. Jesanis also has particular expertise with board governance issues.

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KEVIN T. KABAT

Vice Chairman

Director Since: 2015

Age: 61

Standing Board Committees:

Finance Committee

Compensation Committee (Chair)

Nominating and Governance Committee

Executive Experience: From April 2007 to November 2015, Mr. Kabat was CEO of Fifth Third Bancorp, a bank holding company. He continued to serve as Vice Chairman of the board of directors of Fifth Third Bancorp until his retirement in April 2016. Before becoming CEO, he served as Fifth Third Bancorp s President from June 2006 to September 2012 and as Executive Vice President from December 2003 to June 2006. Additionally, he was previously President and CEO of Fifth Third Bank (Michigan). Prior to that position, he was Vice Chairman and President of Old Kent Bank, which was acquired by Fifth Third Bancorp in 2001.

Outside Board and Other Experience: Mr. Kabat has been a director of Unum Group since 2008 and is currently chairman of the board and chair of its governance committee. In 2016, Mr. Kabat became the lead independent director of E*Trade Financial Corporation and is a member of its bank board and its compensation and governance committees. He has also held leadership positions on the boards and committees of local business, educational, cultural and charitable organizations and campaigns.

Skills and Qualifications: Mr. Kabat has significant leadership experience as a CEO in a regulated industry at a public company. As a result, he has a deep understanding of operating in a regulatory environment and balancing the interests of many stakeholders. His extensive experience in strategic planning, risk management, financial reporting, internal controls and capital markets makes him an asset to the Board, as he is able to provide unique strategic insight, financial expertise and risk management skills. In addition, he has broad corporate governance skills and perspective gained from his service in leadership positions on the boards of other publicly traded companies.

RICHARD L. THOMPSON

Chairman

Director Since: 2004

Age: 78

Standing Board Committees:

Nominating and Governance Committee (Chair)

Mr. Thompson has been our independent Chairman of the Board since May 2013.

Executive Experience: Prior to his retirement in 2004, Mr. Thompson was Group President of Caterpillar Inc., Peoria, Illinois, a leading manufacturer of construction and mining equipment, diesel and natural gas reciprocating engines and industrial gas turbine systems, since 1995. Prior thereto, he held various leadership positions in the areas of customer service, gas turbine systems and worldwide engines at Caterpillar Inc., and in marketing, strategic planning, research and operations at manufacturers of electrical distribution products and systems, including RTE Corporation, which was acquired by Cooper Industries, and General Electric Company. He also held leadership roles in finance and treasury at Wilsey & Ham, an engineering, consulting and construction management firm.

Outside Board and Other Experience: In May 2015, Mr. Thompson retired as lead director of Lennox International Inc., (Lennox), a global provider of climate control solutions for the heating, air conditioning and refrigeration markets, a position he held since May 2012 following his service as Chairman of the Board from

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June 2006 to May 2012, and as Vice Chairman from February 2005 to June 2006. He began his service on the board of Lennox in 1993. Additionally, he served on the board of Gardner Denver Inc., a worldwide provider of industrial equipment, technologies and related parts and services, from November 1998 to July 2013. He has also served on the boards of a hospital, and charitable and church organizations.

Skills and Qualifications: In his prior role as Group President of a large, publicly traded manufacturing company, Mr. Thompson had responsibility for its gas turbine systems and reciprocating engine businesses, as well as research and development activities. He gained significant experience in product design and employee safety management as a leader of a multi-billion dollar business with global manufacturing operations and several thousand employees. By virtue of his prior positions, Mr. Thompson possesses significant experience in energy issues generally, and gas turbine electric power generation and natural gas pipeline compression in particular, including technical development and interaction with senior government agency officials in the areas of environmental regulatory compliance, sustainability and emissions reductions. He is a graduate electrical engineer with experience in electrical transmission system design and generation system planning. This experience provides Mr. Thompson with a valuable understanding of the technical issues faced by the Company.

CAROLYN Y. WOO

Director Since: 1998

Age: 63

Standing Board Committees:

Audit Committee

Environmental, Safety and Sustainability Committee (Chair)

Nominating and Governance Committee

Executive Experience: Dr. Woo was President and CEO of Catholic Relief Services, an international humanitarian agency serving over 100 countries, from January 2012 until her retirement in December 2016. Prior thereto, Dr. Woo was dean and a professor of Entrepreneurial Studies at the Mendoza College of Business, University of Notre Dame in Notre Dame, Indiana.

Outside Board and Other Experience: In addition to serving on the Company s Board, Dr. Woo has been a director at AON plc since 1998, and currently serves on its audit, compliance, and organization and compensation committees. She has previously served on the boards of directors of four additional public companies: Circuit City, St. Joseph Capital Bank, Arvin Industries and Bindley-Western Industries. She is also a current and past board member of several non-profit organizations, including an international relief organization, a global business school accreditation organization, leadership development organizations and an educational organization.

Skills and Qualifications: Dr. Woo s experience as President and CEO of an international organization provides her with knowledge and experience in managing a large organization. Her experience as the dean of a major business school and her experience as a professor of entrepreneurship provides her with a deep understanding of business principles and extensive expertise with management and strategic planning issues. Through her current and previous service on the boards of directors, audit committees and compensation committees of public companies, including a global reinsurance and risk management consulting company, a pharmaceutical distribution company, an international automotive manufacturer and a financial institution, Dr. Woo has developed an excellent understanding of corporate governance, internal control, financial and strategic analysis and risk management issues. Dr. Woo is a leader in the areas of corporate social responsibility, sustainability and ethics, which adds an important perspective to the Company. In 2017, she was named to the Top 100 Most Influential in Business Ethics by the Ethisphere Institute. Dr. Woo s commitment to social and educational organizations provides her with an important perspective on the various community and social issues confronting the Company in the communities that the Company serves.

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CORPORATE GOVERNANCE

Director Independence

Under our Corporate Governance Guidelines, a majority of the Board must be comprised of independent directors. In order to assist the Board in making its determination of director independence, the Board has adopted categorical standards of independence consistent with the standards contained in Section 303A.02 of the NYSE Listed Company Manual. The Board also has adopted an additional independence standard providing that a director who is an executive officer or director of a company that receives payments from the Company in an amount which exceeds 1% of such other company s consolidated gross revenues is not independent until three years after falling below such threshold. A copy of our Corporate Governance Guidelines is posted on our website at *https://www.nisource.com/investors/governance*.

The Board has affirmatively determined that, with the exception of Mr. Hamrock, all of the members of the Board and all nominees are independent directors as defined in Section 303A.02 of the NYSE Listed Company Manual and meet the additional standard for independence set by the Board.

Policies and Procedures with Respect to Transactions with Related Persons

We have established policies and procedures with respect to the review, approval and ratification of any transactions with related persons.

Under its Charter, the Nominating and Governance Committee reviews reports and disclosures of insider and related person transactions. Under the Company s Code of Business Conduct, the following situations may present a conflict of interest and must be reviewed by the Nominating and Governance Committee to determine if they involve a direct or indirect interest of any director, executive officer or employee (including immediate family members) or otherwise present a conflict of interest:

- owning more than a 10% equity interest or a general partner interest in any entity that transacts business with the Company (including lending or leasing transactions, but excluding the receipt of utility service from the Company at tariff rates), if the total amount involved in such transactions may exceed $120,000;

- selling anything to the Company or buying anything from the Company (including lending or leasing transactions, but excluding the receipt of utility service from the Company at tariff rates), if the total amount involved in such transactions may exceed $120,000;

- consulting for or being employed by a competitor of the Company; and

- being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member employed by the Company.

Related person transactions are annually reviewed and, if appropriate, ratified by the Nominating and Governance Committee. Directors, individuals subject to Section 16 (Section 16 Officer(s)) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and senior executive officers are expected to raise any potential transactions involving a conflict of interest that relate to them with the Nominating and Governance Committee so that they may be reviewed in a prompt manner.

The son of Jim L. Stanley, our former Executive Vice President and COO, is employed by the Company in a non-executive officer position and received total compensation of less than $150,000 in 2017. His compensation was established by the Company in accordance with its compensation practices applicable to employees with comparable qualifications and responsibilities who hold similar positions. In addition, Jim L. Stanley did not have direct responsibility for directing or reviewing his son s work and did not have influence over his employment at the Company. The Nominating and Governance Committee reviewed and approved this employment relationship.

There were no other transactions between the Company and any officer, director or nominee for director, or any affiliate of or person related to any of them, since January 1, 2017, of the type or amount required to be disclosed under the applicable Securities and Exchange Commission (SEC) rules.

Executive Sessions of Non-Management Directors

To promote open discussion among the non-management directors, the Board schedules regular executive sessions at meetings of the Board and each of its committees. The non-management members met separately from management four times in 2017. The independent Chairman of the Board presided at all these executive sessions. All of the non-management members are independent directors as defined under the applicable NYSE and SEC rules.

Communications with the Board and Non-Management Directors

Stockholders and other interested persons may communicate any concerns they may have regarding the Company as follows:

Communications to the Board may be made to the Board generally, any director individually, the non-management directors as a group, or the Chairman of the Board, by writing to the following address:

NiSource Inc.

Attention: Board of Directors, or any Board member, or non-management directors, or Chairman

of the Board

c/o Corporate Secretary

801 East 86th Avenue

Merrillville, Indiana 46410

The Audit Committee has approved procedures with respect to the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or audit matters. Communications regarding such matters may be made by contacting the Company s Ethics and Compliance Officer at *ethics@nisource.com*, calling the business ethics hotline at 1-800-457-2814, or writing to:

NiSource Inc.

Attention: Director, Corporate Ethics

801 East 86th Avenue

Merrillville, Indiana 46410

Stockholder Engagement

We are committed to engaging with our stockholders and soliciting their views and input on important governance, environmental, social, executive compensation and other matters. Our Nominating and Governance Committee is responsible for overseeing the stockholder engagement process, and the periodic review and assessment of stockholder input. In 2017, management initiated stockholder conversations on a variety of corporate governance topics, including Board composition, the Board s annual evaluation process, executive compensation and other matters. The information obtained from these stockholders was shared with our Chairman of the Board and our Nominating and Governance Committee. We intend to continue stockholder engagement on governance each year outside of the proxy season. Our independent directors are available to engage in dialogue with stockholders on matters of significance in order to understand stockholders views. In addition, management regularly participates in investor and industry conferences throughout the year to discuss performance and share its perspective on the Company and industry developments.

Code of Business Conduct

The Company has adopted a Code of Business Conduct to promote: (i) ethical behavior, including the ethical handling of conflicts of interest; (ii) full, fair, accurate, timely and understandable financial disclosure; (iii) compliance with applicable laws, rules and regulations; (iv) accountability for adherence to our code; and (v) prompt internal reporting of violations of our code. Our Code of Business Conduct satisfies applicable SEC and NYSE requirements and applies to all directors, officers (including our principal executive officer, principal financial officer, principal accounting officer and controller), as well as to employees of the Company and its affiliates. A copy of our Code of Business Conduct is available on our website at *https://www.nisource.com/investors/governance* and also is available to any stockholder upon written request to our Corporate Secretary at the address noted above under the heading Communications with the Board and Non-Management Directors.

Any waiver of our Code of Business Conduct for any director, Section 16 Officer or senior executive officer may be made only by the Audit Committee of the Board and must be promptly disclosed to the extent and in the manner required by the SEC or the NYSE and posted on our website. No such waivers have been granted.

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Corporate Governance Guidelines

The Nominating and Governance Committee is responsible for annually reviewing and reassessing the Corporate Governance Guidelines and submitting any recommended changes to the Board for its approval. A copy of the Corporate Governance Guidelines can be found on our website at *https://www.nisource.com/investors/governance* and is also available to any stockholder upon written request to the Company s Corporate Secretary.

Board Leadership Structure

Our Corporate Governance Guidelines state that the Company should remain free to configure leadership of the Board in the way that best serves the Company s interests at the time and, accordingly, the Board has no fixed policy with respect to combining or separating the offices of Chairman and CEO. If the Chairman is not an independent director, an independent lead director will be chosen annually by the Board, taking into account the recommendation of the Nominating and Governance Committee. The Chairman or, if the Chairman is not an independent director, the lead director will serve as chair of the Nominating and Governance Committee and as the presiding director of executive sessions of the Board for purposes of the NYSE rules.

Since late 2006, the offices of Chairman and CEO of the Company have been held by different individuals, with the Chairman being an independent director.

The duties of the Chairman of the Board are as follows:

- providing leadership to the Board and management, and monitoring the discharge of their duties;
- presiding at meetings of stockholders and the Board, including executive sessions of the Board and meetings of the independent directors;
- serving as a liaison between the independent directors and management;
- in consultation with the CEO, setting agendas for the meetings of the Board, and developing annual Board meeting schedules for approval by the Board;
- ensuring proper flow of information to the Board;
- having the authority to call special meetings of the Board and independent directors;
- being available for consultation and direct communication with stockholders and other key stakeholders, as appropriate; and
- having such other responsibilities and perform such duties as may from time to time be assigned to him or her by the Board.

The Board periodically reviews the structure and the division of responsibilities between the role of independent Chairman and CEO. The structure and division of responsibilities is intended to maintain the integrity of the oversight function of the Board by providing a separate framework of responsibilities for the independent Chairman as set forth above.

Board Oversight of Risk

The Board takes an active role in monitoring and assessing the Company s strategic, compliance, operational and financial risks. The Board administers its oversight function through utilization of its various committees. The Company s Risk Management Committee, which consists of members of our senior management, is responsible for oversight of the Company s risk management process. Senior management regularly provides reports on our risks to the Board, the Audit Committee and the Board committees that oversee the applicable risks. Additionally, the Audit Committee discusses with management and the independent auditor the effect of regulatory and accounting initiatives on the Company s financial statements and is responsible for review and evaluation of the Company s major risk exposures, including cyber security and supplier risks, and the steps management has taken to monitor and control such exposures. The Audit Committee reviews and assesses the adequacy of the Company s Risk Management Committee Charter annually, amending it as appropriate. In addition, the Compensation Committee, the Environmental, Safety and Sustainability (ESS) Committee, the Finance Committee and the Nominating and Governance Committee are each charged with overseeing the risks associated with their respective areas of responsibility.

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Meetings and Committees of the Board

The Board met eight times during 2017. Each incumbent director attended at least 75% of the total number of meetings of the Board and of the committees of the Board on which he or she served, and in each case, during the periods that he or she served. Pursuant to our Corporate Governance Guidelines, directors are expected to attend all Board meetings, to spend the time needed to discharge their responsibilities as directors, and to attend the annual meeting of stockholders. All then-serving directors attended the 2017 annual meeting of stockholders.

Pursuant to our Corporate Governance Guidelines, the Board expects that senior officers of the Company will regularly attend Board and Committee meetings, present proposals and otherwise assist in the work of the Board. Members of the Board have direct access to all of the Company s employees, outside advisors and independent auditor.

The Board has established five standing committees to assist the Board in carrying out its duties: the Audit Committee, the Compensation Committee, the ESS Committee, the Finance Committee and the Nominating and Governance Committee. Beginning in 2015, the Board also established a Search Committee, an ad hoc committee to assist the Nominating and Governance Committee and the Board in identifying qualified director candidates. The Search Committee met three times during 2017. The Board evaluates the structure and membership of its committees on an annual basis, appoints the independent members of the Board to serve on the committees and elects committee chairs following the annual meeting of stockholders. The following table shows the composition of each standing Board committee as of the date of this Proxy Statement. Mr. Hamrock does not serve on any committee, but is invited to attend various committee meetings. Mr. Thompson, who is Chairman of the Board, also serves as the Chair of the Nominating and Governance Committee and is invited to attend all meetings of each of the committees.

Board Committee Composition

Director	Audit	Compensation	ESS	Finance	Nominating and Governance
Richard A. Abdoo					
Peter A. Altabef					
Eric L. Butler (1)					
Aristides S. Candris				*	
Wayne S. DeVeydt					
Deborah A. Henretta					
Michael E. Jesanis (2)	*				
Kevin T. Kabat		*			
Richard L. Thompson (3)					*
Carolyn Y. Woo			*		

* Committee Chair

(1) Mr. Butler was appointed to the Board on July 10, 2017 and the Finance and ESS committees on September 6, 2017.

(2) Audit Committee Financial Expert, as defined by SEC rules.

(3) Independent Chairman of the Board.

The summaries below are qualified by reference to the entire charter for each of the Audit, Compensation, ESS, Finance and Nominating and Governance Committees; each of which can be found on our website at *https://www.nisource.com/investors/governance* and is also available to any stockholder upon written request to

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the Company s Corporate Secretary. Additionally, any committee may perform other duties and responsibilities, consistent with their respective charters, our Amended and Restated Bylaws (our Bylaws), governing law, the rules and regulations of the NYSE, the federal securities laws and such other requirements applicable to the Company, delegated to any committee by the Board, or in the case of the Compensation Committee, under any provision of any Company benefit or compensation plan.

Audit Committee

The Audit Committee met eight times in 2017. Our Audit Committee is responsible for the oversight of our internal audit function and financial reporting process. The Audit Committee has the sole authority to appoint, retain or replace the independent auditor and is responsible for, among other things:

- reviewing the independent auditor s qualifications and independence and compensating the independent auditor;
- overseeing the performance of the Company s internal audit function and the independent auditor;
- reviewing and discussing with management and the independent auditor our annual and quarterly financial statements before earnings announcements;
- reviewing and discussing with management our annual and quarterly earnings press releases;
- reviewing and discussing with management and the independent auditor major issues regarding accounting principles and financial statement presentations, adequacy of internal controls, and any critical judgments or accounting estimates made in connection with the preparation of financial statements;
- reviewing and evaluating the Company s major risk exposures, including cybersecurity and supplier risks and the steps management has taken to monitor and control such exposures including discussion of the Company s risk assessment and risk management policies; and
- overseeing the Company s compliance with legal and regulatory requirements.

The Board has determined that all of the members of the Audit Committee are independent as defined under the applicable NYSE and SEC rules, including the additional independence standard for audit committee members, and meet the Company s additional independence standard set forth in the Corporate Governance Guidelines. The Audit Committee has reviewed and approved the independent auditor, both for 2017 and 2018, and the fees relating to audit services and other services performed by them.

For more information regarding the Audit Committee, see Audit Committee Report and Proposal 3 Ratification of Independent Auditor below.

Compensation Committee

The Compensation Committee met six times in 2017. The Compensation Committee apprises the Board with respect to the evaluation, compensation and benefits of our executives. Its responsibilities include, among others:

- evaluating the performance of our CEO and other executive officers in light of the Company s goals and objectives;

reviewing and approving the corporate goals and objectives relevant to CEO and executive officer compensation;

making recommendations to the independent Board members regarding CEO compensation and approving compensation of the other executive officers;

reviewing and approving periodically a general compensation policy for other officers of the Company and officers of its principal subsidiaries;

approving, or if appropriate, making recommendations to the Board with respect to incentive compensation plans and equity-based plans;

reviewing Company officer candidates for election by the Board;

reviewing and evaluating the executive officers development and succession plan (other than our CEO s succession plan, which is reviewed by the Nominating and Governance Committee);

- evaluating the risks associated with our compensation policies and practices and the steps management has taken to monitor and control such risks; and

- overseeing equal employment opportunity and diversity initiatives.

In making recommendations regarding the compensation of our CEO and approving the compensation of the other executive officers, the Compensation Committee takes into consideration its evaluation of the individual performance of each person. The Compensation Committee also considers recommendations from the independent executive compensation consultant that the Compensation Committee engages to advise it with respect to executive compensation design, comparative compensation practices and compensation matters relating to the Board. Each year, the Compensation Committee evaluates the independence and quality of the services provided by its independent executive compensation consultant. Additionally, when considering changes in compensation for senior executives that report to our CEO, including the Named Executive Officers, the Compensation Committee also considers input from our CEO; Executive Vice President, Regulatory Policy and Corporate Affairs; and Vice President, Human Resources.

For the 2017 fiscal year, the Compensation Committee engaged the services of Exequity LLP to assist in executive compensation design, comparative compensation practices and compensation matters relating to the Board. The Compensation Committee determined that Exequity LLP was independent after considering the factors set forth in SEC Rule 10C-1(b)(4) and the applicable NYSE rules. Exequity LLP provided no other services to the Company in 2017. In August 2017, the Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian) as its independent executive compensation consultant for all such matters for the 2018 fiscal year. In doing so, the Compensation Committee considered the independence factors set forth in SEC Rule 10C-1(b)(4) and the applicable NYSE rules and determined that both Meridian and its individual lead consultant were independent from the Company.

The Compensation Committee has authority to delegate its responsibilities to subcommittees as deemed appropriate, provided the subcommittees are composed entirely of independent directors who also meet the other requirements for membership of the Compensation Committee.

All of the directors serving on the Compensation Committee are: (i) independent as defined under the applicable NYSE and SEC rules and meet the additional independence standard set forth in the Corporate Governance Guidelines and the additional NYSE independence standard for members of compensation committees; (ii) non-employee directors as defined under Rule 16b-3 of the Exchange Act; and (iii) outside directors as defined by Section 162(m) of the Internal Revenue Code (hereafter Section 162(m) of the Code or Code Section 162(m)).

Compensation Committee Interlocks and Insider Participation

As of the fiscal year ended December 31, 2017, Messrs. Kabat and DeVeydt, Dr. Candris and Ms. Henretta served on the Compensation Committee. During the fiscal year ended December 31, 2017, there were no compensation committee interlocks or insider participation.

Environmental, Safety and Sustainability Committee

The ESS Committee met five times during 2017. The ESS Committee assists the Board in overseeing the programs, performance and risks relative to environmental, safety and sustainability matters. Its responsibilities include, among others:

- evaluating the Company s environmental and sustainability policies, practices and performance;

- evaluating the Company s safety policies, practices and performance relating to our employees, contractors and the general public;

- reviewing and assessing stockholder proposals related to the environment, safety and sustainability;

- reviewing and evaluating the Company s programs, policies, practices and performance with respect to health and safety compliance auditing; and assessing major legislation, regulation and other external influences that pertain to the ESS Committee s responsibilities and assessing the impact on the Company.

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Finance Committee

The Finance Committee met five times during 2017. Its responsibilities include the following, among others:

- reviewing and evaluating the financial plans of the Company, capital structure, equity and debt levels, dividend policy and financial policies;
- reviewing the Company s corporate insurance programs;
- reviewing the Company s investment strategy and investments;
- reviewing and evaluating the Company s financial, tax, third party credit and commodity risks and the steps management has taken to monitor and control such risks;
- reviewing the Company s annual earnings guidance and capital budgets and recommending approval to the Board; and
- reviewing the Company s hedging policies and exempt swap transactions.

Nominating and Governance Committee

The Nominating and Governance Committee met five times in 2017. Its responsibilities include, among others:

- identifying individuals qualified to become Board members, consistent with criteria approved by the Board;
- recommending to the Board director nominees for election at the next annual meeting of the stockholders;
- developing and recommending to the Board the Corporate Governance Guidelines;
- consulting with management to determine the appropriate response to stockholder proposals submitted pursuant to SEC rules;
- reviewing and evaluating risks to the Company s reputation and the steps management has taken to monitor and control such risks;
- reviewing and evaluating our CEO succession plan and working with the Board to evaluate potential successors to our CEO;
- reviewing and overseeing, at least annually, corporate and business unit political spending;

evaluating any resignation tendered by a director and making recommendations to the Board about whether to accept such resignation; and

overseeing the evaluation of the performance of the Board and its committees.

The Nominating and Governance Committee, with the assistance of the independent compensation consultant annually reviews the amount and composition of non-employee director compensation. Please see the discussion under the heading Director Compensation for a description of the compensation we provide to our non-employee directors.

Director Selection Process. The Nominating and Governance Committee identifies and screens candidates for director and makes its recommendations for director to the Board. At times the Board may establish an ad hoc search committee to assist the Nominating and Governance Committee in this process. Additionally, the Nominating and Governance Committee has the authority to retain a search firm to help it identify director candidates to the extent it deems necessary or appropriate. In 2015, the Board established a search committee to assist the Nominating and Governance Committee and the Board in identifying qualified director candidates. In 2017, the Nominating and Governance Committee also engaged the firm of Heidrick & Struggles International, Inc., which firm recommended Mr. Butler for director. In considering candidates for director, the Nominating and Governance Committee considers the skills, expertise, experience and qualifications that will best complement the overall mix of skills and expertise of the Board in view of the strategy of, and the risks and opportunities faced by the Company, as well as each candidate s relevant business, academic and industry experience, professional background, age, current employment, community service, other board service and other factors. In addition, the Nominating and Governance Committee takes into account the racial, ethnic and gender diversity of the Board and actively seeks minority and female candidates.

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The Nominating and Governance Committee seeks to identify and recommend candidates with a reputation for, and record of, integrity and good business judgment who have experience in positions with a high degree of responsibility and are leaders in the organizations with which they are affiliated; are effective in working in complex collegial settings; are free from conflicts of interest that could interfere with a director s duties to the Company and its stockholders; and are willing and able to make the necessary commitment of time and attention required for effective service on the Board, including limiting their service on other boards to a reasonable number. The Nominating and Governance Committee also takes into account the candidate s level of financial literacy. The Nominating and Governance Committee monitors the mix of skills and experience of the directors in order to assess whether the Board has the necessary tools to perform its oversight function effectively. The Nominating and Governance Committee also assesses the diversity of the Board as a part of its annual self-assessment process as described in more detail below. The Nominating and Governance Committee will consider nominees for directors recommended by stockholders and will use the same criteria to evaluate candidates proposed by stockholders as it uses to evaluate the candidates identified by the Board.

The Board has determined that all of the members of the Nominating and Governance Committee are independent as defined under the applicable NYSE rules and meet the additional independence standard set forth in the Corporate Governance Guidelines.

For information on how to nominate a person for election as a director at the 2019 Annual Meeting, please see the discussion under the heading Stockholder Proposals and Nominations for 2019 Annual Meeting.

Board Evaluation Process. The Nominating and Governance Committee oversees the self-evaluation process, which is used by the Board and by each committee of the Board to determine effectiveness and identify opportunities for improvement. Annually at its meeting in March, the Nominating and Governance Committee initiates the self-evaluation process and approves the form of written evaluation questionnaires that are distributed to each director for completion. The written evaluation questionnaires are updated each year as necessary to reflect changes identified in the prior year, any committee charter changes and any suggestions from the directors. The questionnaires solicit feedback on Board composition, Board meeting mechanics including information received, core responsibilities, relationship with management, committee functioning and other relevant matters. The Chief Legal Officer compiles and summarizes the responses for discussion at the subsequent Board and committee meetings. In addition, on an ongoing basis, the Chairman meets with each director individually to solicit feedback with respect to both the full Board and any committee on which the director serves, in addition to director performance and Board dynamics. Our Board utilizes the results of these evaluations in making decisions on Board agendas, Board structure, committee responsibilities and agendas, information presented to the Board, and continued service of individual directors on the Board. This information is then shared with the Board, and appropriate actions or changes are then identified.

No Mandatory Retirement Age or Term Limits. Our Corporate Governance Guidelines set forth that we do not believe that mandatory retirement ages or term limits serve the needs of the Company. The Board periodically evaluates the performance and qualifications of individual directors in connection with the nomination process. In addition, although the Nominating and Governance Committee will consider length of service in recommending candidates for re-election, the Board does not believe that adopting a set term limit for directors serves the interests of the Company. Such limits may result in the loss of contributions from directors who have been able to develop, over a period of time, increasing insight into the Company, its operations and its strategic direction. The Nominating and Governance Committee reviews these policies as part of its annual governance review and will consider modifications to these policies as deemed necessary and in the best interests of the Company.

DIRECTOR COMPENSATION

Director Compensation. This section describes compensation for our non-employee directors. To attract and retain highly qualified candidates to serve on the Board, we provide a combination of cash and equity awards. Our non-employee director compensation is reviewed annually by our Nominating and Governance Committee with the assistance of the independent executive compensation consultant. The Nominating and Governance Committee with the assistance of Exequity LLP reviewed the amount and composition of director compensation for 2017 and recommended an increase of $10,000 in the value of the equity portion of the annual retainer we provide to our non-employee directors, which was implemented. A full-time employee who serves as director does not receive any additional compensation for service on the Board. Consequently, because Mr. Hamrock is also our President and CEO, he does not receive additional compensation for his service as a Board member.

Each non-employee director receives an annual retainer of $220,000, consisting of $90,000 in cash and an award of restricted stock units valued at $130,000 at the time of the award. The cash retainer is paid in arrears in four equal installments at the end of each calendar quarter.

The restricted stock units are awarded annually, and the number of restricted stock units is determined by dividing the value of the grant by the closing price of our common stock on the grant date. Restricted stock units are granted to non-employee directors under the NiSource Inc. 2010 Omnibus Incentive Plan (Omnibus Plan), which was approved by the stockholders on May 11, 2010, and re-approved on May 12, 2015.

Additionally, each non-employee director who serves as chair of a Board committee receives compensation for this responsibility. The annual committee chair fees are $20,000 for each of the standing committees. The Chairman of the Board receives additional annual compensation of $160,000 for his role and the Vice Chairman of the Board receives additional annual compensation of $75,000 for his role. These fees are paid in cash in arrears in four equal installments and are prorated in the case of partial year service.

All Other Compensation. The other compensation included under the column All Other Compensation in the Director Compensation Table below consists of matching contributions made by the NiSource Charitable Foundation.

Omnibus Plan. The Omnibus Plan permits equity awards to be made to non-employee directors in the form of non-qualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. Except as provided below, terms and conditions of awards to non-employee directors are determined by the Board prior to grant. Since May 11, 2010, awards to directors have been made under the Omnibus Plan. Awards of restricted stock units associated with periods prior to June 1, 2011, vested immediately, but are not distributed in shares of common stock until after the director separates from the Board. Awards of restricted stock units made after June 1, 2011, vest and are payable in shares of our common stock on the earlier to occur of: (a) the last day of the director s annual term for which the restricted stock units are awarded; or (b) the date that the director separates from service due to a Change-in-Control (as defined in the Omnibus Plan); provided, however, that effective in 2015, any director that commences services after the start of an annual term vests on the first anniversary of the initial grant; and, provided further, that in the event that the director separates from service prior to such time as a result of Retirement (defined as the cessation of services after providing a minimum of five continuous years of service as a member of the Board), death or Disability (as defined in the Omnibus Plan), the director s restricted stock unit awards shall pro rata vest in an amount determined by using a fraction, where the numerator is the number of full or partial calendar months elapsed between the grant date and the date of the director s Retirement, death or Disability, and the denominator of which is the number of full or partial calendar months elapsed between the grant date and the last day of the director s annual term for which the director is elected that corresponds to the year in which the restricted stock units are awarded. All equity awards under our Omnibus Plan, including awards to non-employee directors have a minimum vesting term of one year unless the director separates from service prior to such time as the result of Retirement, death or Disability. The vested restricted stock units awarded on or after June 1, 2011, are payable as soon as practicable following vesting, unless otherwise provided pursuant to any prior election the non-employee director may have made to defer distribution. With respect to restricted stock units that have not been distributed, additional restricted stock units are credited to each non-employee director to reflect dividends paid to stockholders on common stock. The restricted stock units have no voting or other stock ownership rights and are payable in shares of our common stock upon distribution.

Director Stock Ownership. The Board maintains stock ownership requirements for its directors that are included in the Corporate Governance Guidelines. Within five years of becoming a non-employee director, each non-employee director is required to hold an amount of Company stock with a value equal to five times the annual cash retainer paid to directors by the Company. Company stock that counts towards satisfaction of this requirement includes shares purchased on the open market, awards of restricted stock or restricted stock units through the prior Non-Employee Director Stock Incentive Plan or Omnibus Plan, and shares beneficially owned in a trust or by a spouse or other immediate family member residing in the same household. All of the non-employee director nominees are in compliance with the stock ownership requirements that are included in the Corporate Governance Guidelines.

Each director has a significant portion of his or her compensation directly aligned with long-term stockholder value. Fifty-nine percent (59%) of a non-employee director s 2017 annual retainer (valued as of the time of award) consisted of restricted stock units, which are converted into common stock when vested and distributed to the director.

2017 Director Compensation

The table below sets forth all compensation earned by or paid to our non-employee directors in 2017. Our CEO did not receive any additional compensation for his service on the Board. His compensation for serving as CEO is listed under Compensation of Executive Officers.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)(3)	All Other Compensation ($)(4)	Total ($)
Richard A. Abdoo	97,151	130,000	15,000	242,151
Peter A. Altabef[5]	83,710	164,510	10,000	258,220
Eric L. Butler[6]	42,823	103,852		146,675
Aristides S. Candris	110,000	130,000	10,000	250,000
Wayne S. DeVeydt	90,000	130,000	20,000	240,000
Deborah A. Henretta	90,000	130,000		220,000
Michael E. Jesanis	110,000	130,000	10,000	250,000
Kevin T. Kabat	102,903	130,000		232,903
Richard L. Thompson	270,000	130,000		400,000
Carolyn Y. Woo	110,000	130,000	7,000	247,000

(1) The fees shown include the annual cash retainer and any Board and chair fees paid during the year to each non-employee director. With respect to Messrs. Altabef and Butler, the fees were prorated for partial year service on the Board; with respect to Messrs. Abdoo and Kabat the fees were prorated for partial year service as committee chair.

(2) The amounts shown reflect the grant date fair value of awards computed in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. For restricted stock units, the grant date fair value is the number of shares multiplied by the closing price of our stock on the award date. Each non-employee director who was elected on May 9, 2017, received an award of restricted stock units valued at $120,000 which was equal to approximately 5,044 restricted stock units valued at $23.79 per unit, the closing price of our common stock on that date. See Security Ownership of Certain Beneficial Owners and Management and the footnotes to that table for information regarding the number of shares of stock held by each current director as of March 1, 2018.

(3) As of December 31, 2017, the number of equity awards (in the form of restricted stock units) that were outstanding for each non-employee director was as follows: Mr. Abdoo, 59,906; Mr. Altabef, 7,075; Mr. Butler, 4,173; Dr. Candris, 31,627; Mr. DeVeydt, 5,465; Ms. Henretta, 17,269; Mr. Jesanis, 5,465; Mr. Kabat, 5,465; Mr. Thompson, 56,559; and Dr. Woo, 32,811.

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(4) The amounts shown reflect matching contributions made by the NiSource Charitable Foundation under the Director Charitable Match Program. The Foundation matches up to $10,000 annually in contributions by any non-employee director to approved tax-exempt charitable organizations. Any amount not utilized for the match in the year it is first available is carried over to the following year.

(5) The amount shown in the Stock Awards column for Mr. Altabef includes an additional pro-rated award valued at $34,510 which was equal to approximately 1,567 restricted stock units valued at $22.03 per unit, the closing price of our common stock on January 27, 2017, the date of his appointment to the Board.

(6) The amount shown in the Stock Awards column for Mr. Butler is a pro-rated award which was equal to approximately 4,119 restricted stock units valued at $25.21 per unit, the closing price of our common stock on July 10, 2017, the date of his appointment to the Board.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows as of March 1, 2018, the number of shares of our outstanding common stock beneficially owned by: (i) each of our directors; (ii) each of the Named Executive Officers; (iii) our directors and executive officers as a group; and (iv) beneficial owners of more than 5% of our outstanding common stock (based solely on the Schedule 13G filings and any amendments thereto filed with the SEC on or before March 1, 2018) except as noted below. None of the Named Executive Officers or directors has any outstanding stock options as of that date. The business address of each of the Company s directors and executive officers is the Company s address.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Class Outstanding
5% Owners		
The Vanguard Group[1] 100 Vanguard Blvd. Malvern, PA 19355	36,108,835	10.7%
BlackRock, Inc.[2] 55 East 52nd Street New York, NY 10055	24,799,547	7.4%
T. Rowe Price Associates, Inc.[3] 100 East Pratt Street Baltimore, MD 21202	24,432,926	7.2%
Directors and Executive Officers		
Richard A. Abdoo[4]	15,000	*
Peter A. Altabef[4]	1,611	*
Donald E. Brown[5]	45,818	*
Eric L. Butler[4]		*
Aristides S. Candris[4]	2,000	*
Wayne S. DeVeydt[4]	5,934	*
Joseph Hamrock[5]	327,406	*
Deborah A. Henretta[4]	179	*
Carrie J. Hightman [5][6]	349,536	*
Michael E. Jesanis[4]	26,845	*
Kevin T. Kabat[4]	11,451	*
Violet G. Sistovaris[5]	128,615	*
Jim L. Stanley[7]	71,738	*
Richard L. Thompson[4]	29,144	*
Pablo A. Vegas[5]	30,839	*
Carolyn Y. Woo[4]	32,698	*
All directors and executive officers as a group (22 persons)	1,257,482	*

* Less than 1%

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(1) As reported on an amendment to statement on Schedule 13G filed with the SEC on behalf of The Vanguard Group on February 9, 2018. The Vanguard Group has sole voting power with respect to 513,795 shares, shared voting power with respect to 153,995 shares, sole dispositive power with respect to 35,500,863 shares and shared dispositive power with respect to 607,972 shares reported as beneficially owned.

(2) As reported on an amendment to statement on Schedule 13G filed with the SEC on behalf of BlackRock, Inc. on January 25, 2018. BlackRock, Inc. has sole voting power with respect to 21,826,511 shares and sole dispositive power with respect to 24,799,547 shares reported as beneficially owned.

(3) As reported on an amendment to statement on Schedule 13G filed with the SEC on behalf of T. Rowe Price Associates, Inc. on February 14, 2018. T. Rowe Price Associates, Inc. has sole voting power with respect to 8,244,008 shares and sole dispositive power with respect to 24,432,926 shares reported as beneficially owned.

(4) Does not include restricted stock units issued under the Omnibus Plan and the former Non-Employee Director Stock Incentive Plan unless the shares have been distributed or the non-employee director has the right to acquire the shares within 60 days of March 1, 2018.

(5) Includes shares held in our 401(k) Plan and shares that are distributable within 60 days of March 1, 2018.

(6) Includes shares owned by a trust over which Ms. Hightman maintains investment control and of which one or more of her immediate family members are the sole beneficiaries.

(7) Mr. Stanley left the Company on June 1, 2017. His holdings appear as Mr. Stanley reported to the Company as of December 31, 2017.

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Introduction

This CD&A describes our compensation philosophy and the material elements of our 2017 executive compensation program applicable to the Named Executive Officers.

The Named Executive Officers who currently serve as executive officers of the Company are:

Joseph Hamrock President and Chief Executive Officer (CEO)

Donald E. Brown Executive Vice President and Chief Financial Officer (CFO)

Pablo A. Vegas Executive Vice President, Gas Business Segment and Chief Customer Officer

Carrie J. Hightman Executive Vice President and Chief Legal Officer (CLO)

Violet G. Sistovaris Executive Vice President and President, Northern Indiana Public Service Company LLC (NIPSCO)

We have one additional Named Executive Officer who is no longer an executive officer of the Company, Jim L. Stanley, our former Executive Vice President and Chief Operating Officer (COO), who left the Company on June 1, 2017. SEC executive compensation disclosure rules require us to provide information for any individual who served as an executive officer during the year and would have been reported as a Named Executive Officer in this Proxy Statement had that individual not left the Company.

2017 Accomplishments

The Company achieved a number of significant accomplishments in 2017, including:

- Delivering total shareholder return of approximately 19%, outperforming both major utilities indexes; and

- Generating consistent earnings growth, which we believe reflects the strength of our long-term customer-focused infrastructure investment strategy.

Total shareholder return shown in the chart above is calculated by share price appreciation plus the annual dividend amount. The NiSource 2015 share price appreciation and total shareholder return shown in the charts above are based on a 2014 year-end closing price calculated utilizing the Bloomberg separation formula taking into account the separation of Columbia Pipeline Group, Inc. from the Company on July 1, 2015 (the Separation).

We believe that our 2017 performance was once again driven in large part by our continued disciplined execution across all facets of our established infrastructure-focused and investment-driven business strategy. Key business accomplishments during 2017 include:

- Investing a record $1.7 billion of capital across our Columbia Gas and NIPSCO utilities in support of long-term safety and service reliability for our customers and communities;

Replacing more than 377 miles of priority gas pipelines across seven states, thus further enhancing safety and reducing methane leaks and emissions;

Replacing approximately 68 miles of underground electric cable and more than 1,300 electric poles to further support increased service reliability;

Improving customer satisfaction scores at our Columbia Gas and NIPSCO utilities while adding more than 28,000 net new natural gas customers;

Completing our safest year on record for employee safety, including achieving industry top decile in core safety metrics and continued declines in preventable vehicle accidents;

Refinancing approximately $1 billion in long-term debt at more favorable interest rates, which will result in significant interest expense savings;

Opening the third of four state-of-the-art field employee training centers;

Setting aggressive environmental targets, including the goal of reducing carbon dioxide equivalent emissions by 50% by 2025 (from 2005 levels), levels that exceed goals outlined by the Paris Agreement, Clean Power Plan and Environmental Protection Agency s Methane Challenge Program; and

Achieving significant industry and national recognition, including: being named to the Dow Jones Sustainability North American Index for the fourth straight year; one of the World s Most Ethical Companies by Ethisphere for the seventh consecutive year; a Best Place to Work for LGBTQ Equality by the Human Rights Campaign; the top utility in Forbes magazine list of America s Best Large Employers; and one of the world s Top 100 Energy Leaders by Thomson Reuters.

Executive Compensation Highlights

In connection with its ongoing review of our executive compensation program, the Compensation Committee made the following key compensation decisions with respect to 2017:

Recommended to the independent members of the Board an increase in our CEO s base salary, target and stretch award opportunities under the annual cash short-term incentive plan and the grant date value of his 2017 annual long-term equity award opportunity for the reasons explained in Compensation Committee Actions Related to 2017 Compensation in the sections entitled 2017 Base Salaries, 2017 Cash Incentive Plan and 2017 LTIP Awards, respectively;

Approved increases in base salary for Mr. Brown and Ms. Sistovaris and increases in the grant date value of the 2017 annual long-term equity award opportunities for Messrs. Brown, Vegas and Stanley and Ms. Sistovaris for the reasons explained in Compensation Committee Actions Related to 2017 Compensation in the sections entitled 2017 Base Salaries and 2017 LTIP Awards respectively;

Approved promotional increases in base salary, trigger, target and stretch award opportunities under the annual cash short-term incentive plan and an additional increase in the grant date value of Mr. Vegas 2017 annual long-term equity award opportunity for the reasons explained in Compensation Committee Actions Related to 2017 Compensation in the sections entitled 2017 Base Salaries, 2017 Cash Incentive Plan and 2017 LTIP Awards, respectively;

Determined discretionary cash bonuses for Mr. Hamrock and Ms. Sistovaris were appropriate based on their contributions to the Company s success as further explained in the section entitled 2017 Discretionary Payouts to Certain Named Executive Officers;

Delivered the 2017 annual long-term equity awards to the Named Executive Officers in the form of performance shares that vest upon the achievement of cumulative performance goals over a three-year performance period and continuous employment through the post-performance period vesting date;

Approved performance goals for our 2017 annual long-term equity awards that are designed to align the Company s strategic operating plan with the interests of stockholders by selecting relative total shareholder return and cumulative net operating earnings per share as performance measures; and

Evaluated 2017 executive compensation utilizing a Comparative Group that is designed to align the Company with entities that the Compensation Committee considers to be operationally similar and with which we compete for executive talent.

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Our Executive Compensation Philosophy

The key design priorities of the Company s 2017 executive compensation program were to:

Maintain a financially responsible program that is aligned with the Company s strategic plan to build stockholder value and support long-term, sustainable earnings and dividend growth;

Provide a total compensation package that is aligned with the standards in our industry thereby enhancing the Company s ability to:

Attract and retain executives with competitive compensation opportunities;

Motivate and reward executives for achieving and exceeding our business objectives;

Ensure that significant portions of pay remain at risk for failure to achieve our business objectives;

Align the interests of stockholders and executives by emphasizing stock-denominated compensation opportunities that are contingent on goal achievement; and

Comply with applicable laws and regulations.

The Compensation Committee believes that the Company s executive compensation program is thoughtfully and effectively constructed to fulfill our compensation objectives and reward effective leadership decisions that create value for our stockholders, customers and other key stakeholders.

Overview of Our 2017 Executive Compensation Program

We design our executive compensation program to attract, retain and motivate highly-qualified executive talent. We believe highly-qualified executive talent is an essential driver of the Company s success in achieving its business objectives.

The principal elements of compensation that we provide to our executives including the Named Executive Officers are: base salary, annual short-term performance-based cash incentives and long-term performance-based equity incentive awards. We use short- and long-term performance-based compensation to motivate our executives to meet and exceed the Company s short- and long-term business objectives.

Our long-term performance-based compensation is denominated entirely in common shares to align the interests of executives with those of our stockholders. The principal elements of our 2017 total compensation program, time horizon and design objectives of each element are shown below.

Elements of Total Compensation and Compensation Design Priorities				
Element of Total Compensation	**Form of Compensation**	**Talent Attraction**	**Alignment with Stockholder Interest**	**Talent Retention**
Short-term:				
Base Salary	Cash			
Annual Performance-Based Cash Incentive	Cash			
Long-term:				

Long-Term Performance-Based Equity Incentive	Performance Shares

We generally target total compensation (base salary, annual short-term performance-based cash incentives and long-term equity incentive awards) to be competitive with the compensation paid to similarly positioned executives at companies within our peer group of companies (the Comparative Group) as described in the section entitled Our Executive Compensation Process Competitive Market Review. We do not, however, manage pay to a stipulated percentile of the Comparative Group practices.

When making decisions about our executive compensation program, the Compensation Committee takes into account the stockholders view of such matters. In 2017, over 96% of the votes cast by our investors were voted in favor of our Say-on-Pay Proposal at our 2017 annual meeting of stockholders. No changes were made to the design of our executive compensation program in response to the 2017 stockholder vote.

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Our Executive Compensation Mix

We believe that a significant percentage of total compensation for the Named Executive Officers should consist of at-risk, performance-based compensation. The Compensation Committee believes the appropriate mix of compensation elements should take into account the Company s financial and strategic objectives, the competitive environment, retentive elements, Company performance, individual performance and responsibilities, and evolving governance practices.

The following charts illustrate the extent to which 2017 target total compensation for our CEO and our other Named Executive Officers was payable in fixed (base salary) and performance-contingent (annual performance-based cash incentive payable at the target level and the grant date fair value of the annual long-term performance-based equity incentive award payable at the target level) formats.

Named Executive Officer	Annualized Base Salary ($)	Annual Cash Incentive Target ($)	Long-Term Incentive Target (Performance Shares) ($)	Total ($)
Joseph Hamrock *President and CEO*	975,000	1,170,000	3,000,000	5,145,000
Donald E. Brown *Executive Vice President and CFO*	525,000	393,750	900,000	1,818,750
Pablo A. Vegas *Executive Vice President, Gas Business Segment and Chief Customer Officer*	500,000	350,000	850,000	1,700,000
Carrie J. Hightman *Executive Vice President and CLO*	490,000	294,000	750,000	1,534,000
Violet G. Sistovaris *Executive Vice President and President, NIPSCO*	450,000	292,500	650,000	1,392,500
Jim L. Stanley *Former COO*	550,000	412,500	1,100,000	2,062,500

Principal Elements of Our 2017 Executive Compensation Program

Base Salary

Base salary is designed to provide our employees with a level of fixed pay that is commensurate with the employee s role and responsibility. We believe that by delivering base salaries that are reflective of market norms, the Company is well-positioned to attract, retain and motivate top caliber executives in an increasingly competitive labor environment. The Compensation Committee annually reviews the base salaries of the Company s senior executives, including the Named Executive Officers, to evaluate whether they are competitive within our industry. In reviewing the base salaries, the Compensation Committee considers the base salaries paid to similarly situated executives by the companies in the Comparative Group. See the section entitled Our Executive Compensation Process Competitive Market Review.

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The Compensation Committee determines any base salary changes for the Company s senior executives, including the Named Executive Officers, based on a combination of factors that includes competitive pay standards, level of responsibility, experience, internal equity considerations, historical compensation, and individual performance and contribution to business objectives, as well as recommendations from Mr. Hamrock, our CEO. Mr. Hamrock s pay is evaluated separately by the Compensation Committee, taking into account those factors reviewed for all other senior executives other than the recommendation from Mr. Hamrock. The Compensation Committee then provides their recommendation regarding CEO compensation to the independent members of the Board for approval. See the section below entitled Compensation Committee Actions Related to 2017 Compensation 2017 Base Salaries for more information.

Annual Performance-Based Cash Incentive Plan (Cash Incentive Plan)

The Cash Incentive Plan provides our employees, including the Named Executive Officers, with the opportunity to earn a cash award tied to both the Company s performance and their individual contributions to the Company s success. Awards to our senior executives, including the Named Executive Officers, under the Cash Incentive Plan are subject to one corporate financial performance goal (weighted at 75%) and several operational goals related to customer care and safety (weighted at 25%). The financial performance goal is based on the Company s financial plan, which is approved by the Board at the beginning of the year, and is designed to achieve the Company s goal of creating sustainable stockholder value by growing earnings and providing a strong dividend. The customer care and safety goals are designed to incent achievement of our business imperatives.

Cash Incentive Plan
75% Financial Performance
25% Customer Care and Safety

Eligibility for participation in the Cash Incentive Plan extends to nearly all Company employees. Every eligible employee has an incentive opportunity at trigger, target and stretch levels of performance, and the Compensation Committee identifies expectations for all senior executives, including the Named Executive Officers and the CEO, for whom the Compensation Committee makes recommendations for consideration by the independent members of the Board. See the section below entitled Compensation Committee Actions Related to 2017 Compensation 2017 Cash Incentive Plan for more information regarding the 2017 Cash Incentive Plan, including incentive opportunities, performance measures and weightings, goals and payouts for each of the Named Executive Officers.

Long-Term Equity Incentive Plan (LTIP)

The LTIP provides our executives, including the Named Executive Officers, with the opportunity to earn shares of Company stock tied to Company performance. The 2017 LTIP awards consist solely of performance shares that vest based on the achievement of two goals over a three year performance period: cumulative net operating earnings per share (weighted at 50%) and relative total shareholder return (weighted at 50%). The Compensation Committee believes it is important that each executive has personal financial exposure to the performance of the Company s stock and, therefore, is aligned with the financial interests of stockholders. The Compensation Committee also believes that long-term equity incentives promote decision making that is consistent with the Company s long-term business objectives.

When establishing equity award opportunity levels for senior executives, including the Named Executive Officers, the Compensation Committee considers, among other things, the executive s base salary, the appropriate mix of cash and equity award opportunities, prior awards under the LTIP and the compensation practices for similarly situated executives at other companies in our Comparative Group. The actual value of the 2017 LTIP award, if any, will depend upon Company performance against pre-established performance measures as well as the Company s stock price at the time the awards are settled. The table below summarizes key features of the 2017 LTIP awards. See the section below entitled Compensation Committee Actions Related to 2017 Compensation for more information regarding the 2017 LTIP awards for each of the Named Executive Officers.

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Key Features of 2017 LTIP Awards	Alignment with Shareholder Interest
100% performance shares Two performance measures: Ø 50% Cumulative net operating earnings per share Ø 50% Relative Total Shareholder Return (RTSR)	Payouts are linked to Company performance Award value is dependent upon the value of the Company s stock

Other Compensation and Benefits

We also provide other forms of compensation and benefits to our senior executives, including the Named Executive Officers, consisting of severance and change-in-control arrangements, an executive deferred compensation plan, a limited number of perquisites and a number of other employee benefits that generally are extended to our entire employee population. These other forms of compensation and benefits are generally comparable to those that are provided to similarly situated executives at other companies of our size and thereby serve the objectives of our compensation program to attract and retain our executives.

Severance and Change-In-Control Benefits

We maintain an executive severance policy and Change-in-Control Agreements with each of the Named Executive Officers. Change-in-Control Agreements are intended to ensure that thoroughly objective judgments are made in relation to any potential change in corporate ownership so that stockholder value is appropriately safeguarded and returns to investors are maximized. The Change-in-Control Agreements provide for cash severance benefits upon a double-trigger (meaning there must be both a qualifying change-in-control and termination of employment) and do not provide for any gross-up payments to executives for excise taxes incurred with respect to benefits received under a Change-in-Control Agreement. Additionally, the Omnibus Plan provides for double-trigger vesting for equity awards that are assumed or replaced by an acquiring company upon a change-in-control; meaning that there must be both a change-in-control and a qualifying termination of employment in order for the equity awards to vest in connection with or following such change-in-control. In the event equity awards are not assumed or replaced in a change-in-control, then the outstanding equity awards will vest upon the occurrence of a change-in-control alone. For further information regarding the benefits to be received upon termination of employment or change-in-control, see the table in the section entitled Potential Payments upon Termination of Employment or a Change-in-Control of the Company and the accompanying narrative.

In connection with Mr. Stanley s announced retirement, the Company eliminated the position of COO and realigned Mr. Stanley s prior responsibilities among other executive officers. As consideration for Mr. Stanley s agreement to remain employed with the Company to assist with the transition of his roles through his June 1, 2017 separation date and in exchange for a release of claims in favor of the Company, Mr. Stanley was provided separation benefits generally consistent with a position elimination under the Company s Executive Severance Policy. Mr. Stanley received: (i) a lump sum payment of $550,000; (ii) a payout under the 2017 cash incentive plan as detailed under 2017 Cash Incentive Plan, based on actual performance during the year; (iii) a payout equivalent to the cost of 130% of twelve months of COBRA premiums; and (iv) a payout of accrued and unused vacation time. All payments provided to Mr. Stanley are shown in the Summary Compensation Table and are detailed in the table under the section entitled Potential Payments upon Termination of Employment or a Change-in-Control of the Company.

Perquisites

Perquisites are not a principal element of our executive compensation program. They are intended to assist executives in the performance of their duties on the Company s behalf or to otherwise provide benefits that have a combined personal and business purpose. Generally, the Company does not reimburse the Named Executive Officers for the payment of personal income taxes they incur in connection with their receipt of these benefits, except for relocation expenses, consistent with Company practice for all employees who receive Company-paid relocation expenses. For information regarding 2017 perquisites, see the 2017 Summary Compensation Table and footnote (6) to that table.

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Deferred Compensation Plan

We also maintain the Executive Deferred Compensation Plan (the Deferred Compensation Plan) through which eligible Company executives, including the Named Executive Officers, may elect to defer between 5% and 80% of their base salary and annual cash incentive payout. The Company makes the Deferred Compensation Plan available to eligible executives so they have the opportunity to defer their cash compensation without regard to the limits imposed by the IRS for amounts that may be deferred under the 401(k) Plan. The material terms of the Deferred Compensation Plan are described in the narrative to the 2017 Non-qualified Deferred Compensation Table.

Pension Programs

During 2017, we maintained a tax-qualified defined benefit pension plan for essentially all salaried exempt employees hired before January 1, 2010, all non-exempt employees (both non-union and certain union employees) hired before January 1, 2013, as well as for other union employees, regardless of hire date, and a non-qualified defined benefit pension plan (the Pension Restoration Plan) for all eligible employees with annual compensation or pension benefits in excess of the limits imposed by the Internal Revenue Service (IRS), including any eligible Named Executive Officer. The Pension Restoration Plan provides for a pension benefit under the same formula provided under the tax-qualified plan but without regard to the IRS limits and reduced by amounts paid under the tax-qualified plan. The material terms of the pension programs are described in the narrative to the 2017 Pension Benefits Table.

Savings Programs

The Named Executive Officers are eligible to participate in the same tax-qualified 401(k) Plan as most employees and in a non-qualified defined contribution plan (the Savings Restoration Plan) maintained for eligible executive employees. The 401(k) Plan includes a Company match that varies depending on the pension plan in which the employee participates and a Company profit sharing contribution for most employees of between 0.5% and 1.5% of the employee s eligible earnings based on achievement of the overall corporate net operating earnings per share measure. In addition, for salaried employees hired after January 1, 2010, and non-union non-exempt employees hired after January 1, 2013, the 401(k) Plan includes a 3% Company contribution to the employee accounts. The Savings Restoration Plan provides for Company contributions in excess of IRS limits under the 401(k) Plan for eligible employees, including the Named Executive Officers. The material terms of the Savings Restoration Plan are described in the narrative to the 2017 Non-qualified Deferred Compensation Table.

Health and Welfare Benefits

We also provide other broad-based benefits such as medical, dental, life insurance and long-term disability coverage on the same terms and conditions to all employees, including the Named Executive Officers. We believe that these broad-based benefits enhance the Company s reputation as an employer of choice.

Our Executive Compensation Process

The Compensation Committee is responsible for determining the compensation of our executives and for overseeing the administration of our equity plans, including equity award grants to our executive officers. In doing so, the Compensation Committee apprises the Board with respect to the evaluation, compensation and benefits of our executives. The Compensation Committee takes into account various factors when making compensation decisions, including:

- Attainment of established business and financial goals of the Company;

- Competitiveness of the Company s compensation program based upon competitive market data; and

- An executive s position, level of responsibility and performance, as measured by the individual s contribution to the Company s achievement of its business objectives.

The Compensation Committee reviews the compensation of our CEO and his executive direct reports each year. For our CEO, the Compensation Committee evaluates CEO performance in light of the Company s goals and objectives and considers recommendations from the Compensation Committee s independent executive

compensation consultant that are reflective of the Compensation Committee s assessment of our CEO s performance and compensation competitiveness. Following this evaluation, the Compensation Committee submits its recommendations to the independent members of the Board for review and approval.

When considering changes in compensation for senior executives that report to our CEO, including the Named Executive Officers, the Compensation Committee considers input from the CEO, the Executive Vice President, Regulatory Policy and Corporate Affairs, Vice President, Human Resources in addition to the Compensation Committee s independent executive compensation consultant.

Competitive Market Review

In connection with its compensation decision making, the Compensation Committee reviews the executive compensation practices in effect at other companies in the Comparative Group. These companies comprised leading gas, electric, and combination utilities that were selected by the Compensation Committee for their operational comparability to the Company and because we generally compete with these companies for the same executive talent. For 2017, the Compensation Committee, with input from its independent compensation consultant, Exequity LLP, made no change to the compensation peer group, except to reflect The Laclede Group, Inc. s name change to Spire, Inc., Dominion Resources, Inc. s name change to Dominion Energy, Inc. and the mergers of AGL Resources Inc. into Southern Company Gas and Questar Corporation into Dominion Energy, Inc. For purposes of evaluating 2017 compensation practices, the Comparative Group included the following companies:

Alliant Energy Corporation	Piedmont Natural Gas Company, Inc.
Ameren Corporation	PNM Resources, Inc.
American Electric Power Company, Inc.	PPL Corporation
Atmos Energy Corporation	Public Service Enterprise Group Incorporated
CenterPoint Energy, Inc.	SCANA Corporation
CMS Energy Corporation	Sempra Energy
Dominion Energy, Inc.	Southern Company Gas
DTE Energy Company	Spire, Inc.
FirstEnergy Corp.	Vectren Corporation
OGE Energy Corp.	WEC Energy Group, Inc.
ONE Gas, Inc.	WGL Holdings, Inc.

Compensation Peer Group	Revenue[(1)] ($ millions)	Market Cap[(1)] ($ millions)
NiSource	4,652	6,217
NiSource Percentile Rank	51st	38th
75th Percentile	8,950	15,295
Median	4,380	7,900
25th Percentile	2,316	4,459

(1) The Compensation Committee selected the 2017 Compensation Peer Group in October 2016 based on fiscal year-end 2015 revenue and market capitalization data. Fiscal year-end revenue and market capitalization data was compiled by the Committee s independent compensation consultant.

Compensation Committee Actions Related to 2017 Executive Compensation

During 2017, the Compensation Committee reviewed and, as appropriate, took action with respect to each element of total compensation for each Named Executive Officer following the principles, practices and processes described above. The Compensation Committee s compensation determinations and recommendations were based primarily upon recognition of the roles, responsibilities and performance of each Named Executive Officer, a review of the Comparative Group and an assessment that the total compensation provided to each Named Executive Officer offered well-balanced incentives to focus on serving the interests of the Company and its stockholders.

2017 Base Salaries

The Compensation Committee annually reviews the base salaries of senior executives, including the Named Executive Officers, to evaluate whether they are competitive and appropriately reflect performance. In January 2017, the Compensation Committee considered the base salaries earned by similarly situated executives of companies in the Comparative Group, responsibilities, experience, internal pay equity, historical compensation practices, individual performance and contributions to achievement of business objectives. The Compensation Committee approved salary increases for Mr. Brown and Ms. Sistovaris to maintain salary level market competitiveness for each executive that is reflective of strong performance and their significant achievements in their roles as CFO and Executive Vice President and President of NIPSCO, respectively. With respect to Mr. Hamrock, the Compensation Committee recommended to the independent members of the Board an increase in base salary level to maintain market competitiveness that is reflective of his strong performance and significant achievements in his role as President and CEO of the Company. The independent members of the Board considered and approved the recommendation of the Compensation Committee.

Subsequently, the Compensation Committee approved an increase for Mr. Vegas effective on May 1, 2017, due to his assumption of additional responsibilities and promotion to Executive Vice President, Gas Business Segment and Chief Customer Officer.

The 2017 base salary adjustments for Messrs. Hamrock and Brown and Ms. Sistovaris were effective on June 1, 2017 and Mr. Vegas salary increase became effective on May 1, 2017. All 2017 increases in Named Executive Officer salaries are shown in the table below. No other Named Executive Officer received an increase in 2017.

2017 Base Salary Increases

Name	2017 Annual Salary	2016 Annual Salary
Joseph Hamrock	$ 975,000	$ 900,000
Donald E. Brown	$ 525,000	$ 500,000
Pablo A. Vegas	$ 500,000	$ 450,000
Violet G. Sistovaris	$ 450,000	$ 400,000

2017 Cash Incentive Plan

In January 2017, the Compensation Committee established performance measures and goals to be used to determine the 2017 Cash Incentive Plan payouts for all of our employees, including the Named Executive Officers. In determining Cash Incentive Plan opportunities for the Named Executive Officers, the Compensation Committee considered competitive information from the Comparative Group, input from the independent compensation consultant, historical payouts and individual performance in its review of the trigger, target and stretch opportunities for Named Executive Officers and made no changes to the trigger, target and stretch opportunities for Named Executive Officers, except for Mr. Hamrock. With respect to Mr. Hamrock, the Compensation Committee recommended to the independent members of the Board an increase in his target and stretch incentive opportunity. The Compensation Committee recommended this increase along with an increase to his base salary, as noted above, and long-term incentive, as noted below, in order to further align his compensation with other chief executive officers within the Comparative Group, reward his strong performance and maintain market competitiveness. The independent members of the Board considered and approved the recommendation of the Compensation Committee.

Subsequently, the Compensation Committee increased each of the trigger, target and stretch incentive opportunities for Mr. Vegas, effective on May 1, 2017, due to his assumption of increased responsibilities and promotion to Executive Vice President, Gas Business Segment and Chief Customer Officer. The Compensation Committee determined Mr. Vegas Cash Incentive Plan opportunities should be adjusted in addition to his base salary, as noted above, and long-term incentive as noted below, to reflect the increased responsibilities and to maintain competitiveness with other similarly positioned executives within the Comparative Group for his new role as Executive Vice President, Gas Business Segment and Chief Customer Officer.

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All 2017 increases to Named Executive Officer Cash Incentive Plan opportunities are shown in the table below. No other Named Executive Officer received an increase in 2017.

2017 Cash Incentive Plan Opportunity Increases

Name	2017 Opportunities			2016 Opportunities		
	Trigger (% of Salary)	Target (% of Salary)	Stretch (% of Salary)	Trigger (% of Salary)	Target (% of Salary)	Stretch (% of Salary)
Joseph Hamrock	40%	120%	175%	40%	100%	160%
Pablo A. Vegas	30%	70%	110%	25%	65%	105%

The 2017 Cash Incentive Plan awards for senior executives, including all of the Named Executive Officers, were subject to achievement with respect to one corporate financial goal, net operating earnings per share, as well as additional operational goals related to customer care and safety, as detailed in the table below. The Compensation Committee approved these measures for the performance period because they were deemed to be important to the Company s success in increasing stockholder value. The incentive opportunities for the Named Executive Officers were contingent on achievement of goals relating to these measures, subject to final discretionary adjustments by the Compensation Committee.

Performance Goal	Description	Reason Selected
Earnings		
Net Operating Earnings Per Share	Income from continuing operations determined in accordance with Generally Accepted Accounting Principles, after accounting for the cost of any incentive payout and adjusted for certain items, such as fluctuations in weather and other significant unusual events (examples of which may include transaction-related costs, debt extinguishment costs or certain income tax items).	Represents the fundamental earnings strength and performance of the Company. Net operating earnings is used internally for budgeting and reporting to the Board.
Customer Care		
2017 JD Power Gas and Electrical Utility Residential Customer Satisfaction Studies (JD Power Studies)	Measures relative performance of the Company s operating companies as compared to peer companies within each operating company s jurisdiction (based on company size and geographic region), as reported in the 2017 JD Power Studies, with the target set using	Designed to track our progress in delivering satisfaction to our customers relative to our peers.

the Company s 2016 performance as the baseline. Threshold, target and maximum performance goals are based on the scoring set forth in the JD Power Studies.	Aligned with our stakeholder commitment of top-tier customer satisfaction and brand perception.

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Performance Goal	Description	Reason Selected
Customer Care		
2017 MSR Group overall post transaction customer satisfaction survey results	Measures the Company s operating companies performance in a post transaction survey designed to assess the customer experience, with the target set using the Company s 2016 performance as the baseline. Threshold, target and maximum performance goals are based on our percentile ranking as compared to the other surveyed companies.	Designed to track our progress in delivering satisfaction to our customers relative to our prior performance. Aligned with our stakeholder commitment of top-tier customer satisfaction and brand perception.
Safety		
DART Rate	Measures the rate of employee injuries that resulted in work days missed or restricted or an employee transfer, with the target set using industry benchmark of top decile.	Designed to track our progress in achieving the optimum safety climate.
2017 National Safety Council Barometer Survey developed by the National Safety Council (NSCBS)	A survey that gauges employee perception of Company safety programs and benchmarks results against a proprietary database of over 800 companies, with the target set using the Company s 2016 performance as the baseline. Threshold, target and maximum performance goals are based on our percentile ranking as compared to the other surveyed companies.	Designed to track our progress in achieving the optimum safety climate supported by the appropriate activities while also gauging management, supervisor and employee engagement.

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The applicable performance measures and their associated weightings and results as a percentage of the target incentive opportunity for 2017 for each of the Named Executive Officers are shown in the table below.

Corporate Measures[(1)]	Weight	Trigger	Target	Stretch	Result	Formulaic Payout as a % of Target[(2)]	Weighted Adjusted Formulaic Payout as a % of Target
Mr. Hamrock							
NiSource Net Operating Earnings Per Share	75%	$1.12	$1.15	$1.18	$1.21	145.83%	109.38%
Customer Care (JD Power Studies)	10%	695	705	715	733	145.83%	14.58%
Customer Care (MSR Group Survey)	5%	85%	87%	89%	88%	122.92%	6.15%
Safety (DART Rate)	5%	.66	.44	.22	.43	102.08%	5.10%
Safety (NSCBS)	5%	75%	78%	80%	89%	145.83%	7.29%
Messrs. Brown and Stanley							
NiSource Net Operating Earnings Per Share	75%	$1.12	$1.15	$1.18	$1.21	160.00%	120.00%
Customer Care (JD Power Studies)	10%	695	705	715	733	160.00%	16.00%
Customer Care (MSR Group Survey)	5%	85%	87%	89%	88%	130.00%	6.50%
Safety (DART Rate)	5%	.66	.44	.22	.43	102.73%	5.14%
Safety (NSCBS)	5%	75%	78%	80%	89%	160.00%	8.00%
Mr. Vegas							
NiSource Net Operating Earnings Per Share	75%	$1.12	$1.15	$1.18	$1.21	157.14%	117.86%
Customer Care (JD Power Studies)	10%	695	705	715	733	157.14%	15.71%
Customer Care (MSR Group Survey)	5%	85%	87%	89%	88%	128.57%	6.43%
Safety (DART Rate)	5%	.66	.44	.22	.43	102.60%	5.13%
Safety (NSCBS)	5%	75%	78%	80%	89%	157.14%	7.86%
Ms. Hightman							
NiSource Net Operating Earnings Per Share	75%	$1.12	$1.15	$1.18	$1.21	158.33%	118.75%
Customer Care (JD Power Studies)	10%	695	705	715	733	158.33%	15.83%
Customer Care (MSR Group Survey)	5%	85%	87%	89%	88%	129.17%	6.46%
Safety (DART Rate)	5%	.66	.44	.22	.43	102.65%	5.13%
Safety (NSCBS)	5%	75%	78%	80%	89%	158.33%	7.92%
Ms. Sistovaris							
NiSource Net Operating Earnings Per Share	75%	$1.12	$1.15	$1.18	$1.21	161.54%	121.15%
Customer Care (JD Power Studies)	10%	695	705	715	733	161.54%	16.15%
Customer Care (MSR Group Survey)	5%	85%	87%	89%	88%	130.77%	6.54%
Safety (DART Rate)	5%	.66	.44	.22	.43	102.80%	5.14%
Safety (NSCBS)	5%	75%	78%	80%	89%	161.54%	8.08%

(1) For performance between two performance levels (for example, between target and stretch goals), the incentive opportunity is determined by interpolation and is expressed as a percentage of the target opportunity.

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(2) The Formulaic Payout as a % of Target varies among the Named Executive Officers based on the difference between the Named Executive Officer s trigger, target and stretch opportunities. The incentive opportunity range for each of the Named Executive Officers is shown in the table below.

2017 Cash Incentive Plan Payouts to the Named Executive Officers

The 2017 Cash Incentive Plan opportunities and actual payout amounts as approved by the Compensation Committee (and with respect to the CEO, by the independent members of the Board) are shown in the table below.

Named Executive Officer	Trigger (% of Salary)	Target (% of Salary)	Stretch (% of Salary)	2017 Award (% of Target)	2017 Award[(1)]
Joseph Hamrock	40%	120%	175%	142.50%	$ 1,667,250
Donald E. Brown	30%	75%	120%	155.64%	$ 612,833
Pablo A. Vegas	30%	70%	110%	152.99%	$ 535,465
Carrie J. Hightman	25%	60%	95%	154.09%	$ 453,025
Violet G. Sistovaris	25%	65%	105%	157.06%	$ 459,401
Jim L. Stanley	30%	75%	120%	155.64%	$ 314,385

(1) The 2017 Awards for each of the Named Executive Officers were calculated as follows: annual base salary multiplied by his or her Target (% of Salary) multiplied by the applicable 2017 Award (% of Target), except for Mr. Stanley who left the Company on June 1, 2017. His incentive was calculated using his prorated 2017 salary rather than his annual base salary.

In January 2018, the Compensation Committee certified the performance results set forth in the tables above. Additionally, the Compensation Committee determined it was appropriate to recommend to the independent members of the Board that Mr. Hamrock receive a 2017 Cash Incentive Plan payout of $1,667,250 based on the Company s 2017 performance, Mr. Hamrock s exceptional contribution to the Company s success in 2017, and his continued strong performance in the Company s top leadership role. The independent members of the Board considered and approved the Cash Incentive Plan payout recommended by the Compensation Committee.

Mr. Hamrock also made recommendations to the Compensation Committee with respect to the award of 2017 Cash Incentive Plan payouts to the other senior executives, including the other Named Executive Officers. In making his recommendations, Mr. Hamrock considered the Company s performance and the performance of the senior executives in delivering strong stockholder returns again in 2017 as well as the performances of the corporate functions the executive led. The Compensation Committee considered and accepted Mr. Hamrock s recommendations and approved Cash Incentive Plan payouts to the Named Executive Officers in accordance with the Cash Incentive Plan formula, as set forth in the table above.

2017 Discretionary Payouts to Certain Named Executive Officers

At the January 2018 Compensation Committee meeting, the Compensation Committee exercised its discretion to provide bonuses in addition to the amount based on performance relative to the pre-established performance criteria described above under 2017 Cash Incentive Plan. The Compensation Committee determined it was appropriate to approve a $40,599 discretionary bonus to Ms. Sistovaris in recognition of her contribution to the Company s efforts to provide sustained value for customers and investors, including her successful launch of various initiatives at NIPSCO that resulted in improved safety, customer care and service reliability in 2017. Additionally, the Compensation Committee determined it was appropriate to recommend to the independent members of the Board that Mr. Hamrock receive a discretionary bonus of $87,750 in recognition of his successful leadership of the Company in 2017, and his continued strong performance in the Company s top leadership role. The independent members of the Board approved the discretionary bonus to the CEO as recommended by the Compensation Committee.

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These discretionary bonuses are set forth in the Bonus column of the 2017 Summary Compensation Table because they are not based on performance relative solely to the pre-established performance criteria under the Cash Incentive Plan described above. Payouts under the 2017 Cash Incentive Plan are set forth in the Non-equity Incentive Plan Compensation column of the 2017 Summary Compensation Table.

2017 LTIP Awards

2017 Performance Share Awards. In January 2017, the Compensation Committee approved a grant of performance shares to the Company s senior executives, including each of the Named Executive Officers. Consistent with the philosophy and principles articulated above, the Compensation Committee believes that the 2017 performance share awards:

Align the interests of executives with the Company s stockholders as the ultimate value of the award is dependent upon the value of the Company s stock;

Support the Company s philosophy of paying for performance as the performance shares will not vest unless the Company achieves its performance goals over the performance period; and

Provide competitive compensation to recruit and retain executive talent by including a long-term incentive component with a three-year service condition.

In determining the 2017 LTIP grant values to be awarded to the Company s senior executives, including the Named Executive Officers, the Compensation Committee considered the competitive pay practices at companies within our Comparative Group, input from the Compensation Committee s independent compensation consultant, the historical mix of fixed compensation versus variable incentive compensation and individual performance. The Compensation Committee approved an increase in 2017 grant date values for Messrs. Brown, Vegas and Stanley and Ms. Sistovaris. Additionally, the Compensation Committee recommended to the independent members of the Board an increase in the 2017 grant date value for Mr. Hamrock, our CEO. The independent members of the Board considered and approved the recommendation of the Compensation Committee.

In particular, in approving the increased LTIP grant values for Messrs. Brown, Vegas and Stanley and Ms. Sistovaris, and making its recommendation to the independent members of the Board with respect to Mr. Hamrock, the Compensation Committee considered each executive s consistently strong performance, their demonstrated leadership in their roles, their historic award values in relation to the Comparative Group, and, with respect to Mr. Hamrock, his effective leadership in the execution of a successful operating strategy for the Company. The Compensation Committee approved an increase for Mr. Vegas in January 2017 based on his former role as Executive Vice President and President, Columbia Gas Group. Subsequently, the Compensation Committee approved an additional increase for Mr. Vegas effective May 1, 2017, to maintain competitiveness with other similarly positioned executives within the Comparative Group, due to his assumption of additional responsibilities and promotion to Executive Vice President, Gas Business Segment and Chief Customer Officer.

2017 LTI Award Increases

Name	2017 Grant Date Face Value		2016 Grant Date Face Value
Joseph Hamrock			