

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 01 2007

**PUBLIC SERVICE
COMMISSION**

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS)
OF KENTUCKY, INC.)

CASE NO. 2007-00008

VOLUME 4

FILING REQUIREMENTS

(

(

(

Columbia Gas of Kentucky
Case No. 2007-00008
Table of Contents
Volume 4

Tab	Filing Requirement	Volume	Description	Responsible Witness
37	6-s (Cont'd)	4	8Ks for Nisource (January 2005 - December 2006)	Kelly L. Humrichouse

(

(

(

Columbia Gas of Kentucky
Case No. 2007-00008
Historical Test Period Filing Requirements
Filing Requirement #6-s

Description of Filing Requirement:

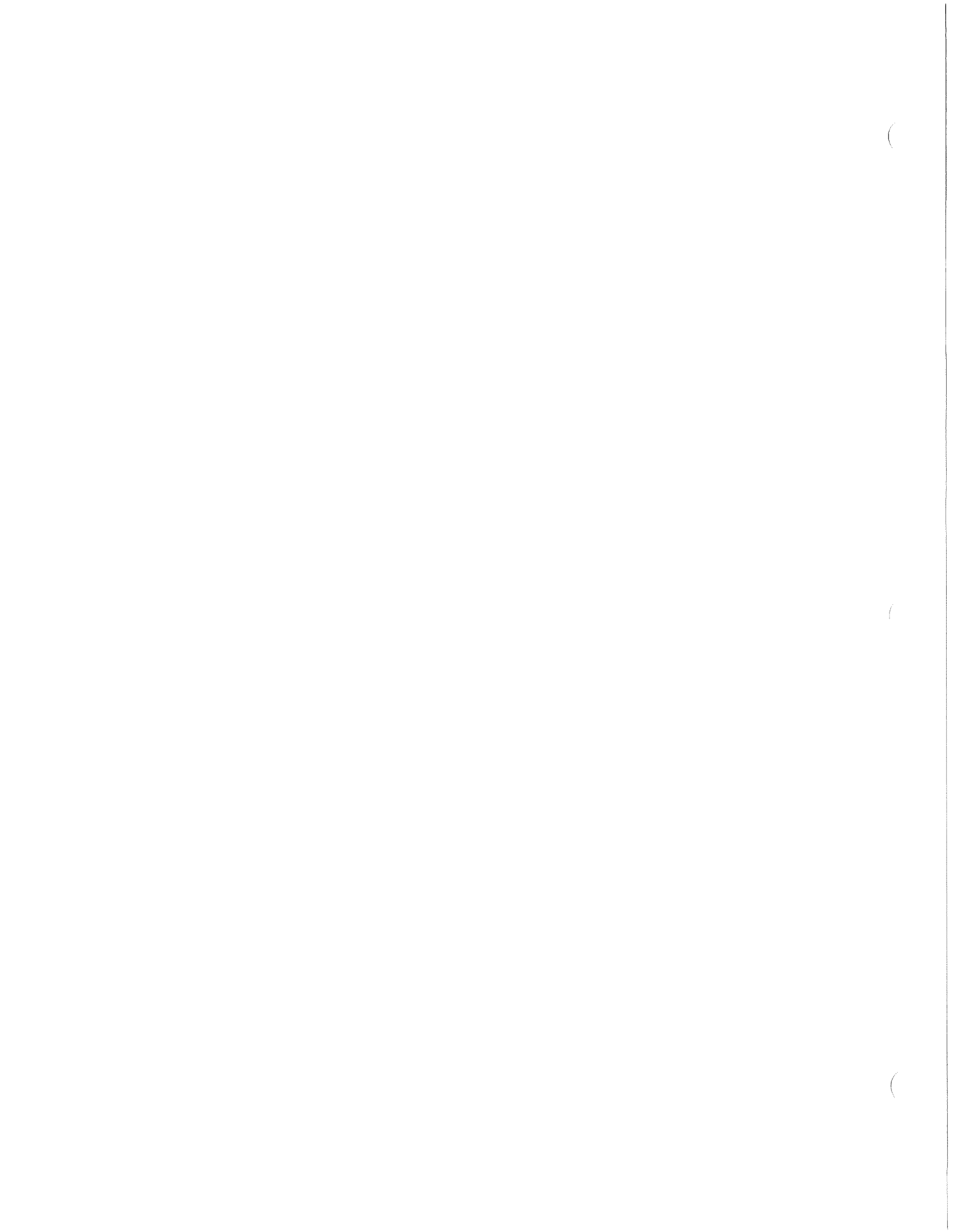
Securities and Exchange Commission's annual report for the most recent two (2) years, Form 10-Ks and any Form 8-Ks issued within the past two (2) years, and Form 10-Qs issued during the past six (6) quarters updated as current information becomes available.

Response:

Please refer to Volumes 3, 4 and 5 of the Company's application.

Responsible Witness:

Kelly L. Humrichouse



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 21, 2006

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

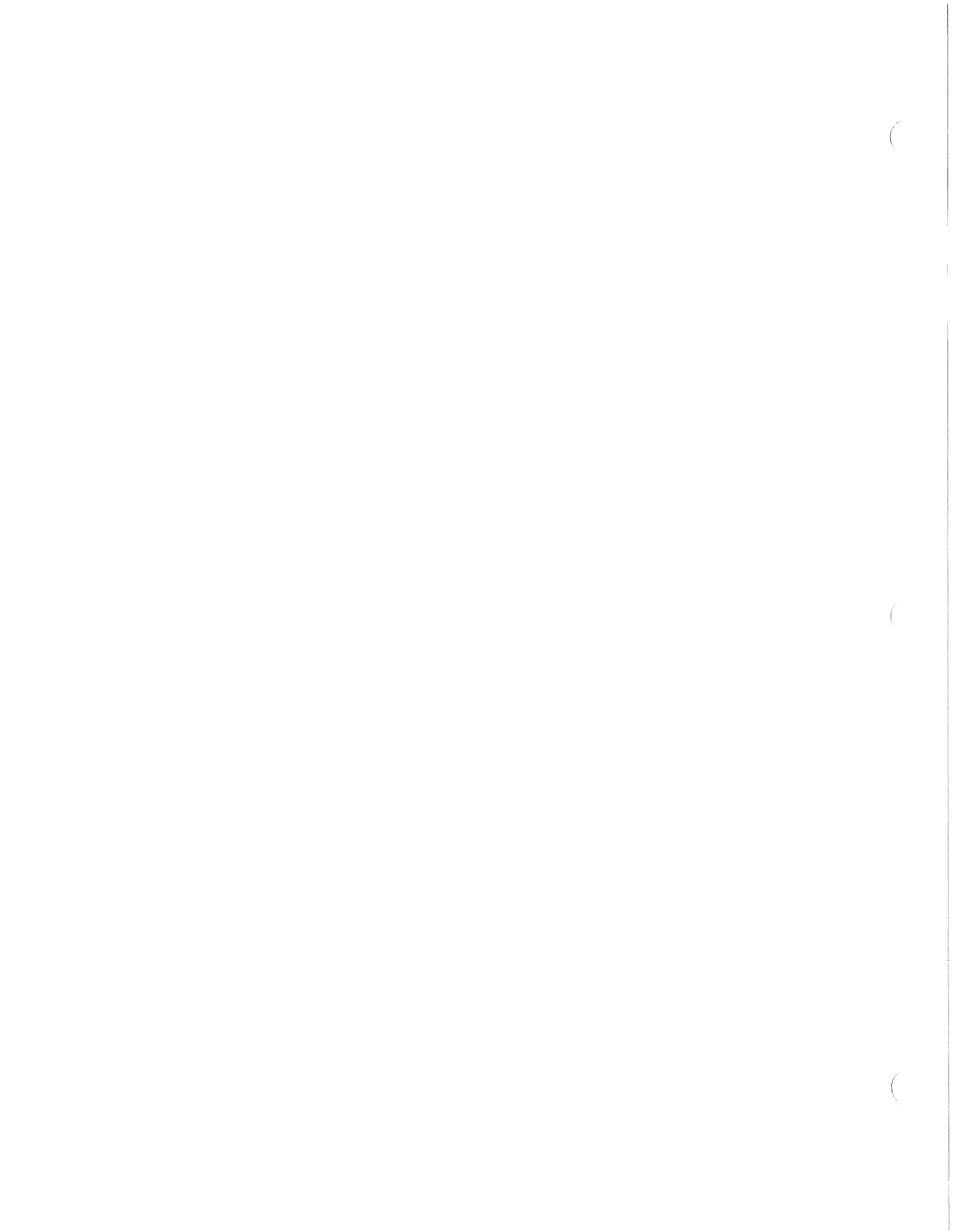
46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-



ITEM 7.01. REGULATION FD DISCLOSURE

On December 21, 2006 NiSource Inc. (the "Company") announced it has reached a definitive agreement redefining the terms under which NiSource's Whiting Clean Energy business unit will provide steam to BP. Attached as Exhibit 99.1 to this Report on Form 8-K is the Company's press release, dated December 21, 2006.

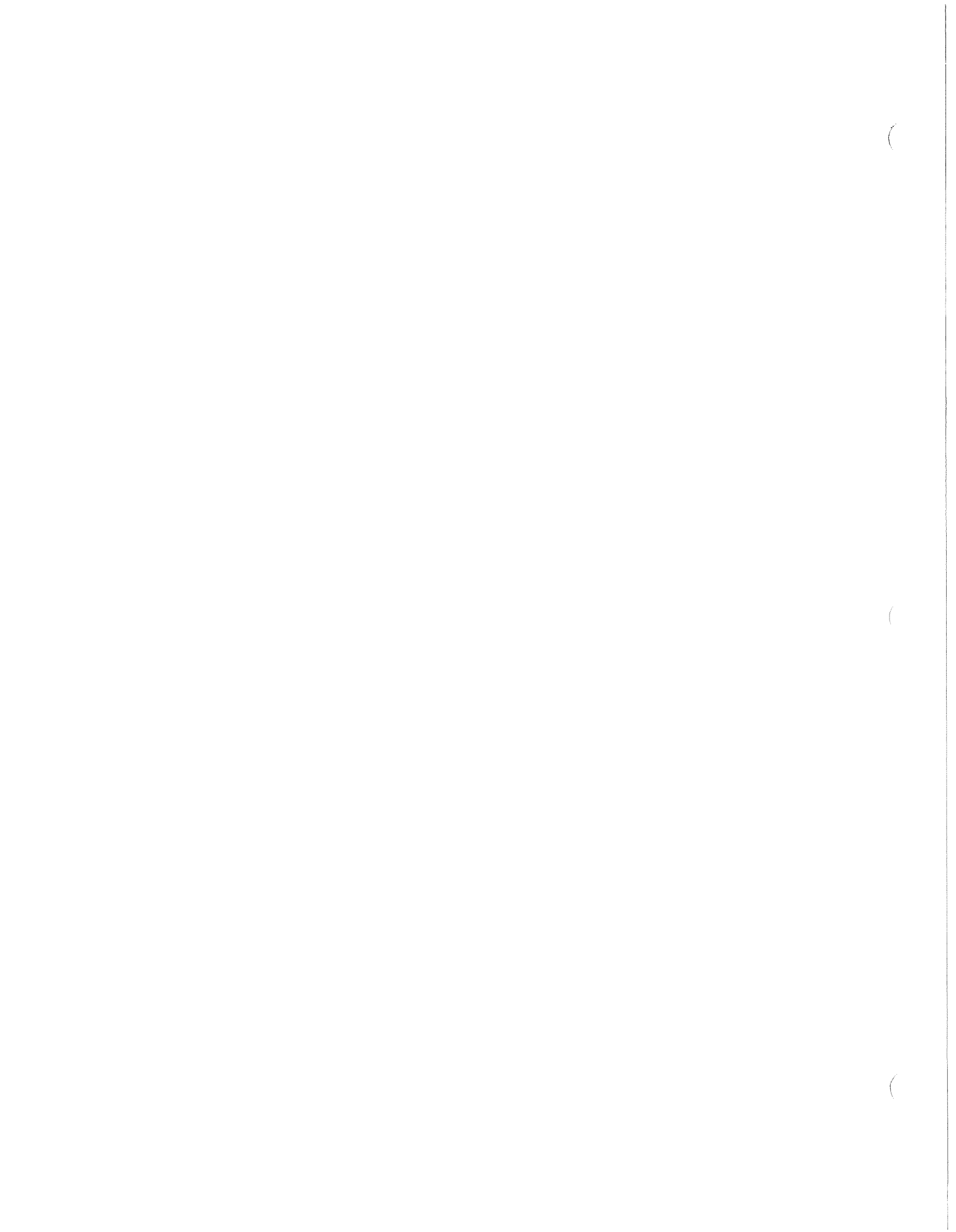
The attached press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's outsourcing initiative; actual operating experience of NiSource assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk.

NiSource does not have, and expressly disclaims, any obligation to release publicly any updates or any changes in NiSource's expectations or any changes in events, conditions or circumstances on which any forward-looking statement is based.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated December 21, 2006, issued by NiSource Inc.



SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: December 21, 2006

By: _____ /s/ Jeffrey W. Grossman

Jeffrey W. Grossman
Vice President and Controller

Exhibit Number	Description
-------------------	-------------

99.1	Press Release, dated December 21, 2006, issued by NiSource Inc.
------	---

(

(

(

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

December 21, 2006

FOR ADDITIONAL INFORMATION

Media

Kris Falzone
Vice President, Corporate Communications
(219) 647-5581
klfalzone@nisource.com

Investors

Randy Hulen
Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource subsidiary Whiting Clean Energy reaches definitive agreement with BP

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced it has reached a definitive agreement redefining terms under which NiSource's Whiting Clean Energy business unit (WCE) will provide steam to BP for its oil refining process.

WCE is a 525-megawatt combined-cycle gas cogeneration facility located on the BP Whiting Refinery property in Whiting, Ind., that produces electricity to sell into the Midwest wholesale market and provides steam to BP.

"This agreement meets the needs of a very important customer, while strengthening NiSource's platform for achieving long-term, sustainable growth," said NiSource President and Chief Executive Officer Robert C. Skaggs, Jr. "The terms should significantly improve the financial performance of WCE beginning in 2007 and over the longer term, and will enable the plant to operate more competitively as a merchant power plant."

"BP has demonstrated its strong commitment to our business relationship throughout this process as we have worked together to develop a solution that benefits all parties," Skaggs added.

-more-

(

(

(

NiSource subsidiary Whiting Clean Energy reaches definitive agreement with BP

Page 2

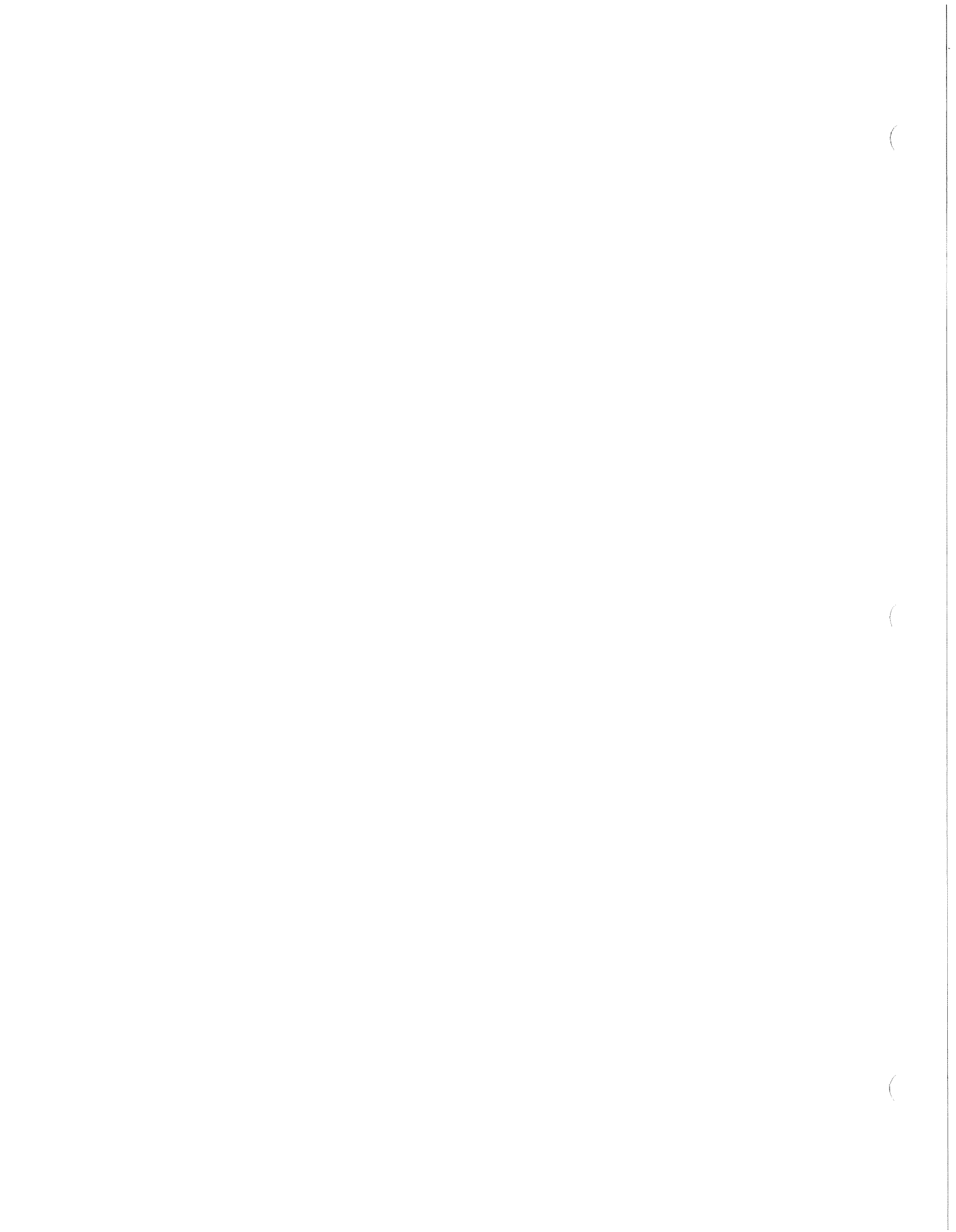
About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's outsourcing initiative; actual operating experience of NiSource assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk.

###



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 28, 2006

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

(

(

(

TABLE OF CONTENTS

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

ITEM 1.02. TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

ITEM 3.03. MATERIAL MODIFICATIONS TO RIGHTS OF SECURITY HOLDERS.

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

ITEM 5.03. AMENDMENTS TO ARTICLES OF INCORPORATION OR BYLAWS; CHANGE IN FISCAL YEAR.

ITEM 5.05. AMENDMENTS TO THE REGISTRANT'S CODE OF ETHICS, OR WAIVER OF A PROVISION OF THE CODE OF ETHICS.

ITEM 8.01. OTHER EVENTS.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

SIGNATURES

Bylaws of NiSource Inc.

First Amendment to Rights Agreement

Amendment to Letter Agreement

Executive Severance Policy

Press Release

(

(

(

Table of Contents

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On November 28, 2006, NiSource Inc. (the "Company") entered into the First Amendment (the "First Amendment") to the Rights Agreement dated as of November 1, 2000 ("Rights Agreement"). Under the Rights Agreement, each share of common stock of the Company had associated with it a right, upon the occurrence of certain events, to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock until the close of business on the earliest of certain dates, including the date of March 10, 2010 (the "Final Expiration Date"). Under the First Amendment, the Company has amended the definition of the Final Expiration Date to be November 29, 2006. In connection with the First Amendment, the Board also amended its Corporate Governance Guidelines in the manner discussed under Item 8.01 below to establish a policy with respect to shareholders rights plans. A copy of the First Amendment is attached as Exhibit 10.1 to this filing.

ITEM 1.02. TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT.

Item 1.01 is incorporated herein by reference.

ITEM 3.03. MATERIAL MODIFICATIONS TO RIGHTS OF SECURITY HOLDERS.

Item 1.01 is incorporated herein by reference. As a result of the First Amendment, the rights associated with the Company's common stock will expire at the close of business on November 29, 2006.

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

On November 28, 2006, Gary L. Neale, Chairman and former president and chief executive officer, informed the Board of Directors of his decision not to stand for reelection to the Board of Directors at the Company's annual meeting of shareholders in May 2007. Mr. Neale also requested that a successor be appointed as chairman, as more fully described in Item 8.01 below.

ITEM 5.03. AMENDMENTS TO ARTICLES OF INCORPORATION OR BYLAWS; CHANGE IN FISCAL YEAR.

On November 28, 2006, the Company's Corporate Governance Committee and Board of Directors determined that it would be appropriate to implement a majority vote process for future non-contested elections for members of the Board of Directors. To implement this decision, it was necessary for the Board of Directors to adopt certain revisions to the Company's Bylaws, which changes were approved on November 28, 2006. The Board amended section (a) of Article V of the Bylaws, by adding the following sentence to the end of that section:

Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at a meeting of the stockholders and entitled to vote on the election of directors. However, in any election of directors in which only the holders of common stock are entitled to vote and in which the only nominees are those recommended by the Board of Directors, a nominee may only be elected if the votes cast in favor of such nominee exceed the votes cast against such nominee.

The Board also amended its Corporate Governance Guidelines in the manner discussed under Item 8.01 below to require incumbent directors who have been nominated for re-election to tender a conditional resignation that may be acted on by the Board of Directors if the votes against the director's election exceed the votes in favor of the director's election.

A copy of the Company's Bylaws as amended and restated through the date of this most recent amendment is attached as Exhibit 3.1 to this filing. The Company's revised Corporate Governance Guidelines are available on its website: www.nisource.com.

(

(

(

Table of Contents

ITEM 5.05. AMENDMENTS TO THE REGISTRANT'S CODE OF ETHICS, OR WAIVER OF A PROVISION OF THE CODE OF ETHICS.

On November 28, 2006, the Company's Board of Directors amended its Code of Ethics that applies to directors and executive officers of the Company. The amendments made minor changes that are designed to make the Code of Ethics consistent with recent changes to disclosure rules with respect to related party transactions adopted by the United States Securities and Exchange Commission. A copy of the Code of Ethics may be found on the Company's website: www.nisource.com.

ITEM 8.01. OTHER EVENTS.

On November 28, 2006, Mr. Neale requested that a successor be appointed as chairman. In accordance with this request, the Board of Directors named Ian M. Rolland non-executive Chairman of the Board of Directors. In connection with these changes, Mr. Neale and the Company entered into an amendment dated November 28, 2006 to his letter agreement dated May 23, 2005, changing the end of the term of the letter agreement to May 8, 2007 and providing that certain fees otherwise payable on or before July 10, 2007 be paid on January 3, 2007. A copy of the amendment is attached as Exhibit 10.2 to this filing. On November 28, 2006, Mr. Rolland resigned as chair of the Audit Committee, and Dennis E. Foster, a director and a member of the Audit Committee, was named chair of the Audit Committee by the Board of Directors. On November 28, 2006 the Company issued a press release announcing these changes in leadership. A copy of that press release is attached as Exhibit 99.1 to this filing.

On November 28, 2006, the Board of Directors amended the Company's Corporate Governance Guidelines by adding the following Section H:

H. Policy Statement on Stockholder Rights Plans

The Company does not currently have a stockholder rights plan. In the future, the Board will adopt a stockholder rights plan only if either:

- (1) Stockholders have approved the adoption of the plan; or
- (2) The Board, in the exercise of its fiduciary responsibilities, determines that, under the circumstances then existing, it is in the best interest of stockholders for the Company to adopt a plan without the delay that would result from seeking stockholder approval; provided that such a plan would be subject to a ratification vote of the stockholders within twelve months of adoption or expire.

If the Board adopts a plan under (2) above and the plan is not approved by a majority of stockholders who vote on the ratification of the plan, then the plan will immediately terminate.

On November 28, 2006, the Board of Directors amended the Company's Corporate Governance Guidelines by adding the following subsection to section A:

10. Resignation of Incumbent Directors. Each director who is recommended for reelection by the Board in an election in which the only nominees are those who have been recommended by the Board must execute a conditional resignation, effective only if both (a) the votes against his or her election exceed the votes in favor of his or her election (a "failed reelection") and (b) such resignation is subsequently accepted by the Board. Any failed reelection will be referred to the Corporate 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.

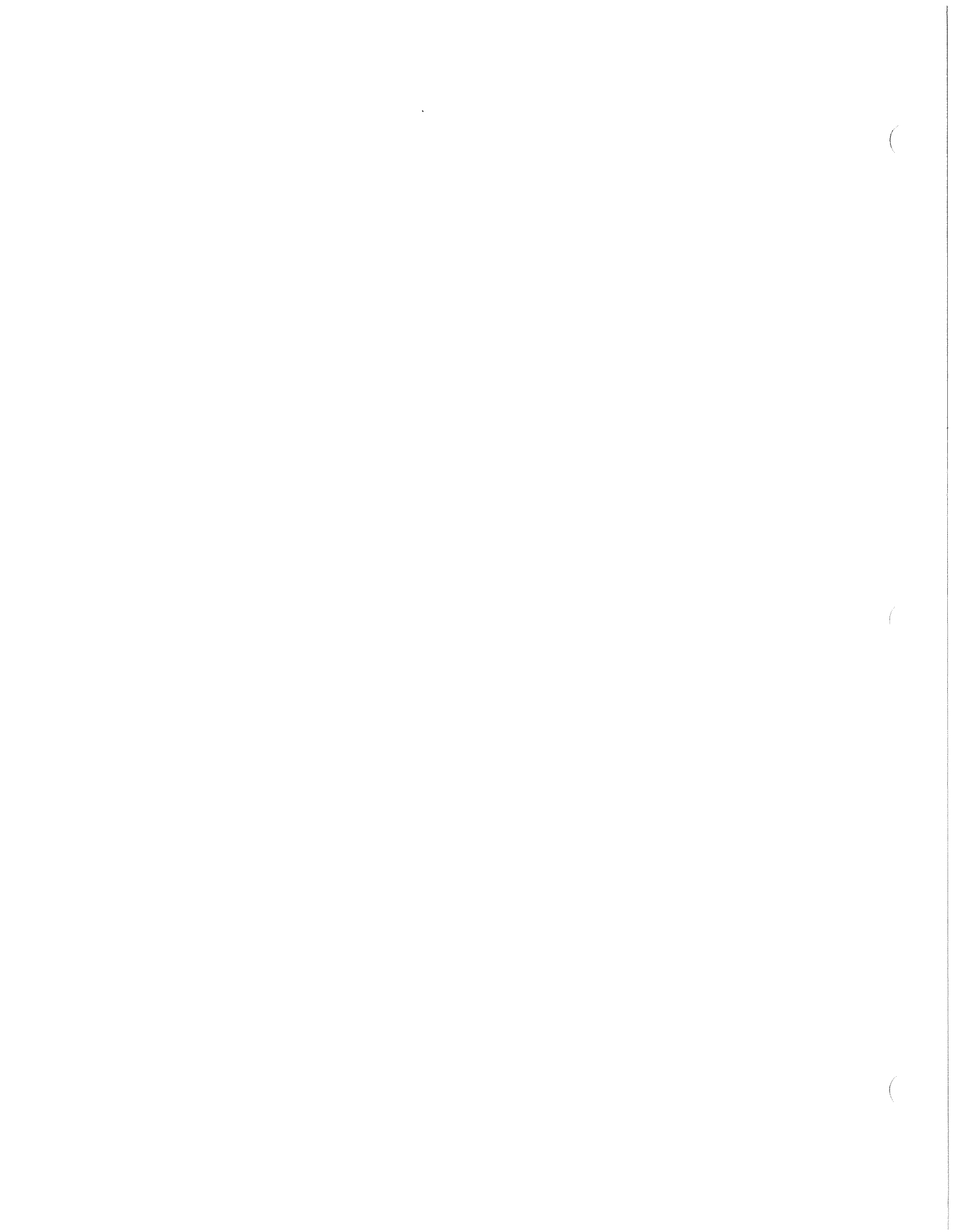


Table of Contents

The Board expects the director who has had a failed reelection to abstain from participating in the Corporate Governance Committee or Board discussion or vote regarding whether to accept his or her resignation offer. A director who has had a failed reelection may participate in discussions or votes with respect to other directors who have had a failed reelection.

On November 28, 2006, the Company amended its Executive Severance Policy to extend the term of the policy through December 31, 2007. A copy of the Executive Severance Policy, as amended, is attached as Exhibit 10.3 to this filing.

On November 28, 2006, the Board of Directors authorized the Company to modify the NiSource Corporate Incentive Plan to allow for a reduced incentive payment under that plan provided that a newly established trigger is met for the fiscal year 2006.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

Exhibit Number	Description
3.1	Bylaws of NiSource Inc., as amended and restated through November 28, 2006.
10.1	First Amendment, dated as of November 28, 2006, to the Rights Agreement, dated November 1, 2000, between NiSource Inc. and Mellon Investor Services LLC, f/k/a ChaseMellon Shareholder Services, L.L.C., as rights agent.
10.2	Amendment, dated November 28, 2006, to Letter Agreement between NiSource Inc. and Gary L. Neale dated May 23, 2005.
10.3	NiSource Inc. Executive Severance Policy, effective as of June 1, 2002, as amended effective November 28, 2006.
99.1	Press release issued on November 28, 2006.

Table of Contents

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: November 29, 2006

By:

/s/ Jeffrey W. Grossman

Jeffrey W. Grossman
Vice President and Controller

(

(

(

Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
3.1	Bylaws of NiSource Inc., as amended and restated through November 28, 2006.
10.1	First Amendment, dated as of November 28, 2006, to the Rights Agreement, dated November 1, 2000, between NiSource Inc. and Mellon Investor Services LLC, f/k/a ChaseMellon Shareholder Services, L.L.C., as rights agent.
10.2	Amendment, dated November 28, 2006, to Letter Agreement between NiSource Inc. and Gary L. Neale dated May 23, 2005.
10.3	NiSource Inc. Executive Severance Policy, effective as of June 1, 2002, as amended effective November 28, 2006.
99.1	Press release issued on November 28, 2006.

(

(

(

NISOURCE INC.

AMENDED AND RESTATED
BY-LAWS

As Amended through November 28, 2006

(

(

(

AMENDED AND RESTATED
BY-LAWS
OF
NISOURCE INC.

ARTICLE I
SEAL

The corporate seal of the Corporation shall consist of a metallic stamp circular in form, bearing in its center the figures "2000" and the words "Incorporated" and "Delaware" and on the outer edge the name of the Corporation.

ARTICLE II
OFFICES

The location of the Corporation's principal office shall be at 801 East 86th Avenue, in the Town of Merrillville, County of Lake, in the State of Indiana.

The Corporation may, in addition to its principal office in the State of Indiana, establish and maintain an office or offices in such other states and places as the Board of Directors may from time to time find necessary or desirable.

The books, documents, and papers of the Corporation, except as may be otherwise required by the laws of the State of Delaware, may be kept outside of the said State at such places as the Board of Directors may from time to time designate.

ARTICLE III
CAPITAL STOCK

Every stockholder shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the Chairman, the President or a Vice President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation; provided, however, that any such signature on the certificate may be a facsimile. In case any officer or officers, Transfer Agent or Registrar who shall have signed, or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers of the Corporation, Transfer Agent or Registrar, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of the Corporation, Transfer Agent or

(

(

(

Registrar. Such certificates shall be transferable on the stock books of the Corporation in person or by attorney, but, except as hereinafter provided in the case of loss, destruction or mutilation of certificates, no transfer of stock shall be entered until the previous certificate, if any, on which the same shall have been surrendered and canceled.

The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation. It may appoint one or more Transfer Agents or one or more Registrars or both, and may require all certificates of stock to bear the signature of either or both.

In order that the Corporation may determine the stockholders entitled to notice of, or to vote at, a meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix in advance a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders the Board shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of, or to vote at, a meeting of stockholders, shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

In case of loss, destruction or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, destruction or mutilation and upon the giving to the Corporation of a bond sufficient to indemnify the Corporation, its Transfer Agents and Registrars, against any claim that may be made against it or them on account of the alleged loss or destruction of any such certificate or the issuance of such new certificate; provided, however, that a new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors, it is proper so to do.

ARTICLE IV

STOCKHOLDERS' MEETINGS

(a) All meetings of the stockholders shall be held at such place, either within or without the State of Delaware, as the Board of Directors shall determine. The place at which any given meeting shall be held shall be distinctly specified in the notice of such meeting.

(b) The annual meeting of the stockholders of the Corporation, for the election of Directors and for the transaction of such other business as may come before the meeting, shall be held on the second Tuesday in May of each year, at ten o'clock in the morning, unless such day shall fall on a legal holiday, in which event the annual meeting shall be held on the day following. Such date and time of meeting may be changed by action of the Board of Directors.

(c) Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

(

(

(

(d) If the annual meeting of the stockholders is not held as herein prescribed, the election of Directors may be held at any meeting thereafter held pursuant to these By-Laws.

(e) Notice of the annual and of all special meetings of the stockholders shall be given each holder of stock of the Corporation having power to vote at such meeting by depositing in the United States mail a written or printed notice of the same not less than ten nor more than sixty days prior to the meeting, with postage prepaid, to each such stockholder of record of the Corporation and addressed to him at his address as registered upon the books of the Corporation. Except in special cases where other provision is made by statute, no publication of any notice of a meeting of stockholders shall be required. Every notice of a meeting of stockholders shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy except a stockholder who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened. Except where otherwise required by statute for an adjournment exceeding thirty days or if a new record date is fixed for the adjourned meeting, notice of any adjourned meeting of the stockholders of the Corporation shall not be required to be given if the time and place thereof are announced at the meeting which is adjourned.

It shall be the duty of the officer who shall have charge of the stock ledger of the Corporation to prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing their addresses of record and the number of shares held by each. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the meeting is to be held at a place other than the Corporation's principal place of business, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

(f) The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person, or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of any business except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat present in person or by proxy shall have power to adjourn the meeting from time to time. At any such adjourned meeting at which the requisite amount of voting stock shall be represented any business may be transacted which might have been transacted at the meeting as originally called.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no proxy shall be valid after three years from the date of its execution, unless a longer time is expressly provided therein. Without limiting the manner in which a shareholder may authorize another person or persons to act for such shareholder as proxy pursuant to the foregoing sentence, a shareholder may validly grant such authority (i) by executing a writing authorizing another person or persons to act for such stockholder as proxy or (ii) by authorizing another person or

(

(

(

persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic submission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or similar agency duly authorized by the person who will be the holder of the proxy to receive the submission, provided that any such telegram, cablegram or other means of electronic submission must either contain or be accompanied by information from which it can be determined that the telegram, cablegram or other electronic submission was transmitted by or authorized by the stockholder, or by any other method allowed under the Delaware General Corporation Law.

(g) Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

(h) At any annual or special meeting of stockholders, persons nominated for election as directors by stockholders and the proposal of business to be considered by the stockholders shall be entertained only if advance notice thereof has been timely given as provided herein and such proposals or nominations are otherwise proper for consideration under applicable law and the Certificate of Incorporation and By-Laws of the Corporation. Notice of any proposal to be presented by any stockholder or of the name of any person to be nominated by any stockholder for election as a director of the Corporation at any meeting of stockholders shall be delivered to the Secretary of the Corporation at its principal executive office not less than 90 nor more than 120 days prior to the date of the meeting; provided, however, that if the date of the meeting is first publicly announced or disclosed (in a public filing or otherwise) less than 100 days prior to the date of the meeting, such advance notice shall be given not more than ten days after such date is first so announced or disclosed. Public notice shall be deemed to have been given more than 100 days in advance of the annual meeting if the Corporation shall have previously disclosed, in these By-Laws or otherwise, that the annual meeting in each year is to be held on a determinable date, unless and until the Board determines to hold the meeting on a different date. Any stockholder who gives notice of any such proposal shall deliver therewith the text of the proposal to be presented and a brief written statement of the reasons why such stockholder favors the proposal and setting forth such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation beneficially owned by such stockholder and any material interest of such stockholder in the proposal (other than as a stockholder). Any stockholder desiring to nominate any person for election as a director of the Corporation shall deliver with such notice a statement in writing setting forth the name of the person to be nominated, the number and class of all shares of each class of stock of the Corporation beneficially owned by such person, the information regarding such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S—K adopted by the U.S. Securities and Exchange Commission (or the corresponding provisions of any regulation subsequently adopted by the U.S. Securities and Exchange Commission applicable to the Corporation), such person's signed consent to serve as a director of the Corporation if elected, such stockholder's name and address and the number and class of all shares of each class of stock of the Corporation beneficially owned by such stockholder. As used herein, shares "beneficially owned" shall mean all shares as to which such person, together with such person's affiliates and associates (as defined in Rule 12b—2 under the Securities Exchange Act of 1934), may be deemed to beneficially own pursuant to Rules 13d—3 and 13d—5 under the Securities Exchange Act of 1934, as well as all shares as to which such person, together with such person's affiliates and associates, has the right to become the beneficial owner pursuant to any agreement or understanding, or upon the exercise of warrants, options or rights to convert or exchange (whether such rights are exercisable immediately or only after the passage of time or the occurrence of conditions). The person presiding at the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall determine whether such notice has been duly given and shall direct that proposals and nominees not be considered if such notice has not been given.

ARTICLE V
BOARD OF DIRECTORS

(a) The management of business and affairs of the Corporation shall be under the direction of a Board of Directors consisting of not less than nine (9) or more than twelve (12) persons, the exact number to be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time of any such resolution is presented to the Board for adoption). Each director who is serving as a director immediately following the annual meeting of stockholders on May 10, 2006 shall hold office until the next annual meeting of stockholders following such date and until his or her successor has been duly elected and qualified, notwithstanding that such director may have been elected for a term that extended beyond the date of such next annual meeting of stockholders. At each annual meeting of the stockholders of the Corporation after the annual meeting of stockholders on May 10, 2006, directors elected at such annual meeting shall hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at a meeting of the stockholders and entitled to vote on the election of directors. However, in any election of directors in which only the holders of common stock are entitled to vote and in which the only nominees are those recommended by the Board of Directors, a nominee may only be elected if the votes cast in favor of such nominee exceed the votes cast against such nominee.

(b) Any director of the Corporation may resign at any time by giving written notice thereof to the Corporation. Such resignation shall take effect at the time specified therefor, and unless otherwise specified with respect thereto the acceptance of such resignation shall not be necessary to make it effective. Subject to the rights of the holders of the Preferred Stock to elect directors under specified circumstances, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80 percent of the combined voting power of all of the then outstanding shares of stock of all classes and series of the Corporation entitled to vote generally (the "Voting Stock"), voting together as a single class (it being understood that, for all purposes of these By-Laws, each share of the Preferred Stock shall have the number of votes granted to it pursuant to the Corporation's Certificate of Incorporation or any designation of terms of any class or series of Preferred Stock made pursuant to the Certificate of Incorporation). The Corporation must notify the director of the grounds of his impending removal and the director shall have an opportunity, at the expense of the Corporation, to present his defense to the stockholders by a statement which accompanies or precedes the Corporation's solicitation of proxies to remove him. The term "entire Board" as used in these By-Laws means the total number of directors which the Corporation would have if there were no vacancies.

(c) Newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, even though less than a quorum of the Board of Directors, acting at a regular or special meeting. If any applicable provision of the Delaware General Corporation Law expressly confers power on stockholders to fill such a directorship at a special meeting of stockholders, such a directorship may be

(

(

(

filled at such a meeting only by the affirmative vote of at least 80 percent of the Voting Stock of the Corporation; provided, however, that when pursuant to the provisions of Article IV of the Certificate of Incorporation the holders of Preferred Stock have the right, and have exercised the right, to elect directors and (b) The Delaware General Corporation Law expressly confers on stockholders voting rights as aforesaid, if the directorship to be filled had been occupied by a director elected by holders of Common Stock, then such directorship shall be filled by an 80 percent vote as aforesaid, but if such directorship to be filled had been elected by holders of Preferred Stock, then such directorship shall be filled by the majority vote of the holders of Preferred Stock. Any director elected in accordance with the two preceding sentences shall hold office until such director's successor shall have been elected and qualified. No decrease in the authorized number of directors constituting the entire Board of Directors shall shorten the term of any incumbent director.

(d) Without prejudice to the general powers conferred by subdivision (a) of this Article, the Board of Directors shall have and exercise each and every power granted to them in Article VI of the Certificate of Incorporation of the Corporation.

(e) Regular meetings of the Board of Directors shall be held at such office or offices, whether within or without the State of Delaware, and at such times as the Board shall from time to time determine.

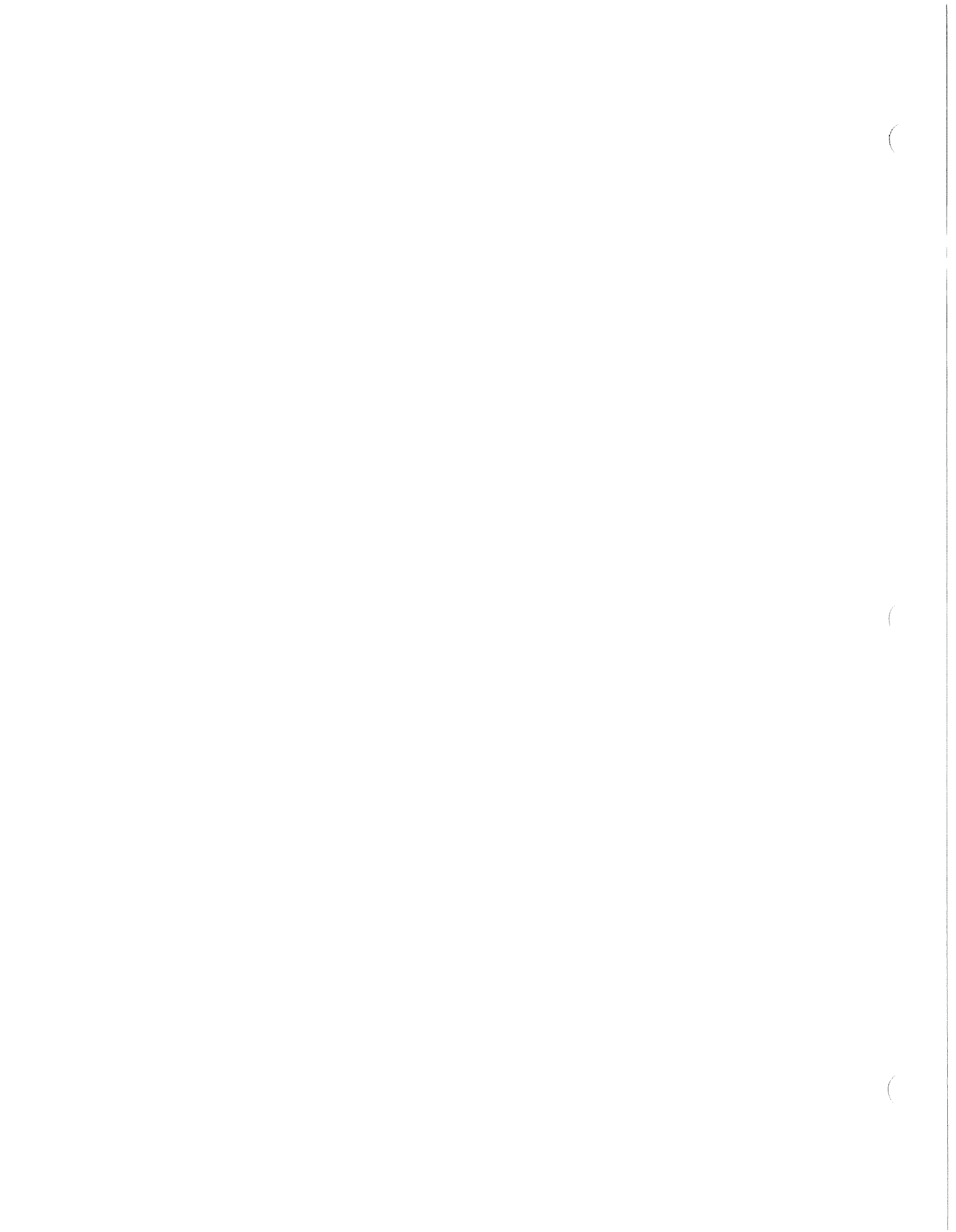
Special meetings of the Board of Directors may be called at any time by the Chief Executive Officer or the Chairman or, if both are incapacitated or unable to call such meetings, by any member of the Board of Directors. Such meetings may take place in the office of the Corporation in the State of Delaware or in such office or offices as the Directors may establish.

(f) Except as aforesaid, notice of all special meetings of the Board of Directors shall be given to each Director by five days' service of the same by telegram, or telephone or letter or personally. Notice of any special meeting of the Board of Directors shall state the place and hour of the meeting, but need not state the purposes thereof. Notice of any meeting of the Board or of any Committee need not be given to any Director if waived by him in writing, or by telegraph or cable, whether before or after such meeting be held, or if he shall be present at the meeting; and any meeting of the Board of Directors or of any Committee shall be a legal meeting without any notice thereof having been given, if all the members shall be present thereat. Notice of regular meetings of the Board need not be given. In the absence of written instructions from a Director designating some other address, notice shall be sufficiently given if addressed to him at his usual business address.

(g) Except as provided in clause (c) of this Article, a majority of the total number of Directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors; but less than a quorum may adjourn the meeting.

(h) Each Director of the Corporation shall be entitled to receive such fixed sum per meeting of the Board of Directors attended, or such annual sum, or both, as the Board shall from time to time determine, together with his expenses of attendance at such meeting.

(i) The Board of Directors may from time to time, but in no event less frequently than annually, elect from among its members a Chairman of the Board. The Chairman shall, if present, preside at all meetings of the stockholders and at all meetings of the Board of Directors. If the Chairman is not present, the Lead Director shall preside at all meetings of the stockholders and the Board of Directors. The Chairman shall have such other responsibilities, and shall perform such duties, as may from time to time be assigned to him or her by the Board of Directors.



(j) The Chairman shall be responsible, in consultation with the Chief Executive Officer, for setting an agenda for each meeting of the Board of Directors.

ARTICLE VI
COMMITTEES

(a) The Board of Directors may from time to time, in its discretion, by resolution passed by a majority of the Board, designate, and appoint, from the directors committees of one or more persons which shall have and may exercise such lawfully delegable powers and duties conferred or authorized by the resolutions of designation and appointment. The Board of Directors shall have power at any time to change the members of any such committee, to fill vacancies, and to discharge any such committee.

(b) Unless the Board of Directors shall provide otherwise, the presence of one-half of the total membership of any committee of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of such committee and the act of a majority of those present shall be necessary and sufficient for the taking of any action thereat.

ARTICLE VII
OFFICERS

(a) The officers of the Corporation shall be the Chief Executive Officer, the President, the Presidents of the Corporation's Business Segments, one or more Vice Presidents, the Secretary, and the Treasurer, who shall be elected by the Board of Directors, and may include the Controller, such additional Assistant Secretaries, Assistant Treasurers, and special subordinate officers as may from time to time be elected or appointed by the Board of Directors or appointed by the Chief Executive Officer.

Any two of the above offices may be held by the same person except those of President and Secretary.

The Chief Executive Officer or an officer designated by the Chief Executive Officer shall make a report on the state of the business of the Corporation at each annual meeting of stockholders.

All of the officers of the Corporation shall hold office for one year and until others are elected or appointed and qualified in their stead, unless in the election or appointment of the officer it shall be specified that he holds his office for a shorter period or subject to the pleasure of the Board of Directors or the Chief Executive Officer.

All vacancies in such offices by resignation, death or otherwise may be filled by the Board of Directors. In the case of absence or inability to act of any officer of the Corporation, and of any person herein authorized to act in his place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any Director or other person whom they may select.

(b) The Chief Executive Officer shall have general and active supervision and direction over the business and affairs of the Corporation and over its several officers; subject, however, to the control of the Board of Directors. The Chief Executive Officer shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer shall perform such other duties as from time to time may be assigned by the Board of Directors.

(

(

(

(c) The President, the Presidents of the Corporation's Business Segments and the Vice Presidents shall perform such duties as the Chief Executive Officer or the Board of Directors shall, from time to time, require.

(f) The Treasurer shall have charge and be responsible for keeping full and accurate accounts of receipts and disbursements in books belonging to the Corporation, depositing all moneys and other valuables in the name and to the credit of the Corporation, in such depositories as may be directed by the Board of Directors, disbursing the funds of the Corporation as may be ordered by the Board of Directors or the Chief Executive Officer taking proper vouchers therefor and rendering to the Chief Executive Officer and the Directors whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Corporation.

The Treasurer shall also perform such other duties as the Board of Directors may from time to time require. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in a form and in a sum with surety satisfactory to the Board of Directors for the faithful performance of the duties of the office of Treasurer and the restoration to the Corporation in the case of the officer's death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the officer's possession belonging to the Corporation.

At the request of the Treasurer, or in the Treasurer's absence or inability to act, the Assistant Treasurer or, if there be more than one, the Assistant Treasurer designated by the Treasurer, shall perform the duties of the Treasurer and when so acting shall have the powers of and be subject to all the restrictions of the Treasurer. The Assistant Treasurers shall perform such other duties as may from time to time be assigned to them by the Chief Executive Officer, the Treasurer or the Board of Directors.

(g) The Secretary shall attend all meetings of the Board of Directors and of the stockholders and act as Clerk thereof and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for the standing committees when required.

The Secretary shall keep in safe custody the seal of the Corporation and, whenever authorized by the Board, affix the seal to any instrument requiring the same.

The Secretary shall see that proper notice is given of all meetings of the stockholders of the Corporation and of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Board of Directors or the Chief Executive Officer.

At the request of the Secretary, or in the Secretary's absence or inability to act, the Assistant Secretary or, if there be more than one, the Assistant Secretary designated by the Secretary, shall perform the duties of the Secretary and when so acting shall have all the powers of and be subject to all the restrictions of the Secretary. The Assistant Secretaries shall perform such other duties as may from time to time be assigned to them by the Chief Executive Officer, the Secretary or the Board of Directors.

(h) Any officer of the Corporation may be removed, either with or without cause, at any time, by resolution adopted by the Board of Directors at a regular meeting or at a special meeting of the Board called for that purpose, by any Committee upon whom such power of removal may be conferred by the Board of Directors or by a superior officer upon whom such power of removal may be conferred by the Board of Directors.

(

(

(

ARTICLE VIII

CONTRACTS, CHECKS, NOTES, ETC.

(a) All contracts and agreements authorized by the Board of Directors shall, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by any one of the following officers: the Chief Executive Officer, the President, any President of a Business Segment, any Vice President, the Treasurer, the Secretary, any Assistant Treasurer or any Assistant Secretary, any other person authorized by a resolution of the Board of Directors, and any other person authorized by the Chief Executive Officer, as evidenced by a written instrument of delegation. Any such authorization by the Board of Directors or the Chief Executive Officer shall remain in effect until rescinded by action of the Board of Directors or (in the case of a delegation by the Chief Executive Officer) by the Chief Executive Officer and, where it identifies the authorized signatory by office rather than by name, shall not be rescinded solely by virtue of a change in the person holding that office or a temporary vacancy in that office. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money (including orders for repetitive or non—repetitive electronic funds transfers) may be signed by any one of the Chief Executive Officer, the President, any President of a Business Segment, any Vice President, the Treasurer, any Assistant Treasurer or the Controller or in such manner as shall from time to time be determined by resolution of the Board of Directors. Further, the Treasurer is authorized to designate to the Corporation's banks, in writing, individuals employed in the NiSource Corporate Services Company, who need not be officers or employees of the Corporation, to give in the name of the Corporation telephonic, telegraphic, or electronic transfer instructions for the payment of money, which may, with respect to routine items, include instructions as to the amount to be transferred, to any bank, pursuant to previously issued written orders, signed by officers of the Corporation in any manner provided above, which designate the recipients of such amounts and which identify what shall be treated as routine items.

(b) Anything in subdivision (a) of this Article VIII to the contrary notwithstanding, the officers of this Corporation may open in the name of the Corporation special accounts appropriately designated in which shall be deposited funds of the Corporation transferred from the Corporation's other accounts by its checks signed in accordance with the requirements of subdivision (a) of this Article VIII, but from which special accounts funds may be disbursed by check, draft, or other instrument of the Corporation designated as drawn against such special account and signed by the single signature of any one of the executive officers of the Corporation authorized by subdivision (a) of this Article VIII to sign checks, drafts and other instruments of the Corporation or signed by the single signature of any other person expressly authorized by the Board to sign checks, drafts and other instruments disbursing funds from such special accounts.

(c) Anything in subdivision (a) of this Article VIII to the contrary notwithstanding, (i) bonds, notes, debentures and other evidence of indebtedness of the Corporation issued under an indenture may be executed in the name of the Corporation by the facsimile signature, printed, engraved or otherwise used thereon, of the Chief Executive Officer, the President, any President of a Business Segment, any Vice President, Treasurer or any Assistant Treasurer of the Corporation, and the corporate seal affixed thereto or impressed, printed, engraved or otherwise reproduced thereon may be attested by the facsimile signature of the Secretary or an Assistant Secretary of the Corporation, provided that the indenture require the same to be authenticated by the trustee under such indenture, and (ii) interest coupons attached to any such bond, note, debenture or other evidence of indebtedness may be executed on behalf of the Corporation by the facsimile signature of the Treasurer or any Assistant Treasurer of the Corporation.

ARTICLE IX

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January in each year.

(

(

(

ARTICLE X

AMENDMENT OF BY LAWS

These By-Laws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting or, in the case of a meeting of the Board of Directors, in a notice given not less than two days prior to the meeting; provided, however, that, notwithstanding any other provisions of these By-Laws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, the Certificate of Incorporation, any class or series of Preferred Stock or these By-Laws, the affirmative vote of at least 80 percent of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such alteration, amendment or repeal is presented to the Board for adoption), shall be required to alter, amend or repeal Article IV (c) , IV (g) , V (a) , V (b), V (c) , and V (g) of these By-Laws or this proviso to this Article X of these By-Laws.

(

(

(

**First Amendment to Rights Agreement, dated November 1, 2000, between
NiSource Inc. and Mellon Investor Services LLC, f/k/a ChaseMellon Shareholder
Services, L.L.C., as rights agent**

THIS FIRST AMENDMENT ("First Amendment"), is dated November 28, 2006, and amends that certain Rights Agreement, dated November 1, 2000, between NiSource Inc. ("NiSource") and Mellon Investor Services LLC, f/k/a ChaseMellon Shareholder Services, L.L.C., as rights agent (the "Rights Agent").

Background

- A. NiSource and the Rights Agent entered into that certain Rights Agreement, dated November 1, 2000 (the "Rights Agreement").
- B. Under Section 27 of the Rights Agreement, prior to the Distribution Date (as defined in the Rights Agreement), NiSource may supplement or amend the Rights Agreement without the approval of any holders of certificates representing Common Stock and Rights (as defined in the Rights Agreement).
- C. The Distribution Date has not occurred.
- D. NiSource and the Rights Agent desire to amend the Rights Agreement as provided in this First Amendment.

Agreement

NOW, THEREFORE, in consideration of the promises and the mutual agreements set forth in this First Amendment, NiSource and the Rights Agent agree as follows:

- 1. Amendment of Section 7(a). Section 7(a) is deleted in its entirety and replaced with the following:
 - (a) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date, upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly and properly executed, to the Rights Agent at the office of the Rights Agent, together with payment of the Purchase Price for each one one-hundredth of a share of Preferred Stock as to which the Rights are exercised, at or prior to the Close of Business on the earliest of (i) November 29, 2006 (the "Final Expiration Date"), (ii) the date on which the Rights are redeemed pursuant to Section 23, (iii) consummation of a transaction pursuant to Section 13(g) (such earliest date being herein referred to as the "Expiration Date") or (iv) the time at which such Rights are exchanged pursuant to Section 24.
 - 2. Effectiveness. This First Amendment shall be effective on November 28, 2006.
-

(

(

(

3. Counterparts. This First Amendment may be executed in any number of counterparts and each such counterpart shall for all purposes be deemed to be an original, and all such counterparts together constitute but one and the same instrument.

Intending to be bound, NiSource and the Rights Agent have executed this First Amendment as of November 28, 2006.

NiSource Inc.

By: /s/ Gary W. Pottorff
Vice President, Administration and Corporate Secretary

Mellon Investor Services LLC, f/k/a ChaseMellon Shareholder Services, L.L.C.

By: /s/ Thomas Blatchford
Client Relationship Executive

(

(

(

November 28, 2006

Mr. Gary L. Neale
Chairman
NiSource Inc.
801 E. 86th Avenue
Merrillville, IN 46410

Dear Gary:

This letter agreement will modify the terms of the letter agreement between us dated May 20, 2005 governing your compensation as a non-employee director and Chairman of the Board of Directors of NiSource Inc. This amendment reflects your desire and the Board's agreement that you resign as Chairman at the conclusion of the November 2006 Board of Directors meeting and not stand for reelection to the Board of Directors at the Annual Meeting of Shareholders in 2007.

This amendment amends and restates the paragraphs of the May 20, 2005 letter agreement captioned "Term", "Compensation", and "Early Termination". In all other respects the provisions of the May 20, 2005 letter agreement will remain in full force and effect.

The amended and restated provisions are set forth below:

Term. The initial term of this letter agreement will be from July 1, 2005 through May 8, 2007.

Compensation. You will be compensated at a rate of \$50,000 per calendar quarter, or part thereof, through November 28, 2006 payable in arrears within ten days after the close of each such quarter and by a final payment of \$100,000 on January 3, 2007.

Early Termination. Notwithstanding the other provisions of this letter agreement, in the event of your death, or disability, or the termination of this letter agreement by mutual understanding, compensation, service credit and any other benefits will be provided on a pro rata basis, through the date of your death or disability or such termination, as applicable.

Upon your acceptance and execution of this amendment it will become a binding agreement between you and NiSource Inc.

(

(

(

Sincerely,

NiSOURCE INC.

By: /s/Robert C. Skaggs
Robert C. Skaggs, President

Accepted by and agreed to this 28th
day of November, 2006

/s/ Gary L. Neale

Gary L. Neale

cc: Ian M. Rolland, Chairman
Corporate Governance Committee

Dr. Stephen C. Beering, Chairman
Officer Nomination and Compensation Committee

(

(

(



POLICY SUBJECT: Executive Severance Policy

EFFECTIVE DATE: June 1, 2002

REVISED: November 28, 2006

1. Purpose. The NiSource Executive Severance Policy (“Policy”) was established to provide Severance Pay and other benefits to terminated executive-level employees of NiSource Inc. and certain subsidiaries and affiliate corporations (“Company”) who satisfy the terms of the Policy. Benefits under the Policy shall be in lieu of any benefits available under the NiSource Severance Policy or any other severance plan or policy maintained by the Company or any Affiliate; provided however that benefits will not be payable under the Policy if the relevant termination of employment results in the employee being eligible for a payment under a Change in Control and Termination Agreement. The Policy is amended and restated effective November 28, 2006.
 2. Administration. The Policy is administered by the Officer Nomination and Compensation Committee of the Board of Directors of the Company (“Committee”). The Committee has the complete discretion and authority with respect to the Policy and its application. The Committee reserves the right to interpret the Policy, prescribe, amend and rescind rules and regulations relating to it, determine the terms and provisions of severance benefits and make all other determinations it deems necessary or advisable for the administration of the Policy. The determination of the Committee in all matters regarding the Policy shall be conclusive and binding on all persons. The Committee may delegate any of its duties under the Policy to the Senior Vice President of Human Resources.
 3. Scope. The Policy will apply to all full-time or part-time regular, non-union employees of the Company and each of its affiliated entities (collectively, “Affiliates” and each an “Affiliate”) whose job scope level, as established by the Company, is D2 (or its equivalent) or above (“Participants”).
 4. Eligibility for Severance Pay. A Participant becomes entitled to receive severance pay (“Severance Pay”) only if he or she is terminated by an Affiliate for any of the following reasons, and the conditions described in Section 5 below are met:
 - (a) The Participant’s position is eliminated due to a reduction in force or other restructuring.
 - (b) The Participant’s position is required by the Company to relocate more than 50 miles from its current location and the Participant chooses not to relocate.
-

(

(

(

(c) The Participant's employment is constructively terminated. Constructive termination means (1) the scope of the Participant's position is changed materially or (2) the Participant's base pay is reduced by a material amount or (3) the Participant's opportunity to earn a bonus under a short-term cash incentive compensation plan of the Affiliates is materially reduced or is eliminated, and, in any such event, the Participant chooses not to remain employed in such position. If a Participant does not assert constructive termination within 14 days of being informed of a change described in (1), (2) or (3) above, in a written instrument delivered to the Senior Vice President of Human Resources, such change will not be deemed a constructive termination. The decision as to whether such a change constitutes constructive termination shall be made by the Committee, not the Participant. If the Participant disagrees, the Participant must follow the claims procedure set forth in Section 14.

5. Conditions to Receipt of Benefits.

- (a) Severance Pay is not available to a Participant otherwise eligible for Severance Pay who transfers to another position with any Affiliate.
- (b) Severance Pay is not available to a Participant whose position is eliminated due to (1) the sale of the Affiliate which employs the Participant on the date of termination or (2) the outsourcing of work, where in either such event the purchaser of the Affiliate or the outsourcing service provider makes an offer of employment to the Participant that, if it were an Affiliate, would not constitute "constructive termination" as described in Section 4(c).
- (c) During the period in which a Participant is entitled to consider the execution of the release described in Section 6, or during such other period as is otherwise agreed to by the Company and the Participant, he or she may be required to complete unfinished business projects and be available for discussions regarding matters relative to the Participant's duties.
- (d) A Participant must return all Affiliate property and information to the Affiliate.
- (e) A Participant must agree to pay all outstanding amounts owed to any Affiliate and authorize the Affiliate to withhold any outstanding amounts from his or her final paycheck and/or Severance Pay.

6. Amount of Severance Pay. The amount of Severance Pay to which a Participant is entitled under the Policy is 52 weeks of base salary at the rate in effect on the date of termination.

A Participant who is receiving benefits under a short term disability plan maintained by any Affiliate will be entitled to Severance Pay at the end of the period of payment of short term disability if, and only if, (1) he or she is not then eligible for benefits under a long term disability plan maintained by an Affiliate, and (2) he or she is not offered employment with an Affiliate that, in the discretion of the Committee, is comparable to that held by the Participant at the time the applicable period of short term disability

(

(

(

commenced. A Participant will not be entitled to Severance Pay at the end of the period of long term disability.

Severance Pay will be paid to a Participant in one lump sum cash payment. Payment will be made as soon as practicable after the last to occur of (1) the date of the Participant's termination of employment, (2) the effective date of the Participant's release of (i) the Affiliates, and their respective officers, directors and employees, from any and all actions, suits, proceedings, claims and demands relating to the Participant's employment with the Affiliates and the termination thereof, and (ii) all rights and benefits required under the NiSource Severance Policy or any other severance policy or plan maintained by any Affiliate, and (3) the satisfaction of the conditions described in clauses (c), (d) and (e) of Section 5. Severance Pay shall be reduced by applicable amounts necessary to comply with federal, state and local income tax withholding requirements.

7. Benefits.

(a) Welfare Benefits. A Participant entitled to Severance Pay shall receive, at the time of payment of Severance Pay, a lump sum payment equivalent to 130% of 52-weeks of COBRA (as defined in Section 4980B of the Internal Revenue Code of 1986, as amended, and Sections 601-609 of the Employee Retirement Income Security Act of 1974, as amended, or any successor sections) continuation coverage premiums in lieu of any continued medical, dental, vision, and other welfare benefits offered by the Company or any Affiliate. Such 52-week period of COBRA continuation coverage shall be included as part of the period during which the Participant may elect continued group health coverage under COBRA.

(b) Outplacement Services. A Participant entitled to Severance Pay shall receive outplacement services, selected by the Company at its expense, for a period commencing on the date of termination of employment and continuing until the earlier to occur of the Participant accepting other employment or 12 months thereafter.

8. Independent Contractor Status. A Participant who receives benefits pursuant to the Policy shall not be eligible at any time after termination of employment to enter into a consulting or independent contractor relationship with any Affiliate pursuant to which relationship he or she shall perform the same or similar services, upon the same or similar terms and conditions, as were applicable to such Participant on the date of termination of employment.

9. Death of Participant. If a Participant dies prior to receiving Severance Pay to which he or she is entitled under the Policy, payment will be made to the representative of his or her estate.

10. Term of Policy. The term of the Policy, as amended and restated herein, will commence on February 1, 2006 and will expire on December 31, 2007.

(

(

(

11. Amendment or Termination.

- (a) The Policy may be amended or terminated by the Committee at any time during its term when, in its judgment, such amendment or termination is necessary or desirable. No such termination or amendment will affect the rights of any Participant who is then entitled to receive Severance Pay or other benefits under the Policy at the time of such amendment or termination. The Policy can only be changed by written endorsement by an officer of the Company and only when the Company attaches the written amendment to the Policy. No agent or other employee, other than an officer of the Company, has the authority to change or waive any provision of the Policy.
- (b) Severance benefits under the Policy are not intended to be a vested right.

12. Governing Law. The terms of the Policy shall, to the extent not preempted by federal law, be governed by, and construed and enforced in accordance with, the laws of the State of Indiana, including all matters of construction, validity and performance.

13. Miscellaneous Provisions.

- (a) Severance Pay and other benefits pursuant to the Policy shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge prior to actual receipt by a Participant, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void and no Affiliate shall be liable in any manner for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to any Severance Pay or other benefits under the Policy.
- (b) Nothing contained in the Policy shall confer upon any individual the right to be retained in the service of any Affiliate, nor limit the right of any Affiliate to discharge or otherwise deal with any individual without regard to the existence of the Policy.
- (c) The Policy shall at all times be entirely unfunded. No provision shall at any time be made with respect to segregating assets of any Affiliate for payment of any Severance Pay or other benefits hereunder. No employee or any other person shall have any interest in any particular assets of any Affiliate by reason of the right to receive Severance Pay or other benefits under the Policy, and any such employee or any other person shall have only the rights of a general unsecured creditor of an Affiliate with respect to any rights under the Policy.

14. Claims Procedure. If a claim for benefits under the Policy by a Participant or his or her beneficiary is denied, either in whole or in part, the Committee will let the claimant know in writing within 90 days. If the claimant does not hear within 90 days, the claimant may treat the claim as if it had been denied. A notice of a denial of a claim will refer to a specific reason or reasons for the denial of the claim; will have specific references to the Policy provisions upon which the denial is based; will describe any additional material or

(

(

(

information necessary for the claimant to perfect the claim and explain why such material information is necessary; and will have an explanation of the Policy's review procedure.

The claimant will have 60 days after the date of the denial to ask for a review and a hearing. The claimant must file a written request with the Committee for a review. During this time the claimant may review pertinent documents and may submit issues and comments in writing. The Committee will have another 60 days in which to consider the claimant's request for review. If special circumstances require an extension of time for processing, the Committee may have an additional 60 days to answer the claimant. The claimant will receive a written notice if the extra days are needed. The claimant may submit in writing any document, issues and comments he or she may wish. The decision of the Committee will tell the claimant the specific reasons for its actions, and refer the claimant to the specific Policy provisions upon which its decision is based.

15. Rights Under ERISA. Each Participant in the Policy is entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA provides that all Policy Participants shall be entitled to:

- (a) Examine, without charge, at the Company's office all Policy documents.
- (b) Obtain copies of all Policy documents and other Policy information upon written request to the Committee. The Committee may make a reasonable charge for the copies.

In addition to creating rights for Policy Participants, ERISA imposes duties upon the people who are responsible for the operation of an employee benefit plan. The people who operate the Policy, called "fiduciaries" of the Policy, have a duty to do so prudently and in the interest of the Policy Participants and beneficiaries. No one, including the Company, any affiliate or any other person, may fire a Participant or otherwise discriminate against a Participant in any way to prevent him or her from obtaining a benefit or exercising his or her rights under ERISA. If a Participant's claim for a benefit is denied in whole or in part, he or she must receive a written explanation of the reason for the denial. A Participant has the right to have the Committee review and reconsider his or her claim. Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests materials from the Committee and does not receive them within thirty (30) days, he or she may file suit in a federal court. In such a case the court may require the Committee to provide the materials and pay the Participant up to \$110 a day until the Participant receives the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If a Participant has a claim for benefits, which is denied or ignored, in whole or in part, he or she may file suit in a state or federal court. If it should happen that the Policy fiduciaries misuse the Policy's money, or if a Participant is discriminated against for asserting his or her rights, he or she may ask assistance from the United States Department of Labor, or he or she may file suit in a federal court. The court will decide who should pay the court costs and legal fees. If the Participant is successful, the court may order the person he or she has sued to pay these costs and fees. If the Participant loses, the court may order him or her to pay these costs and fees, for example, if it finds his or her claim to be frivolous.

(

(

(

If a Participant has questions about the Policy, he or she should contact the Committee. If a Participant has any questions about this statement or about his or her rights under ERISA, he or she should contact the nearest Area Office of the United States Labor-Management Services Administration, Department of Labor.

16. Policy Facts :

Company:	NiSource Inc.
Address:	801 E. 86th Avenue Merrillville, Indiana 46410
Plan Name:	NiSource Executive Severance Policy
Type of Plan:	Severance Policy-Welfare Benefits Plan
Policy Year:	Calendar year
Employer Identification Number (EIN):	35-1719974
Policy Administrator:	Officer Nomination and Compensation Committee of NiSource Inc.
Business Address:	801 E. 86th Avenue Merrillville, Indiana 46410
Agent for Service of Legal Process:	Officer Nomination and Compensation Committee of NiSource Inc.
(Address)	801 E. 86th Avenue Merrillville, Indiana 46410

(

(

(

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

November 28, 2006

FOR ADDITIONAL INFORMATION

Media

Kris Falzone
Vice President, Corporate Communications
(219) 647-5581
klfalzone@nisource.com

Investors

Randy Hulen
Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource announces board transition

***Chairman Gary L. Neale leaving NiSource Inc. board of directors
at 2007 annual meeting; Ian M. Rolland assumes board chairman role***

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced that Gary L. Neale, chairman and former president and chief executive officer, has decided not to stand for reelection to the company's board of directors at its annual meeting in May 2007.

To facilitate the transition to new board leadership, effective November 29, 2006, the role of board chairman will be assumed by Ian M. Rolland, who currently serves as NiSource's lead director and chairman of its Audit Committee. Succeeding Rolland as Audit Committee chair current board member Dennis E. Foster.

Neale joined NiSource in August 1989 as president and chief operating officer. He became chairman, president and CEO in March 1993. On July 1, 2005, he was succeeded as CEO and president by Robert C. Skaggs, Jr. Neale also is a director of Modine Manufacturing Company and Chicago Bridge and Iron Company. He has been a NiSource director since 1989.

"My decision to leave the board in the spring is the next step in a planned, orderly transition at NiSource," Neale said. "NiSource is a company with great assets, and is now poised to implement a plan that will position the company for ongoing growth and increasing shareholder value in the years ahead. Under the able leadership of Ian Rolland, Bob Skaggs and a very talented and seasoned board of directors, I am confident NiSource will flourish. It has been a privilege to be part of this company, especially my association with the board, the management team and our thousands of dedicated and committed NiSource employees."

-more-

(

(

(

NiSource announces board transition

Page 2

Prior to his retirement in 1998, Rolland served as chairman and CEO of Lincoln National Corporation, Fort Wayne, Ind., a provider of financial products and services. He is a director of Bright Horizons Family Solutions and on the board of advisors of CID Partners. He has been a NiSource director since 1973, and became lead director in July 2005.

"I am honored to have been asked by the board of directors to assume the chairman's role," Rolland said. "I look forward to working with the other directors and the company's strong, energetic management team to move NiSource forward as it continues to build a solid platform for long-term, sustainable growth.

"On behalf of the board, I also would like to express my deep appreciation to Gary Neale for his many years of service to NiSource and its various stakeholders," Rolland added. "We wish Gary all the best in the coming years."

"I certainly echo Ian's sentiments," Skaggs added. "I personally thank Gary for his vision, his strong leadership and his support for me and all of the NiSource family."

Foster becomes Audit Committee chairman after having served on the NiSource board since 1999. Prior to his retirement in 2000, Foster was vice chairman of ALLTEL Corporation in Little Rock, Ark., a full-service telecom and information services provider. Foster is a director of ALLTEL Corporation and Yellow Corporation.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.7 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

###

(

(

(

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 15, 2006

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

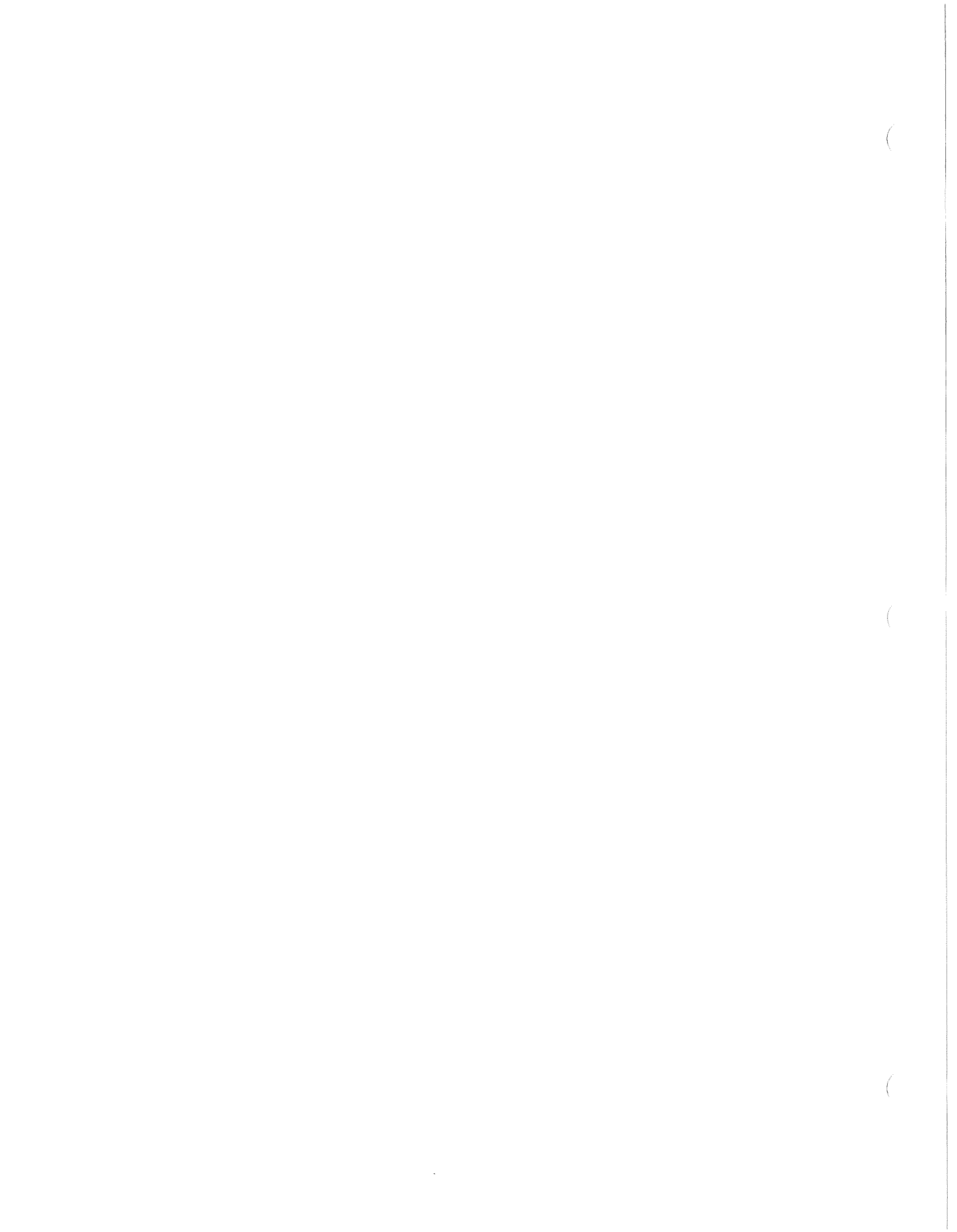
46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-



ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

November 15, 2006, NiSource Finance Corp. entered into a new \$300 million Revolving Credit Agreement (the "Revolving Credit Agreement") with Dresdner Bank, AG, New York and Grand Cayman Branches. Dresdner Bank, AG, New York and Grand Cayman Branches served as Sole Lead Arranger, Sole Book Runner and Administrative Agent. NiSource Inc. is the Guarantor under the Agreement. The purpose of the new Credit Facility is to fund the Company's ongoing working capital requirements and for general corporate purposes. A copy of the Revolving Credit Agreement is attached to this Current Report as Exhibit 10.1.

Pricing under the new three month facility will be based on LIBOR. The Revolving Credit Agreement includes one financial covenant, a Maximum Debt-to-Capitalization covenant, set at 70%.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	\$300 Million Revolving Credit Agreement, dated November 15, 2006 among NiSource Finance Corp., Dresdner Bank, AG, New York and Grand Cayman Branches. Dresdner Bank, AG, New York and Grand Cayman Branches served as Sole Lead Arranger, Sole Book Runner and Administrative Agent.

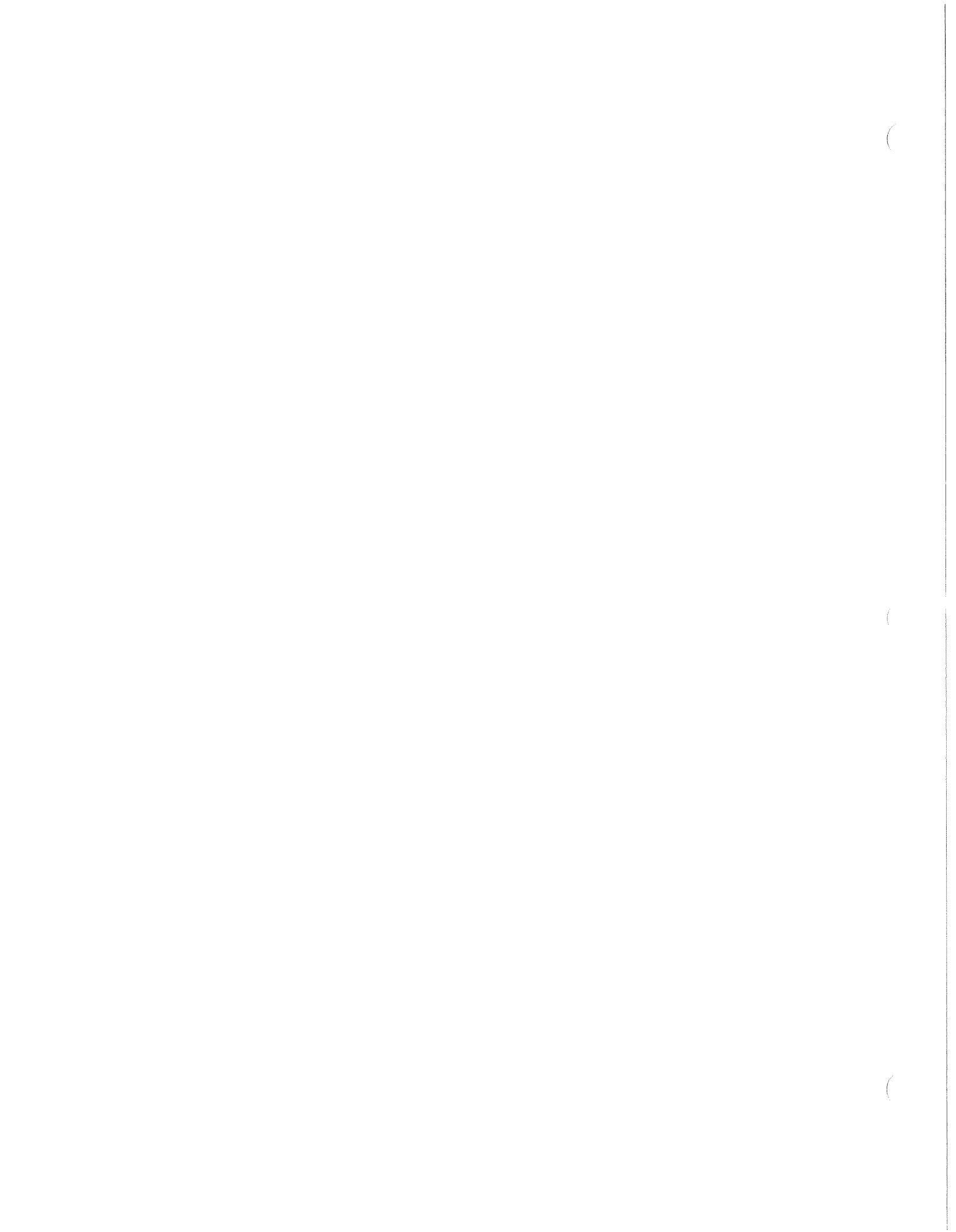
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: November 17, 2006

By: _____
/s/ Jeffrey W. Grossman
Jeffrey W. Grossman
Vice President and Controller



hibit
ber

Description

10.1 \$300 Million Revolving Credit Agreement, dated November 15, 2006 among NiSource Finance Corp., Dresdner Bank, AG, New York and Grand Cayman Branches. Dresdner Bank, AG, New York and Grand Cayman Branches served as Sole Lead Arranger, Sole Book Runner and Administrative Agent.

(

(

(

REVOLVING CREDIT AGREEMENT

among

NISOURCE FINANCE CORP.,
as Borrower,

NISOURCE INC.,
as Guarantor,

LENDERS
Party Hereto,
as Lenders,

DRESDNER BANK, AG, New York and Grand Cayman Branches,
as Administrative Agent,

DRESDNER BANK, AG, New York and Grand Cayman Branches,
as Sole Lead Arranger
and
Sole Book Runner

Dated as of November 15, 2006

(

(

(

TABLE OF CONTENTS

		Page
ARTICLE I DEFINITIONS		
SECTION 1.01.	Defined Terms	1
SECTION 1.02.	Terms Generally	12
SECTION 1.03.	Accounting Terms; GAAP	13
ARTICLE II THE CREDITS		
SECTION 2.01.	Commitments	13
SECTION 2.02.	Loans; Requests for Borrowings	13
SECTION 2.03.	[Intentionally Omitted]	14
SECTION 2.04.	[Intentionally Omitted]	14
SECTION 2.05.	Funding of Borrowings	14
SECTION 2.06.	[Intentionally Omitted]	14
SECTION 2.07.	Mandatory Termination or Reduction of Commitments	14
SECTION 2.08.	Mandatory Prepayments	14
SECTION 2.09.	Optional Reduction of Commitments	15
SECTION 2.10.	Repayment of Loans; Evidence of Debt	15
SECTION 2.11.	Optional Prepayment of Loans	15
SECTION 2.12.	Fees	16
SECTION 2.13.	Interest	16
SECTION 2.14.	[Intentionally Omitted]	16
SECTION 2.15.	Increased Costs	16
SECTION 2.16.	Break Funding Payments	18
SECTION 2.17.	Taxes	18
SECTION 2.18.	Payments Generally; Pro Rata Treatment; Sharing of Set-Offs	19
SECTION 2.19.	Mitigation Obligations; Replacement of Lenders	21
ARTICLE III CONDITIONS		
SECTION 3.01.	Conditions Precedent to the Effectiveness of this Agreement	22
SECTION 3.02.	Conditions Precedent to Each Loan	23
ARTICLE IV REPRESENTATIONS AND WARRANTIES		
SECTION 4.01.	Representations and Warranties of the Credit Parties	24
ARTICLE V AFFIRMATIVE COVENANTS		
SECTION 5.01.	Affirmative Covenants	26

(

(

(

TABLE OF CONTENTS
(continued)

		Page
ARTICLE VI NEGATIVE COVENANTS		
SECTION 6.01.	Negative Covenants	30
ARTICLE VII FINANCIAL COVENANT ARTICLE VIII EVENTS OF DEFAULT		
SECTION 8.01.	Events of Default	34
ARTICLE IX THE ADMINISTRATIVE AGENT		
SECTION 9.01.	The Administrative Agent	37
ARTICLE X GUARANTY		
SECTION 10.01.	The Guaranty	40
SECTION 10.02.	Waivers	41
ARTICLE XI MISCELLANEOUS		
SECTION 11.01.	Notices	42
SECTION 11.02.	Waivers; Amendments	43
SECTION 11.03.	Expenses; Indemnity; Damage Waiver	44
SECTION 11.04.	Successors and Assigns	45
SECTION 11.05.	Survival	48
SECTION 11.06.	Counterparts; Integration; Effectiveness	49
SECTION 11.07.	Severability	49
SECTION 11.08.	Right of Setoff	49
SECTION 11.09.	Governing Law; Jurisdiction; Consent to Service of Process	49
SECTION 11.10.	WAIVER OF JURY TRIAL	50
SECTION 11.11.	Headings	50
SECTION 11.12.	Confidentiality	50
SECTION 11.13.	USA PATRIOT Act	51

(

(

(

EXHIBITS AND SCHEDULES

EXHIBIT A	Form of Assignment and Acceptance
EXHIBIT B	Form of Opinion of Schiff Hardin LLP
SCHEDULE 2.01	Lenders and Commitments

(

(

(

REVOLVING CREDIT AGREEMENT, dated as of November 15, 2006 (this "Agreement"), among NISOURCE FINANCE CORP., an Indiana corporation, as Borrower (the "Borrower"), NISOURCE INC., a Delaware corporation ("NiSource"), as Guarantor (the "Guarantor"), the Lenders (defined below), DRESDNER BANK, AG, NEW YORK AND GRAND CAYMAN BRANCHES, as the Sole Lead Arranger and Sole Book Runner (the "Arranger") and DRESDNER BANK, AG, NEW YORK AND GRAND CAYMAN BRANCHES, as the administrative agent for the Lenders (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, the parties are willing to enter into this Agreement on the terms and subject to the conditions herein set forth.

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Administrative Agent" is defined in the preamble.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitments" means the aggregate amount of the Commitments of all Lenders, as in effect from time to time. As of the date hereof, the Aggregate Commitments equal \$300,000,000.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" means, with respect to any Lender, the percentage of the Aggregate Commitments represented by such Lender's commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Arranger" is defined in the preamble.

(

(

(

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Beneficiary” has the meaning set forth in Section 10.01.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower” is defined in the preamble.

“Borrowing” means Loans made on the same date and, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Loan in accordance with Section 2.02.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed and any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“Capital Lease” means, as to any Person, any lease of real or personal property in respect of which the obligations of the lessee are required, in accordance with GAAP, to be capitalized on the balance sheet of such Person.

“Capital Stock” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including all common stock and preferred stock and partnership, membership and joint venture interests in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act, 42, U.S.C. Section 9601 et seq., as amended.

“Change of Control” means (a) any “person” or “group” within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, shall become the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of more than 50% of the then outstanding voting Capital Stock of the Guarantor; (b) Continuing Directors shall cease to constitute at least a majority of the directors constituting the Board of Directors of the Guarantor, (c) a consolidation or merger of the Guarantor shall occur after which the holders of the outstanding voting Capital Stock of the Guarantor immediately prior thereto hold less than 50% of the outstanding voting Capital Stock of the surviving entity; (d) more than 50% of the outstanding voting Capital Stock of the Guarantor shall be transferred to an entity of which the Guarantor owns less than 50% of the outstanding voting Capital Stock; (e) there shall occur a sale of all or substantially all of the assets of the Guarantor, or (f) the Borrower, NIPSCO or Columbia shall cease to be a Wholly-Owned

(

(

(

Subsidiary of the Guarantor (except to the extent otherwise permitted under clauses (i), (ii), (iii) or (iv) of Section 6.01(b)).

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement; (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Columbia” means Columbia Energy Group, a Delaware corporation.

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Loans hereunder, as such commitment may be (a) reduced from time to time or terminated pursuant to Section 2.07 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.04. The initial amount of each Lender’s Commitment is (x) the amount set forth on Schedule 2.01 opposite such Lender’s name, or (y) the amount set forth in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

“Commitment Termination Date” means the earliest of (a) November 15, 2006 (if the Loans have not been made on or prior to such date); (b) November 15, 2006 (immediately after the making of the Loans on such date) and (c) the date on which any Commitments are terminated pursuant to Section 8.1 or otherwise. Upon the occurrence of any event described above, the Commitments shall terminate automatically and without any further action.

“Consolidated Capitalization” means the sum of (a) Consolidated Debt; (b) consolidated common equity of the Guarantor and its Consolidated Subsidiaries determined in accordance with GAAP, and (c) the aggregate liquidation preference of preferred stocks (other than preferred stocks subject to mandatory redemption or repurchase) of the Guarantor and its Consolidated Subsidiaries upon involuntary liquidation.

“Consolidated Debt” means, at any time, the Indebtedness of the Guarantor and its Consolidated Subsidiaries that would be classified as debt on a balance sheet of the Guarantor determined on a consolidated basis in accordance with GAAP.

“Consolidated Subsidiary” means, on any date, each Subsidiary of the Guarantor the accounts of which, in accordance with GAAP, would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

“Contingent Guaranty” means a direct or contingent liability in respect of a Project Financing (whether incurred by assumption, guaranty, endorsement or otherwise) that either (a) is limited to guarantying performance of the completion of the Project that is financed by such Project Financing or (b) is contingent upon, or the obligation to pay or perform under which

(

(

(

contingent upon, the occurrence of any event other than failure of the primary obligor to pay upon final maturity (whether by acceleration or otherwise).

“Continuing Directors” means all members of the board of directors of the Guarantor who (a) have held office continually since the Effective Date, and (b) were elected as directors after the Effective Date and whose nomination for election was approved by a vote of at least 50% of the Continuing Directors.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Documents” means (a) this Agreement, any promissory notes executed pursuant to Section 2.10, and any Assignment and Acceptances; (b) any certificates, opinions and other documents required to be delivered pursuant to Section 3.01, and (c) any other documents delivered by a Credit Party pursuant to or in connection with any one or more of the foregoing.

“Credit Party” means each of the Borrower and the Guarantor, and “Credit Parties” means the Borrower and the Guarantor, collectively.

“DB” means Dresdner Bank AG, or any of its Affiliates.

“Debt for Borrowed Money” means, as to any Person, without duplication; (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments; (c) all Capital Lease obligations of such Person, and (d) all obligations of such Person under synthetic leases, tax retention operating leases, off-balance sheet loans or other off-balance sheet financing products that, for tax purposes, are considered indebtedness for borrowed money of the lessee but are classified as operating leases under GAAP.

“Debt to Capitalization Ratio” means, at any time, the ratio of Consolidated Debt to Consolidated Capitalization.

“Default” means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Dollars” or “\$” refers to lawful money of the United States of America.

“Effective Date” means the date on which this Agreement has been executed and delivered by each of the Borrower, the Guarantor, the Lender, the initial Lenders and the Administrative Agent.

(

(

(

“Environmental Laws” means any and all foreign, federal, state, local or municipal laws (including, common laws), rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, awards, writs, injunctions, requirements of any Governmental Authority or other requirements of law regulating, relating to or imposing liability or standards of conduct concerning, pollution, waste, industrial hygiene, occupational safety or health, the presence, transport, manufacture, generation, use, handling, treatment, distribution, storage, disposal or release of Hazardous Substances, or protection of human health, plant life or animal life, natural resources or the environment, as now or at any time hereafter in effect.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Guarantor or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law; (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials; (c) exposure to any Hazardous Materials; (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any Person who, for purposes of Title IV of ERISA, is a member of the Guarantor’s controlled group, or under common control with the Guarantor, within the meaning of Section 414 of the Code and the regulations promulgated and rulings issued thereunder.

“ERISA Event” means (a) a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC; (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) and 4041(c) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (c) the withdrawal by the Guarantor or an ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (d) the failure by the Guarantor or any ERISA Affiliate to make a payment to a Plan required under Section 302(f)(1) of ERISA, which Section imposes a lien for failure to make required payments; (e) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA, or (f) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which may reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

“Eurodollar Rate Reserve Percentage” of any Lender for the Interest Period for any Loan means the reserve percentage applicable during the Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such

Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board (or any successor) for determining the maximum reserve requirement (including, any emergency, supplemental or other marginal reserve requirement) such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest period.

“Event of Default” has the meaning assigned to such term in Article VIII.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder; (a) income or franchise taxes imposed on (or measured by) its net income or net earnings by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located and (b) in case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(d)), any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement, except to the extent that such Foreign Lender’s assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender’s failure to comply with Section 2.17(e) when legally able to do so.

“Existing Agreement” means the Amended and Restated Credit Agreement, dated as of July 7, 2006 (as amended or otherwise modified), among the Borrower, the Guarantor, certain financial institutions as lenders and Barclays Bank PLC, as Administrative Agent and LC Bank.

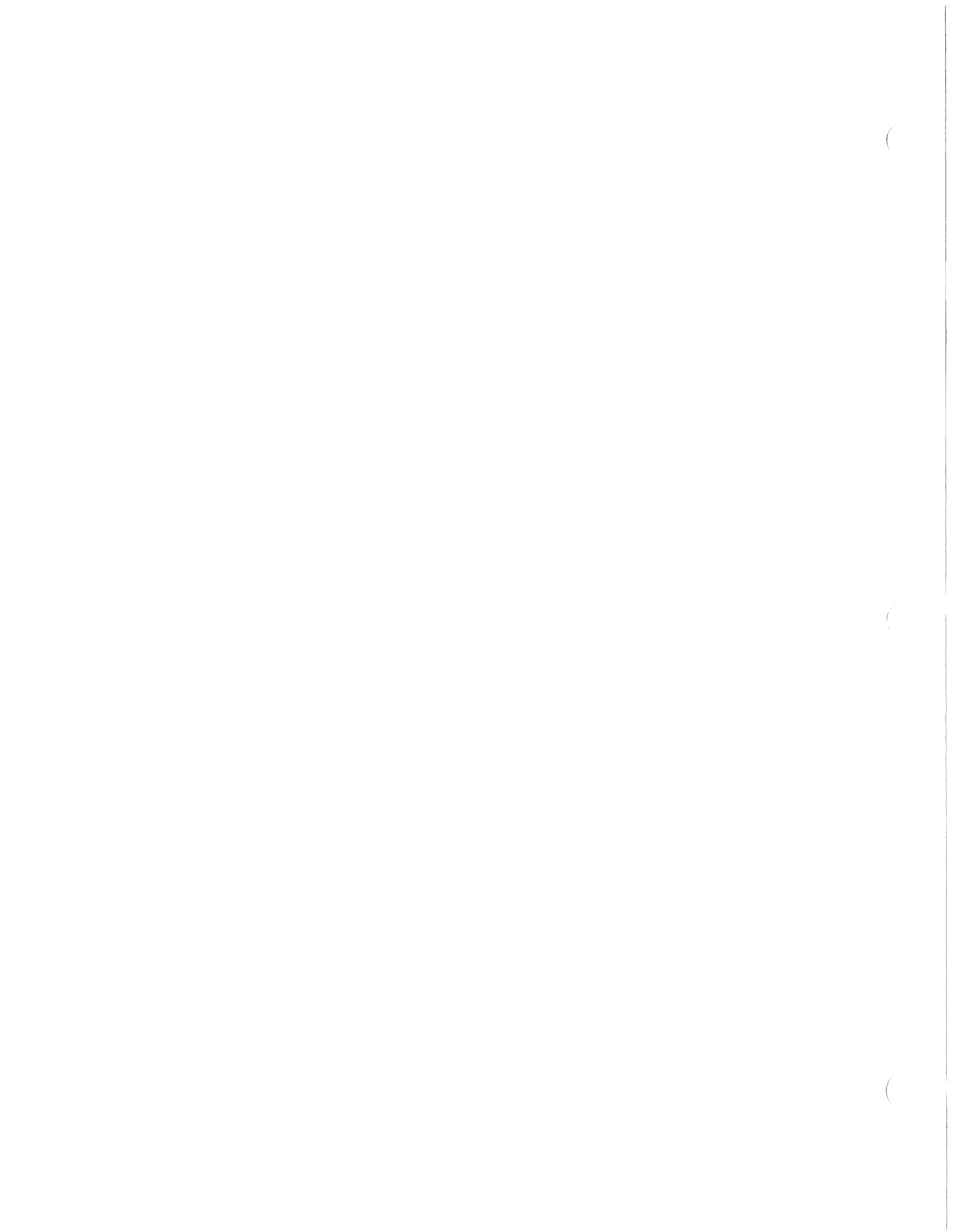
“Exposure” means, with respect to any Lender at any time, such Lender’s Outstanding Loans.

“Facility Fee” has the meaning set forth in Section 2.12.

“Federal Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. § 101 et seq.) as now or hereafter in effect, or any successor statute.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.



“GAAP” means generally accepted accounting principles in the United States of America consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

“Governmental Authority” means the government of the United States of America, any other nation, or any political subdivision of the United States of America or any other nation, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government and includes, in any event, an “Independent System Operator” or any entity performing a similar function.

“Granting Lender” has the meaning set forth in Section 11.04.

“Guarantor” is defined in the preamble.

“Guaranty” means the guaranty of the Guarantor pursuant to Article X of this Agreement.

“Hazardous Materials” means any asbestos; flammables; volatile hydrocarbons; industrial solvents; explosive or radioactive materials; hazardous wastes; toxic substances; liquefied natural gas; natural gas liquids; synthetic gas; oil, petroleum, or related materials and any constituents, derivatives, or byproducts thereof or additives thereto, or any other material, substance, waste, element or compound (including any product) regulated pursuant to any Environmental Law, including, substances defined as “hazardous substances,” “hazardous materials,” “contaminants,” “pollutants,” “hazardous wastes,” “toxic substances,” “solid waste,” or “extremely hazardous substances” in (i) CERCLA, (ii) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., (iii) the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq., (v) the Clean Air Act, 42 U.S.C. Section 7401 et seq., (vi) the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., (vii) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., or (viii) foreign, state, local or municipal law, in each case, as may be amended from time to time.

“Indebtedness” of any Person means (without duplication) (a) Debt for Borrowed Money; (b) obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business which are not overdue; (c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit, bankers’ acceptances or interest rate, currency or commodity swap, cap or floor arrangements; (d) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the indebtedness secured thereby has been assumed; (e) all amounts payable by such Person in connection with mandatory redemptions or repurchases of preferred stock, and (f) obligations of such Person under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indemnitee” has the meaning set forth in Section 11.03.

(

(

(

“Index Debt” means the senior unsecured long-term debt securities of the Borrower, without third-party credit enhancement provided by a person other than the Guarantor.

“Information” has the meaning set forth in Section 11.12.

“Insufficiency” means, with respect to any Plan, the amount, if any, by which the present value of all vested and unvested accrued benefits under such Plan exceeds the fair market value of assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan using actuarial assumptions used in determining such Plan’s normal cost for purposes of Section 412(b)(2)(A) of the Code.

“Interest Payment Date” means the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and the Termination Date.

“Interest Period” means the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is three months thereafter; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made.

“Lenders” means the Persons listed on Schedule 2.01, including any such Person identified thereon or in the signature pages hereto as the Arranger, and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

“LIBO Rate” means, with respect to any Borrowing for any Interest Period, the rate appearing on Telerate Page 3750 (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “LIBO Rate” with respect to such Borrowing for such Interest Period shall be the rate at which Dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, the day of the commencement of such Interest Period.

“Lien” has the meaning set forth in Section 6.01(a).

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

(

(

(

“Margin Stock” means margin stock within the meaning of Regulations U and X issued by the Board.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations, condition (financial or otherwise) or prospects of the Guarantor and its Subsidiaries taken as a whole; (b) the validity or enforceability of any of Credit Documents or the rights, remedies and benefits available to the Administrative Agent and the Lenders thereunder, or (c) the ability of the Borrower or the Guarantor to consummate the Transactions.

“Material Subsidiary” means at any time the Borrower, NIPSCO, Columbia, and each Subsidiary of the Guarantor, other than the Borrower, NIPSCO and Columbia, in respect of which:

(a) the Guarantor’s and its other Subsidiaries’ investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Guarantor and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year, or

(b) the Guarantor’s and its other Subsidiaries’ proportionate interest in the total assets (after intercompany eliminations) of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated total assets of the Guarantor and its Subsidiaries as of the end of the most recent fiscal year, or

(c) the Guarantor’s and its other Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated income of the Guarantor and its Subsidiaries for the most recent fiscal year.

“Moody’s” means Moody’s Investors Service, Inc., and any successor thereto.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, which (a) is maintained for employees of the Borrower or an ERISA Affiliate and at least one Person other than the Borrower and its ERISA Affiliates, or (b) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event that such plan has been or were to be terminated.

“NIPSCO” means Northern Indiana Public Service Company, an Indiana corporation.

“Non-Recourse Debt” means Indebtedness of the Guarantor or any of its Subsidiaries which is incurred in connection with the acquisition, construction, sale, transfer or other disposition of specific assets, to the extent recourse, whether contractual or as a matter of law, for which non-payment of such Indebtedness is limited (a) to such assets, or (b) if such assets are

(

(

(

(or are to be) held by a Subsidiary formed solely for such purpose, to such Subsidiary or the Capital Stock of such Subsidiary.

“Obligations” means all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing and whenever incurred (including, after the commencement of any bankruptcy proceeding), owing to the Administrative Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Outstanding Loans” means, as to any Lender at any time, the aggregate principal amount of all Loans made or maintained by such Lender then outstanding.

“Participant” has the meaning set forth in Section 11.04.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Prime Rate” means the rate of interest per annum publicly announced or established from time to time by the Administrative Agent as its prime or base rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Project” means an energy or power generation, transmission or distribution facility (including a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including a cogeneration facility)), a gas production, transportation or distribution facility, or a minerals extraction, processing or distribution facility, together with (a) all related electric power transmission, fuel supply and fuel transportation facilities and power supply, thermal energy supply, gas supply, minerals supply and fuel contracts; (b) other facilities, services or goods that are ancillary, incidental, necessary or reasonably related to the marketing, development, construction, management, servicing, ownership or operation of such facility; (c) contractual arrangements with customers, suppliers and contractors in respect of such facility, and (d) any infrastructure facility related to such facility, including for the treatment or management of waste water or the treatment or remediation of waste, pollution or potential pollutants.



“Project Financing” means Indebtedness incurred by a Project Financing Subsidiary to finance (a) the development and operation of the Project such Project Financing Subsidiary was formed to develop, or (b) activities incidental thereto; provided that such Indebtedness does not include recourse to the Guarantor or any of its other Subsidiaries other than (x) recourse to the Capital Stock in any such Project Financing subsidiary, and (y) recourse pursuant to a Contingent Guaranty.

“Project Financing Subsidiary” means any Subsidiary of the Guarantor (a) (i) that is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including the financing and operation of such Project), or to become a partner, member or other equity participant in a partnership, limited liability company or other entity having such a principal purpose, and (b) substantially all the assets of which are limited to the assets relating to the Project being developed or Capital Stock in such partnership, limited liability company or other entity (and substantially all of the assets of any such partnership, limited liability company or other entity are limited to the assets relating to such Project); provided that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

“Register” has the meaning set forth in Section 11.04.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Required Lenders” means Lenders having more than 50% in aggregate amount of the Commitments, or if the Commitments shall have been terminated, of the Total Outstanding Principal.

“Responsible Officer” of a Credit Party means any of (a) the President, the chief financial officer, the chief accounting officer and the Treasurer of such Credit Party, and (b) any other officer of such Credit Party whose responsibilities include monitoring compliance with this Agreement.

“S&P” means Standard & Poor’s Ratings Group, a division of The McGraw Hill Companies, Inc., and any successor thereto.

“SPFV” has the meaning set forth in Section 11.04.

“Subsidiary” means, with respect to any Person, any corporation or other entity of which at least a majority of the outstanding shares of stock or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other managers of such corporation or other entity (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or Controlled by such Person or one or more of the Subsidiaries of such Person.

“Substantial Subsidiaries” has the meaning set forth in Section 8.01.

(

(

(

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any governmental Authority, including any interest, penalties and additions to tax imposed thereon or in connection therewith.

“Termination Date” means the earliest of (a) February 15, 2007, or (b) the date upon which the Commitments are terminated pursuant to Section 8.1 or otherwise.

“Total Outstanding Principal” means the aggregate amount of the Outstanding Loans of all Lenders.

“Transactions” means the execution, delivery and performance by the Borrower and the Guarantor of this Agreement and the Borrowing of Loans hereunder.

“Upfront Fee” has the meaning set forth in Section 2.12.

“Utility Subsidiary” means a Subsidiary of the Guarantor that is subject to regulation by a Governmental Authority (federal, state or otherwise) having authority to regulate utilities, and any Wholly-Owned Subsidiary thereof.

“Wholly-Owned Subsidiary” means, with respect to any Person, any corporation or other entity of which all of the outstanding shares of stock or other ownership interests in which, other than directors’ qualifying shares (or the equivalent thereof), are at the time directly or indirectly owned or Controlled by such Person or one or more of the Subsidiaries of such Person.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Sections 4201, 4203 and 4205 of ERISA.

SECTION 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “or” shall not be exclusive. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns; (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof; (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The terms “knowledge of”, “awareness of” and “receipt of notice of” in relation to a Credit Party, and other similar expressions, mean a knowledge of, awareness of, or receipt of notice by, a Responsible Officer of such Credit Party.

(

(

(

SECTION 1.03. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II THE CREDITS

SECTION 2.01. Commitments. (a) Subject to the terms and conditions set forth herein, each Lender agrees to make Loans to the Borrower in a single Borrowing (on a day which shall be a Business Day) occurring on or prior to the Commitment Termination Date in an aggregate principal amount that will not result in (i) such Lender's Exposure exceeding such Lender's Commitment or (ii) the sum of the Exposures of all of the Lenders exceeding the Aggregate Commitments.

(b) Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow the Loans. No amounts paid or prepaid with respect to the Loans may be reborrowed.

SECTION 2.02. Loans; Requests for Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$5,000,000 and not less than \$10,000,000 and there shall not at any time be more than one Loan outstanding under this Agreement.

(d) To request a Loan, the Borrower shall notify the Administrative Agent of such request by telephone not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing. Each such telephonic Borrowing

(

(

(

Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information:

- (i) the aggregate amount of the requested Borrowing, and
- (ii) the date of such Borrowing, which shall be a Business Day;

Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.03. [**Intentionally Omitted**] .

SECTION 2.04. [**Intentionally Omitted**] .

SECTION 2.05. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 3:00 p.m., New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account established and maintained by the Borrower at the Administrative Agent's office in New York City.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to such Borrowing. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06. [**Intentionally Omitted**] .

SECTION 2.07. Mandatory Termination or Reduction of Commitments. Unless previously terminated, the Commitments shall terminate on the Commitment Termination Date.

SECTION 2.08. Mandatory Prepayments. (a) If at any time the Total Outstanding Principal exceeds the Aggregate Commitments then in effect for any reason whatsoever, the



Borrower shall prepay Loans in such aggregate amount (together with accrued interest thereon to the extent required by Section 2.13) as shall be necessary so that, after giving effect to such prepayment, the Total Outstanding Principal does not exceed the Aggregate Commitments.

(b) Each prepayment of Loans pursuant to this Section 2.08 shall be accompanied by the Borrower's payment of any amounts payable under Section 2.16 in connection with such prepayment. Prepayments of Loans shall be applied ratably to the Loans so prepaid.

SECTION 2.09. Optional Reduction of Commitments. The Borrower may not voluntarily terminate, or reduce, the Commitments at any time.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Termination Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Optional Prepayment of Loans. The Borrower may not make any voluntary repayment or prepayment of any Borrowing in whole or in part at any time prior to the Termination Date.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee (each a “Facility Fee”), which shall accrue at the rate of 0.375% *per annum* on the daily amount of the Commitment of such Lender (whether used or not used) during the period from and including the Effective Date to but excluding the date set forth in clause (a) of the definition of “Termination Date.” Accrued Facility Fees shall be payable in arrears on the last day of December and on the Termination Date, commencing on the first such date to occur after the Effective Date. All Facility Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent for the account of the Lenders an upfront fee (the “Upfront Fee”) in the aggregate amount of \$150,000, payable in full on the Effective Date.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution to the Lenders. Fees due and paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans shall bear interest at a rate *per annum* equal to the LIBO Rate for a three-month Interest Period.

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the Alternate Base Rate as provided above.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) all accrued interest shall be payable upon termination of the Commitments.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. [**Intentionally Omitted**] .

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by,

(

(

(

any Lender (except any such reserve requirement described in paragraph (e) of this Section), or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Loans made by such Lender or participation therein, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan and participation interests therein (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of its holding company, if any, as a consequence of this Agreement to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration its policies and the policies of its holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(c) A certificate of a Lender, as the case may be, setting forth the amount or amounts necessary to compensate it or its holding company as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than ninety days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of its intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the ninety day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) The Borrower shall pay (without duplication as to amounts paid under this Section 2.15) to each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Loan of such Lender, from the date of such Loan until such principal amount is paid in full, at an interest rate *per annum* equal at all times to the remainder obtained by subtracting (i) the LIBO Rate for the Interest Period for such Loan from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest determined

(

(

(

by such Lender and notified to the Borrower and the Administrative Agent, accompanied by the calculation of the amount thereof, shall be conclusive and binding for all purposes absent manifest error.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default); (b) the failure to borrow or prepay any Loan on the date specified in any notice delivered pursuant hereto, or (c) the assignment of any Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount reasonably determined by such Lender to be equal to the excess, if any, of (x) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, the duration of the Interest Period that would have resulted from such borrowing) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (y) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposit from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if any Credit Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Credit Party shall make such deductions and (iii) such Credit Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (and for any Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent, or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority.

(

(

(

A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the laws of the jurisdiction in which the Borrower or the Guarantor is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with an additional original or a photocopy, as required under applicable rules and procedures, to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as shall be necessary to permit such payments to be made without withholding or at a reduced rate. Further, in those circumstances as shall be necessary to allow payments hereunder to be made free of (or at a reduced rate of) withholding tax, each other Lender and the Administrative Agent, as applicable, shall deliver to Borrower such documentation as the Borrower may reasonably request in writing.

(f) Except with the prior written consent of the Administrative Agent, all amounts payable by a Credit Party hereunder shall be made by such Credit Party in its own name and for its own account from within the United States by a payor that is a United States person (within the meaning of Section 7701 of the Code).

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-Offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.15, 2.16, 2.17 or 11.03, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 1301 Avenue of the Americas, New York, New York, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 11.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due

(

(

(

hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Obligations owing to it resulting in such Lender receiving payment of a greater proportion of the aggregate amount of such Obligations and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of, or other Obligations owing to, other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans or other Obligations, as applicable; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Guarantor, the Borrower or any other Subsidiary or Affiliate of the Guarantor (as to which the provisions of this paragraph shall apply). The Borrower and the Guarantor consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower and the Guarantor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower or the Guarantor in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Sections 2.05(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(

(

(

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) Any Lender claiming reimbursement or compensation from the Borrower under either of Sections 2.15 and 2.17 for any losses, costs or other liabilities shall use reasonable efforts (including, reasonable efforts to designate a different lending office of such Lender for funding or booking its Loans or to assign its rights and obligations hereunder to another of its offices, branches or affiliates) to mitigate the amount of such losses, costs and other liabilities, if such efforts can be made and such mitigation can be accomplished without such Lender suffering (i) any economic disadvantage for which such Lender does not receive full indemnity from the Borrower under this Agreement or (ii) otherwise be disadvantageous to such Lender.

(b) In determining the amount of any claim for reimbursement or compensation under Sections 2.15 and 2.17, each Lender will use reasonable methods of calculation consistent with such methods customarily employed by such Lender in similar situations.

(c) Each Lender will notify the Borrower either directly or through the Administrative Agent of any event giving rise to a claim under Section 2.15 or Section 2.17 promptly after the occurrence thereof which notice shall be accompanied by a certificate of such Lender setting forth in reasonable detail the circumstances of such claim.

(d) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 11.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent, shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(

(

(

ARTICLE III
CONDITIONS

SECTION 3.01. Conditions Precedent to the Effectiveness of this Agreement. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 11.02).

(a) The Administrative Agent (or its counsel) shall have received from each party thereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Lenders, the Administrative Agent, the Arrangers and each other Person entitled to the payment of fees or the reimbursement or payment of expenses, pursuant hereto, shall have received all fees required to be paid by the Effective Date, and all expenses for which invoices have been presented on or before the Effective Date.

(c) The Administrative Agent shall have received certified copies of the resolutions of the Board of Directors of each of the Guarantor and the Borrower approving this Agreement, and of all documents evidencing other necessary corporate action and governmental and regulatory approvals with respect to this Agreement.

(d) The Administrative Agent shall have received from each of the Borrower and the Guarantor, to the extent generally available in the relevant jurisdiction, a copy of a certificate or certificates of the Secretary of State (or other appropriate public official) of the jurisdiction of its incorporation, dated reasonably near the Effective Date, (i) listing the charters of the Borrower or the Guarantor, as the case may be, and each amendment thereto on file in such office and certifying that such amendments are the only amendments to the Borrower's or the Guarantor's charter, as the case may be, on file in such office, and (ii) stating, in the case of the Borrower, that the Borrower is authorized to transact business under the laws of the jurisdiction of its place of incorporation, and, in the case of the Guarantor, that the Guarantor is duly incorporated and in good standing under the laws of the jurisdiction of its place of incorporation.

(e) (i) The Administrative Agent shall have received a certificate or certificates of each of the Borrower and the Guarantor, signed on behalf of the Borrower and the Guarantor respectively, by the Secretary, an Assistant Secretary or a Responsible Officer thereof, dated the Effective Date, certifying as to (A) the absence of any amendments to the charter of the Borrower or the Guarantor, as the case may be, since the date of the certificates referred to in paragraph (d) above; (B) a true and correct copy of the bylaws of each of the Borrower or the Guarantor, as the case may be, as in effect on the Effective Date; (C) the absence of any proceeding for the dissolution or liquidation of the Borrower or the Guarantor, as the case may be; (D) the truth, in all material respects, of the representations and warranties contained in the Credit Documents to which the Borrower or the Guarantor is a party, as the case may be, as though made on and as of the Effective

(

(

(

Date, and (E) the absence, as of the Effective Date, of any Default or Event of Default, and (ii) each of such certifications shall be true.

(f) The Administrative Agent shall have received a certificate of the Secretary or an Assistant Secretary of each of the Guarantor and the Borrower certifying the names and true signatures of the officers of Guarantor or the Borrower, as the case may be, authorized to sign, and signing, this Agreement and the other Credit Documents to be delivered hereunder on or before the Effective Date.

(g) The Administrative Agent shall have received from Schiff Hardin LLP, counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

SECTION 3.02. Conditions Precedent to Each Loan. The obligation of each Lender to make any Loan shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following conditions:

(a) The representations and warranties of the Guarantor and the Borrower set forth in this Agreement (other than the representation and warranty set forth in Section 4.01(f)) shall be true and correct in all material respects on and as of the date of such Loan, except to the extent that such representations and warranties are specifically limited to a prior date, in which case such representations and warranties shall be true and correct in all material respects on and as of such prior date.

(b) After giving effect to such Loan, such Loan will not result in the sum of the then Total Outstanding Principal exceeding the Aggregate Commitments.

(c) Such Loan will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01 and 2.02, as applicable.

(d) At the time of and immediately after giving effect to such Loan, no Default or Event of Default shall have occurred and be continuing.

(e) The Administrative Agent shall have timely received a Borrowing Request.

Each Loan and the acceptance by the Borrower of the benefits thereof shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b), (c) and (d) of this Section.

(

(

(

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Credit Parties. Each of the Borrower and the Guarantor represents and warrants as follows:

(a) Each of the Borrower and the Guarantor is a corporation duly organized, validly existing and, in the case of the Borrower, authorized to transact business under the laws of the State of its incorporation, and, in the case of the Guarantor, in good standing under the laws of the State of its incorporation.

(b) The execution, delivery and performance by each of the Credit Parties of the Credit Documents to which it is a party (i) are within such Credit Party's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (A) such Credit Party's charter or by-laws, as the case may be, or (B) any law, rule or regulation, or any material Contractual Obligation or legal restriction, binding on or affecting such Credit Party or any Material Subsidiary, as the case may be, and (iv) do not require the creation of any Lien on the property of such Credit Party or any Material Subsidiary under any Contractual Obligation binding on or affecting such Credit Party or any Material Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by any Credit Party of this Agreement or any other Credit Document to which any of them is a party, except for such as (i) have been obtained or made and that are in full force and effect or (ii) are not presently required under applicable law and have not yet been applied for.

(d) Each Credit Document to which any Credit Party is a party is a legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) The consolidated balance sheet of the Guarantor and its Subsidiaries as at September 30, 2006, and the related statements of income and retained earnings of the Guarantor and its Subsidiaries for the nine months then ended, copies of which have been made available or furnished to each Lender, fairly present (subject to year-end adjustments) the financial condition of the Guarantor and its Subsidiaries as at such date and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(f) Since December 31, 2005, there has been no material adverse change in such condition or operations, or in the business, assets, operations, condition (financial or otherwise) or prospects of any of the Credit Parties or of Columbia.

(

(

(

(g) There is no pending or threatened action, proceeding or investigation affecting such Credit Party before any court, governmental agency or other Governmental Authority or arbitrator that (taking into account the exhaustion of appeals) would have a Material Adverse Effect, or that (i) purports to affect the legality, validity or enforceability of this Agreement or any promissory notes executed pursuant hereto, or (ii) seeks to prohibit the ownership or operation, by any Credit Party or any of their respective Material Subsidiaries, of all or a material portion of their respective businesses or assets.

(h) The Guarantor and its Subsidiaries, taken as a whole, do not hold or carry Margin Stock having an aggregate value in excess of 10% of the value of their consolidated assets, and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock.

(i) No ERISA Event has occurred, or is reasonably expected to occur, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect.

(j) Schedule B (Actuarial Information) to the 2005 Annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and made available or furnished to each Lender, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no adverse change in such funding status which may reasonably be expected to have a Material Adverse Effect.

(k) Neither the Guarantor nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan which may reasonably be expected to have a Material Adverse Effect.

(l) Neither the Guarantor nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title VI of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in either such case, that could reasonably be expected to have a Material Adverse Effect.

(m) No Credit Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(n) The Guarantor is a "holding company" within the meaning of the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). Pursuant to PUHCA 2005, the Guarantor is subject to the limited jurisdiction of the Federal Energy Regulatory Commission, and any state commission with jurisdiction to regulate a public utility company in the Guarantor's holding company system, with respect to access to the books and records of the Guarantor and its subsidiaries and affiliates.

(o) Each Credit Party has filed all tax returns (Federal, state and local) required to be filed by it and has paid or caused to be paid all taxes due for the periods covered

(

(

(

thereby, including interest and penalties, except for any such taxes, interest or penalties which are being contested in good faith and by proper proceedings and in respect of which such Credit Party has set aside adequate reserves for the payment thereof in accordance with GAAP.

(p) Each Credit Party and its Subsidiaries are and have been in compliance with all laws (including, the Public Utility Holding Company Act of 1935, as amended, and all Environmental Laws), except to the extent that any failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(q) No Subsidiary of any Credit Party is party to, or otherwise bound by, any agreement that prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party, by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party, other than prohibitions and restrictions permitted to exist under Section 6.01(e).

(r) The information, exhibits and reports furnished by the Guarantor or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Credit Documents, taken as a whole, do not contain any material misstatement of fact and do not omit to state a material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances made.

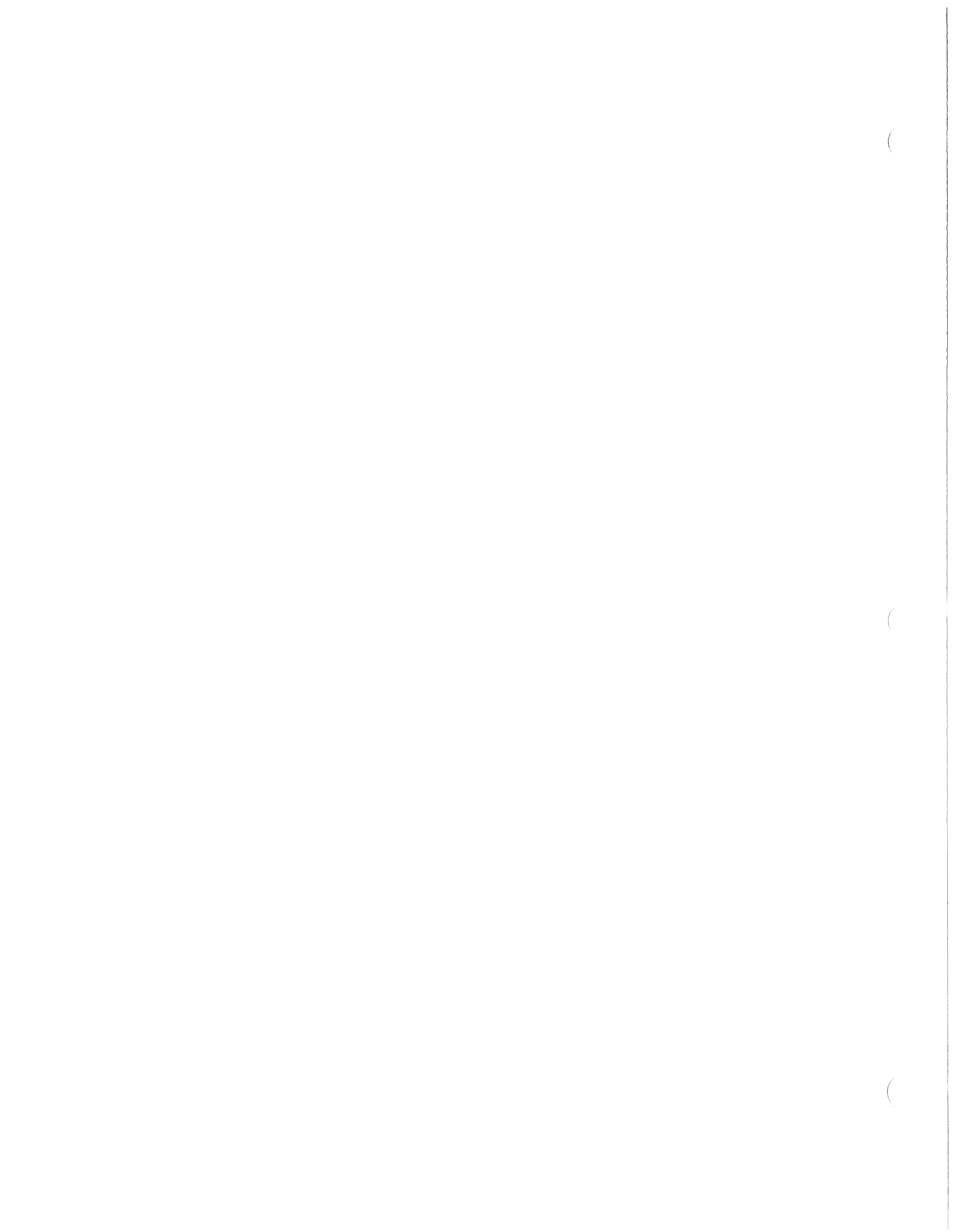
(s) The outstanding amount of the Loans when aggregated with all other outstanding short-term debt does not exceed \$2,500,000,000 at any time prior to the delivery to the Administrative Agent of evidence reasonably satisfactory to it that the terms of the Order Authorizing Various External and Intrasystem Financing and Related Transactions; Reservations of Jurisdiction, dated December 30, 2003 and issued by the Securities and Exchange Commission (Release No. 35-27789; File No. 70-10169), are no longer in effect.

ARTICLE V

AFFIRMATIVE COVENANTS

SECTION 5.01. Affirmative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, or interest or fees payable hereunder shall remain unpaid, each of the Credit Parties will, unless the Required Lenders shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (including, any of the foregoing relating to employee health and safety or public utilities



and all Environmental Laws), unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(b) Maintenance of Properties, Etc. Maintain and preserve, and cause each Material Subsidiary to maintain and preserve, all of its material properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, if the failure to do so could reasonably be expected to have a Material Adverse Effect.

(c) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all legal claims which, if unpaid, might by law become a lien upon its property; provided, however, that neither any Credit Party nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(d) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually obtained by companies engaged in similar businesses of comparable size and financial strength and owning similar properties in the same general areas in which such Credit Party or such Subsidiary operates, or, to the extent such Credit Party or Subsidiary deems it reasonably prudent to do so, through its own program of self-insurance.

(e) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each Material Subsidiary to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as otherwise permitted under this Agreement; provided that that no such Person shall be required to preserve any right or franchise with respect to which the Board of Directors of such Person has determined that the preservation thereof is no longer desirable in the conduct of the business of such Person and that the loss thereof is not disadvantageous in any material respect to any Credit Party or the Lenders.

(f) Visitation Rights. At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, on not less than five Business Days' notice (which notice shall be required only so long as no Default shall be occurred and be continuing), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Credit Party or any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Credit Parties and their respective Subsidiaries with any of their respective officers and with their independent certified public accountants; subject, however, in all cases to the imposition of such conditions as the affected Credit Party or Subsidiary shall deem necessary based on reasonable considerations of safety and security and provided that so long as no Default or Event of Default shall have occurred and be continuing, each Lender will be limited to one visit each year.

(

(

(

(g) Keeping of Books. (i) Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all material financial transactions and the assets and business of each of the Credit Parties and each of their respective Subsidiaries, and (ii) maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied.

(h) Reporting Requirements. Deliver to the Administrative Agent for distribution to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), balance sheets of the Guarantor and its Consolidated Subsidiaries in comparative form as of the end of such quarter and statements of income and retained earnings of the Guarantor and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year of the Guarantor and ending with the end of such quarter, each prepared in accordance with generally accepted accounting principles consistently applied, subject to normal year-end audit adjustments, certified by the chief financial officer of the Guarantor.

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), a copy of the audit report for such year for the Guarantor and its Consolidated Subsidiaries containing financial statements for such year prepared in accordance with generally accepted accounting principles consistently applied as reported on by independent certified public accountants of recognized national standing acceptable to the Required Lenders, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards;

(iii) concurrently with the delivery of financial statements pursuant to clauses (i) and (ii) above or the notice relating thereto contemplated by the final sentence of this Section 5.01(h), a certificate of a senior financial officer of each of the Guarantor and the Borrower (A) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Guarantor or the Borrower, as the case may be, has taken and proposes to take with respect thereto), and (B) in the case of the certificate relating to the Guarantor, setting forth calculations, in reasonable detail, establishing Guarantor's compliance, as at the end of such fiscal quarter, with the financial covenant contained in Article VII;

(iv) as soon as possible and in any event within five days after the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or

(

(

(

event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Guarantor sends to its stockholders, and copies of all reports and registration statements (other than registration statements filed on Form S-8) that the Guarantor, the Borrower or any Subsidiary of the Guarantor or the Borrower, files with the Securities and Exchange Commission;

(vi) promptly and in any event within 10 days after the Guarantor knows or has reason to know that any material ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, which the Guarantor or any affected ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within two Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate), copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) promptly and in any event within five Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate) from the sponsor of a Multiemployer Plan, a copy of each notice received by the Guarantor or any ERISA Affiliate concerning (A) the imposition of material Withdrawal Liability by a Multiemployer Plan; (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan or (C) the amount of liability incurred, or which may be incurred, by the Guarantor or any ERISA Affiliate in connection with any event described in clause (A) or (B) above;

(ix) promptly after the Guarantor has knowledge of the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Guarantor or any Material Subsidiary of the type described in Section 4.01(g);

(x) promptly after the Guarantor or the Borrower knows of any change in the rating of the Index Debt by S&P or Moody's, a notice of such changed rating, and

(xi) such other information respecting the condition or operations, financial or otherwise, of the Guarantor or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding the foregoing, the Credit Parties' obligations to deliver the documents or information required under any of clauses (i), (ii) and (v) above shall be deemed to be satisfied upon (x) the relevant documents or information being publicly available on the Guarantor's website or other publicly available electronic medium (such as EDGAR) within the time period required by such clause, and (y) the delivery by the Guarantor or

the Borrower of notice to the Administrative Agent and the Lenders, within the time period required by such clause, that such documents or information are so available.

(i) Use of Proceeds. Use the proceeds of the Loans hereunder for working capital and other general corporate purposes, including to provide liquidity support for commercial paper issued by the Borrower.

(j) Ratings. At all times maintain ratings by both Moody's and S&P with respect to the Index Debt.

ARTICLE VI

NEGATIVE COVENANTS

SECTION 6.01. Negative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, or interest or fees payable hereunder shall remain unpaid, no Credit Party will, without the written consent of the Required Lenders:

(a) Limitation on Liens. Create or suffer to exist, or permit any of its Subsidiaries (other than a Utility Subsidiary) to create or suffer to exist, any lien, security interest, or other charge or encumbrance (collectively, "Liens") upon or with respect to any of its properties, whether now owned or hereafter acquired, or collaterally assign for security purposes, or permit any of its Subsidiaries (other than a Utility Subsidiary) to so assign any right to receive income in each case to secure or provide for or guarantee the payment of Debt for Borrowed Money of any Person, without in any such case effectively securing, prior to or concurrently with the creation, issuance, assumption or guaranty of any such Debt for Borrowed Money, the Obligations (together with, if the Guarantor shall so determine, any other Debt for Borrowed Money of or guaranteed by the Guarantor or any of its Subsidiaries ranking equally with the Loans and then existing or thereafter created) equally and ratably with (or prior to) such Debt for Borrowed Money; provided, however, that the foregoing restrictions shall not apply to or prevent the creation or existence of:

(i) (A) Liens on any property acquired, constructed or improved by the Guarantor or any of its Subsidiaries (other than a Utility Subsidiary) after the date of this Agreement that are created or assumed prior to, contemporaneously with, or within 180 days after, such acquisition or completion of such construction or improvement, to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement, or (B) in addition to Liens contemplated by clauses (ii) and (iii) below, Liens on any property existing at the time of acquisition thereof, provided that the Liens shall not apply to any property theretofore owned by the Guarantor or any such Subsidiary other than, in the case of any such construction or improvement, (1) unimproved real property on which the property so constructed or the improvement is located, (2) other property (or improvements thereon) that is an improvement to or is acquired or constructed for specific use with such acquired or constructed property (or improvement thereof), and (3) any rights and interests (A) under

(

(

(

any agreements or other documents relating to, or (B) appurtenant to, the property being so constructed or improved or such other property;

(ii) existing Liens on any property or indebtedness of a corporation that is merged with or into or consolidated with any Credit Party or any of its Subsidiaries; provided that such Lien was not created in contemplation of such merger or consolidation;

(iii) Liens on any property or indebtedness of a corporation existing at the time such corporation becomes a Subsidiary of any Credit Party; provided that such Lien was not created in contemplation of such occurrence;

(iv) Liens to secure Debt for Borrowed Money of a Subsidiary of a Credit Party to a Credit Party or to another Subsidiary of the Guarantor;

(v) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt for Borrowed Money incurred for the purpose of financing all or any part of the purchase price of the cost of constructing or improving the property subject to such Liens, including, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

(vi) Liens on any property (including any natural gas, oil or other mineral property) to secure all or part of the cost of exploration, drilling or development thereof or to secure Debt for Borrowed Money incurred to provide funds for any such purpose;

(vii) Liens existing on the date of this Agreement;

(viii) Liens for the sole purposes of extending, renewing or replacing in whole or in part Debt for Borrowed Money secured by any Lien referred to in the foregoing clauses (i) through (vii), inclusive, or this clause (viii); provided, however, that the principal amount of Debt for Borrowed Money secured thereby shall not exceed the principal amount of Debt for Borrowed Money so secured at the time of such extension, renewal or replacement (which, for purposes of this limitation as it applies to a synthetic lease, shall be deemed to be (x) the lessor's original cost of the property subject to such lease at the time of extension, renewal or replacement, less (y) the aggregate amount of all prior payments under such lease allocated pursuant to the terms of such lease to reduce the principal amount of the lessor's investment, and borrowings by the lessor, made to fund the original cost of the property), and that such extension, renewal or replacement shall be limited to all or a part of the property or indebtedness which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(ix) Liens on any property or assets of a Project Financing Subsidiary, or on any Capital Stock in a Project Financing Subsidiary, in either such case, that secure only a Project Financing or a Contingent Guaranty that supports a Project Financing, or

(x) any Lien, other than a Lien described in any of the foregoing clauses (i) through (ix), inclusive, to the extent that it secures Debt for Borrowed Money, or guaranties thereof, the outstanding principal balance of which at the time of creation of such Lien, when added to the aggregate principal balance of all Debt for Borrowed Money secured by Liens incurred under this clause (x) then outstanding, does not exceed \$150,000,000.

If at any time any Credit Party or any of its Subsidiaries shall create, issue, assume or guaranty any Debt for Borrowed Money secured by any Lien and the first paragraph of this Section 6.01(a) requires that the Loans be secured equally and ratably with such Debt for Borrowed Money, the Borrower shall promptly deliver to the Administrative Agent and each Lender:

(1) a certificate of a duly authorized officer of the Borrower stating that the covenant contained in the first paragraph of this Section 6.01(a) has been complied with, and

(2) an opinion of counsel acceptable to the Required Lenders to the effect that such covenant has been complied with and that all documents executed by any Credit Party or any of its Subsidiaries in the performance of such covenant comply with the requirements of such covenant.

(b) Mergers, Etc. Merge or consolidate with or into, or, except in a transaction permitted under paragraph (c) of this Section, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Guarantor (other than the Borrower) may merge or consolidate with or transfer assets to or acquire assets from any other Subsidiary of the Guarantor, provided that in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, the continuing or surviving Person shall be a Wholly-Owned Subsidiary of the Guarantor, and

(ii) the Borrower may merge or consolidate with, or transfer assets to, or acquire assets from, any other Wholly-Owned Subsidiary of the Guarantor, provided that in the case of any such merger or consolidation to which the Borrower is not the surviving Person, or transfer of all or substantially all of the assets of the Borrower to any other Wholly-Owned Subsidiary of the Guarantor, immediately after giving effect thereto; (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) such surviving Person or transferee, as applicable, shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require, and

(

(

(

(iii) any Subsidiary of the Guarantor may merge into the Guarantor or the Borrower or transfer assets to the Borrower or the Guarantor, provided that in the case of any merger or consolidation of the Borrower into the Guarantor or transfer of all or substantially all of the assets of the Borrower to the Guarantor, immediately after giving effect thereto; (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) the Guarantor shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require, and

(iv) the Guarantor or any Subsidiary of the Guarantor may merge, or consolidate with or transfer all or substantially all of its assets to any other Person; provided that in each case under this clause (iii), immediately after giving effect thereto; (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended); (B) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, the Borrower shall be the continuing or surviving corporation; (C) in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, NIPSCO or Columbia, as the case may be, shall be the continuing or surviving corporation and shall be a Wholly-Owned Subsidiary of the Guarantor; (D) in the case of any such merger, consolidation or transfer of assets to which the Guarantor is a party, the Guarantor shall be the continuing or surviving corporation, and (E) the Index Debt shall be rated at least BBB- by S&P and at least Baa3 by Moody's.

(c) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of their respective Subsidiaries to sell, lease, transfer or otherwise dispose of (other than in connection with a transaction authorized by paragraph (b) of this Section) any substantial part of its assets; provided that the foregoing shall not prohibit any such sale, conveyance, lease, transfer or other disposition that (i) constitutes realization on a Lien permitted to exist under Section 6.01(a), or (ii) (A) (1) is for a price not materially less than the fair market value of such assets, (2) would not materially impair the ability of any Credit Party to perform its obligations under this Agreement and (3) together with all other such sales, conveyances, leases, transfers and other dispositions, would have no Material Adverse Effect, or (B) would not result in the sale, lease, transfer or other disposition, in the aggregate, of more than 10% of the consolidated total assets of the Guarantor and its Subsidiaries, determined in accordance with GAAP, on December 31, 2005.

(d) Compliance with ERISA. (i) Terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in a Material Adverse Effect or (ii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, that presents a material (in the reasonable opinion of the Required Lenders)

risk of such a termination by the PBGC of any Plan, if such termination could reasonably be expected to have a Material Adverse Effect.

(e) Certain Restrictions. Permit any of its Subsidiaries (other than, in the case of the Guarantor, the Borrower) to enter into or permit to exist any agreement that by its terms prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party; provided that the foregoing shall not apply to prohibitions and restrictions (i) imposed by applicable law, (ii) (A) imposed under an agreement in existence on the date of this Agreement, and (B) described on Schedule 6.01(e) of the Existing Agreement, (iii) existing with respect to a Subsidiary on the date it becomes a Subsidiary that are not created in contemplation thereof (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such prohibition or restriction), (iv) contained in agreements relating to the sale of a Subsidiary pending such sale, provided that such prohibitions or restrictions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (v) imposed on a Project Financing Subsidiary in connection with a Project Financing, or (vi) that could not reasonably be expected to have a Material Adverse Effect.

ARTICLE VII

FINANCIAL COVENANT

So long as any Lender shall have any Commitment hereunder or any principal of any Loan, or interest or fees payable hereunder shall remain unpaid, the Guarantor shall maintain a Debt to Capitalization Ratio of not more than 0.70 to 1.00.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.01. Events of Default. If any of the following events (“Events of Default”) shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when the same becomes due and payable or shall fail to pay any interest, fees or other amounts hereunder within three days after when the same becomes due and payable, or

(b) Any representation or warranty made by any Credit Party in any Credit Document or by any Credit Party (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made, or

(c) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in Sections 5.01(e), 5.01(f), 5.01(h), 5.01(i), 6.01 or Article VII, or

(

(

(

(d) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in any Credit Document on its part to be performed or observed (other than one identified in paragraph (a), (b) or (c) above) if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for thirty days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender, or

(e) The Guarantor, the Borrower or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any Indebtedness (excluding Non-Recourse Debt) which is outstanding in a principal amount of at least \$50,000,000 in the aggregate (but excluding the Loans) of the Guarantor, the Borrower or such Subsidiary, as the case may be, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the scheduled maturity of such Indebtedness, or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof, or

(f) Any Credit Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against any Credit Party (but not instituted by any Credit Party), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, any Credit Party or for any substantial part of its property) shall occur, or any Credit Party shall take any corporate action to authorize any of the actions set forth above in this paragraph (f), or

(g) One or more Subsidiaries of the Guarantor (other than the Borrower) in which the aggregate sum of (i) the amounts invested by the Guarantor and its other Subsidiaries in the aggregate, by way of purchases of Capital Stock, Capital Leases, loans or otherwise, and (ii) the amount of recourse, whether contractual or as a matter of law (but excluding Non-Recourse Debt), available to creditors of such Subsidiary or Subsidiaries against the Guarantor or any of its other Subsidiaries, is \$100,000,000 or more (collectively, "Substantial Subsidiaries") shall generally not pay their respective debts as such debts become due, or shall admit in writing their respective inability to pay their debts generally, or shall make a general assignment for the benefit of creditors,

or any proceeding shall be instituted by or against Substantial Subsidiaries seeking to adjudicate them bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of them or their respective debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for them or for any substantial part of their respective property and, in the case of any such proceeding instituted against Substantial Subsidiaries (but not instituted by the Guarantor or any Subsidiary of the Guarantor), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, the Substantial Subsidiaries or for any substantial part of their respective property) shall occur, or Substantial Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this paragraph (g), or

(h) Any judgment or order for the payment of money in excess of \$50,000,000 shall be rendered against the Borrower, the Guarantor or any of its other Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect, or

(i) Any ERISA Event shall have occurred with respect to a Plan and, 30 days after notice thereof shall have been given to the Guarantor or the Borrower by the Administrative Agent, (i) such ERISA Event shall still exist and (ii) the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or, in the case of a Plan with respect to which an ERISA Event described in clauses (c) through (f) of the definition of ERISA Event shall have occurred and then exist, the liability related thereto) is equal to or greater than \$10,000,000 (when aggregated with paragraphs (j), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof, or

(j) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Guarantor and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$10,000,000 or requires payments exceeding \$10,000,000 *per annum* (in either case, when aggregated with paragraphs (i), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof, or

(k) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Guarantor and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being

(

(

(

terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan year of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding \$10,000,000 (when aggregated with paragraphs (i), (j) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof, or

(l) The Guarantor or any ERISA Affiliate shall have committed a failure described in Section 302(f)(1) of ERISA and the amount determined under Section 302(f)(3) of ERISA is equal to or greater than \$10,000,000 (when aggregated with paragraphs (i), (j) and (k) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof, or

(m) Any provision of the Credit Documents shall be held by a court of competent jurisdiction to be invalid or unenforceable against any Credit Party purported to be bound thereby, or any Credit Party shall so assert in writing, or

(n) Any Change of Control shall occur;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Commitment of each Lender hereunder to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request or with the consent of the Required Lenders, by notice to the Borrower, declare all amounts payable under this Agreement to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of an actual or deemed entry of an order for relief with respect to any Credit Party under the Federal Bankruptcy Code, (1) the Commitment of each Lender, hereunder shall automatically be terminated and (2) all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE IX

THE ADMINISTRATIVE AGENT

SECTION 9.01. The Administrative Agent. (a) Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

(b) The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business

with the any Credit Party or any of such Credit Party's Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent hereunder.

(c) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (iii) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, the Guarantor or any of its other Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or, if applicable, all of the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with this Agreement, (2) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (4) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (5) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent and the conformity thereof to such express requirement.

(d) The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for a Credit Party) independent accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(e) The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent,

(

(

(

and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

(f) Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Credit Parties. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not unreasonably be withheld), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, in any event having total assets in excess of \$500,000,000 and who shall serve until such time, if any, as an Agent shall have been appointed as provided above. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 11.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

(g) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

(h) No Lender identified on the signature pages of this Agreement as a "Lead Arranger" or "Book Runner", or that is given any other title hereunder other than "Administrative Agent", shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the generality of the foregoing, no Lender so identified as a "Lead Arranger" or that is given any other title hereunder, shall have, or be deemed to have, any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE X
GUARANTY

SECTION 10.01. The Guaranty. (a) The Guarantor, as primary obligor and not merely as a surety, hereby irrevocably, absolutely and unconditionally guarantees to the Administrative Agent and the Lenders and each of their respective successors, endorsees, transferees and assigns (each a "Beneficiary" and collectively, the "Beneficiaries") the prompt and complete payment by the Borrower, as and when due and payable, of the Obligations, in accordance with the terms of the Credit Documents. The provisions of this Article X are sometimes referred to hereinafter as the "Guaranty".

(b) The Guarantor hereby guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Documents, regardless of any law now or hereafter in effect in any jurisdiction affecting any such terms or the rights of the Beneficiaries with respect thereto. The obligations and liabilities of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of any of the Obligations or any Credit Document, or any delay, failure or omission to enforce or agreement not to enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise of any right with respect to the foregoing (including, in each case, without limitation, as a result of the insolvency, bankruptcy or reorganization of any Beneficiary, the Borrower or any other Person), (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from the Credit Documents or any agreement or instrument relating thereto, (iii) any exchange or release of, or non-perfection of any Lien on or in any collateral, or any release, amendment or waiver of, or consent to any departure from, any other guaranty of, or agreement granting security for, all or any of the Obligations, (iv) any claim, set-off, counterclaim, defense or other rights that the Guarantor may have at any time and from time to time against any Beneficiary or any other Person, whether in connection with this Transaction or any unrelated transaction, or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other guarantor or surety in respect of the Obligations or the Guarantor in respect hereof.

(c) The Guaranty provided for herein (i) is a guaranty of payment and not of collection, (ii) is a continuing guaranty and shall remain in full force and effect until the Commitments have been terminated and the Obligations have been paid in full in cash, and (iii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be returned by any Beneficiary upon or as a result of the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made.

(d) The obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by any Beneficiary or any other Person at any time of any right or remedy against the Borrower or any other Person that may be or

(

(

(

become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor or right of setoff with respect thereto.

(e) The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by any Beneficiary may be rescinded by such Beneficiary and any of the Obligations continued after such rescission.

(f) The Guarantor's obligations under this Guaranty shall be unconditional, irrespective of any lack of capacity of the Borrower or any lack of validity or enforceability of any other provision of this Agreement or any other Credit Document, and this Guaranty shall not be affected in any way by any variation, extension, waiver, compromise or release of any or all of the Obligations or of any security or guaranty from time to time therefor.

(g) The obligations of the Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding or action, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, marshalling of assets, assignment for the benefit of creditors, composition with creditors, readjustment, liquidation or arrangement of the Borrower or any similar proceedings or actions, or by any defense the Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding or action. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts and obligations that constitute the Obligations and would be owed by the Borrower, but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.

SECTION 10.02. Waivers. (a) The Guarantor hereby unconditionally waives: (i) promptness and diligence, (ii) notice of or proof of reliance by the Administrative Agent or the Lenders upon this Guaranty or acceptance of this Guaranty, (iii) notice of the incurrence of any Obligation by the Borrower or the renewal, extension or accrual of any Obligation or of any circumstances affecting the Borrower's financial condition or ability to perform the Obligations, (iv) notice of any actions taken by the Beneficiaries or the Borrower or any other Person under any Credit Document or any other agreement or instrument relating thereto, (v) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, of the obligations of the Guarantor hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Article X might constitute grounds for relieving the Guarantor of its obligations hereunder, (vi) any requirement that the Beneficiaries protect, secure, perfect or insure any Lien or any property subject thereto, or exhaust any right or take any action against the Borrower or any other Person or any collateral, and (vii) each other circumstance, other than payment of the Obligations in full, that might otherwise result in a discharge or exoneration of, or constitute a defense to, the Guarantor's obligations hereunder.

(b) No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto shall operate as a waiver

thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. This Guaranty is in addition to and not in limitation of any other rights, remedies, powers and privileges the Beneficiaries may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Guarantor or any other Person or by applicable law or otherwise. All rights, remedies, powers and privileges of the Beneficiaries shall be cumulative and may be exercised singly or concurrently. The rights, remedies, powers and privileges of the Beneficiaries under this Guaranty against the Guarantor are not conditional or contingent on any attempt by the Beneficiaries to exercise any of their rights, remedies, powers or privileges against any other guarantor or surety or under the Credit Documents or any other agreement or instrument relating thereto against the Borrower or against any other Person.

(c) The Guarantor hereby acknowledges and agrees that, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, under no circumstances shall it be entitled to be subrogated to any rights of any Beneficiary in respect of the Obligations performed by it hereunder or otherwise, and the Guarantor hereby expressly and irrevocably waives, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, (i) each and every such right of subrogation and any claims, reimbursements, right or right of action relating thereto (howsoever arising), and (ii) each and every right to contribution, indemnification, set-off or reimbursement, whether from the Borrower or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, and whether arising by contract or operation of law or otherwise by reason of the Guarantor's execution, delivery or performance of this Guaranty.

(d) The Guarantor represents and warrants that it has established adequate means of keeping itself informed of the Borrower's financial condition and of other circumstances affecting the Borrower's ability to perform the Obligations, and agrees that neither the Administrative Agent nor any Lender shall have any obligation to provide to the Guarantor any information it may have, or hereafter receive, in respect of the Borrower.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to any Credit Party, to it at:

801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Treasurer
Telecopier: (219) 647-6060;

with a copy to such Credit Party at:

801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Director Corporate Finance and Treasury
Telecopier: (219) 647-6116;

(b) if to the Administrative Agent at:

1301 Avenue of the Americas
New York, NY 10019
Attention: Joerg Kohn, Andrea Stockemer and Thomas Brady
Telecopier: 212-895-7229 (for Mr. Kohn and Mr. Stockemer) and 212-895-1560 (for Mr. Brady)

(c) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 11.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, no Loan shall be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, the Guarantor and the Required Lenders or by the Borrower, the Guarantor and the Administrative Agent with the consent of the Required Lenders; provided that if the representations or covenants under the Existing Agreement are amended, waived or otherwise modified pursuant to an agreement or agreements in writing permitted under

(

(

(

the Existing Agreement, then the analogous representations and covenants under this Agreement shall automatically be amended, waived or modified to the same extent, and, provided further, that no such agreement referred to in this Section 11.02(b) shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees or other amounts payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the Guarantor from its obligations under the Guaranty without the written consent of each Lender, (vi) waive any of the conditions precedent to the effectiveness of this Agreement set forth in Section 3.01 without the written consent of each Lender, or (vii) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 11.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including (in an amount not to exceed \$15,000), the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the initial syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all reasonable out of-pocket expenses incurred by the Administrative Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Borrower shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transaction contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property now, in the past or hereafter

owned or operated by the Borrower, the Guarantor or any of its other Subsidiaries, or any Environmental Liability related in any way to the Borrower, the Guarantor or any of its other Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, each party hereto shall not assert, and hereby waives, any claim against each other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than 20 days after written demand therefor.

SECTION 11.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, except to the extent permitted pursuant to Section 6.01(b) (ii), (iii) or (iv), no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Credit Party without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans and other Obligations at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of the Administrative Agent, and, so long as no Event of Default is continuing, the Borrower must give its prior written consent to such assignment (which consent, in the case of the Administrative Agent and the Borrower, shall not unreasonably be withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire

(

(

(

remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default shall be continuing, the Borrower otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 11.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and other Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a

portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Guarantor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(h) Anything herein to the contrary notwithstanding, each Lender (the "Granting Lender") shall have the right, without the prior consent of the Borrower, to grant to a special purpose funding vehicle (the "SPFV") that is utilized by such Granting Lender, identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make hereunder, provided that (i) nothing herein shall constitute a commitment to make any Loan by any SPFV or shall relieve its Granting Lender of any obligation of such Granting Lender hereunder or under any other Credit Document, except to the extent that such SPFV actually funds all or part of any Loan such Granting Lender is obligated to make hereunder, (ii) if an SPFV elects not to exercise such option or otherwise fails to provide all or any part of such Loan, such Granting Lender shall be obligated to make such Loan pursuant to the terms hereof, (iii) the Granting Lender hereby indemnifies and holds the Administrative Agent harmless from and against any liability, loss, cost or expense (including for or in respect of Taxes) arising out of such identification and grant or any transaction contemplated thereby, and (iv) the provisions of this paragraph (h) shall not impose any increased cost

(

(

(

or liability on any Credit Party. The making of a Loan by an SPFV hereunder shall utilize the Commitment of its Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto agrees that no SPFV shall be liable for any payment under this Agreement or any other Credit Document for which a Lender would otherwise be liable, for so long as, and to the extent that, its Granting Lender makes such payment. As to any Loans or portions of Loans made by it, each SPFV shall have all the rights that a Lender making such Loans or such portions of Loans would have had under this Agreement and otherwise; provided that (1) its voting rights under this Agreement shall be exercised solely by its Granting Lender and (2) its Granting Lender shall remain solely responsible to the other parties hereto for the performance of such SPFV's obligations under this Agreement, including its obligations in respect of the Loans or portions of Loans made by it. No additional promissory notes, if any, shall be required to evidence the Loans or portions of Loans made by a SPFV, and the Granting Lender shall be deemed to hold its promissory note, if any, as agent for its SPFV to the extent of the Loans or portions of Loans funded by such SPFV. Each Granting Lender shall act as administrative agent for its SPFV and give and receive notices and other communications on its behalf. Any payments for the account of any SPFV shall be paid to its Granting Lender as administrative agent for such SPFV, and neither a Credit Party nor the Administrative Agent shall be responsible for any Granting Lender's application of such payments. In furtherance of the foregoing, each party hereto hereby agrees that, until the date that is one year and one day after the payment in full of all outstanding senior Debt of any SPFV, it shall not institute against, or join any other Person in instituting against, such SPFV any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings (or any similar proceedings) under the laws of the United States of America or any State thereof. In addition, notwithstanding anything to the contrary contained in this paragraph (h), an SPFV may (1) (A) with notice to, but without the prior written consent of, the Administrative Agent or the Borrower and without paying any processing fee therefor, assign all or any portion of its interest in any Loan to its Granting Lender or (B) with the consent (which consent shall not be unreasonably withheld) of the Administrative Agent and (if no Event of Default has occurred and is continuing) the Borrower, but without paying any processing fee therefor, assign all or any portion of its interest in any Loan to any financial institution providing liquidity or credit facilities to or for the account of such SPFV to fund the Loans funded by such SPFV or to support any securities issued by such SPFV to fund such Loans, and (2) disclose, on a confidential basis, any non-public information relating to Loans funded by it to any rating agency, commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to such SPFV. The Borrower shall not be required to pay, or to reimburse any Granting Lender for, its expenses relating to any SPFV identified by such Granting Lender pursuant to this paragraph (h).

SECTION 11.05. Survival. All covenants, agreements, representations and warranties made by the Borrower and the Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans. The provisions of Sections 2.15, 2.16, 2.17, 10.01(c)(iii) and 11.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the

(

(

(

expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 11.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto . . . different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the commitment letter relating to the credit facility provided hereby (to the extent provided therein) and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 3.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 11.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender or any Affiliate thereof is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Credit Party against any of and all the Obligations now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such Obligations may be unmaturing. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 11.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

(b) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal

court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 11.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 11.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 11.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any regulatory authority; (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d) to any other party to this Agreement; (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder; (f) subject to an agreement containing

provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, v of its rights or obligations under this Agreement; (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than a Credit Party or any Subsidiary of a Credit Party. For the purposes of this Section, “Information” means all information received from any Credit Party or any Subsidiary of a Credit Party relating to a Credit Party or any Subsidiary of a Credit Party or its respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary of a Credit Party; provided that, in the case of information received from any Credit Party or any Subsidiary of a Credit Party after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 11.13. USA PATRIOT Act. Each Lender hereby notifies the Credit Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of the Credit Parties and other information that will allow such Lender to identify the Credit Parties in accordance with the Act.

(

(

(

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of _____ day and year first above written.

NISOURCE FINANCE CORP., as Borrower

By: _____ /s/ David J. Vajda

Name: David J. Vajda

Title: Vice President and Treasurer

Federal Tax Identification Number: 35-2105468

NISOURCE INC., as Guarantor

By: _____ /s/ David Vajda

Name: David J. Vajda

Title: Vice President and Treasurer

Federal Tax Identification Number: 35-2108964

(

(

(

SCHEDULE 2.01
(Credit Agreement)

Names, Addresses, Allocation of Aggregate Commitment, and Applicable Percentages of Banks

<u>Bank Name</u>	<u>Domestic Office</u>	<u>Eurodollar Lending Office</u>	<u>Commitment</u>	<u>Applicable Percentage</u>
Dresdner Bank AG, New York and Grand Cayman Branches	1301 Avenue of the Americas New York, NY 10019	Same	\$300,000,000	100%
TOTAL			\$300,000,000	100%

Sch. 6.01(e)-1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 2, 2006

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

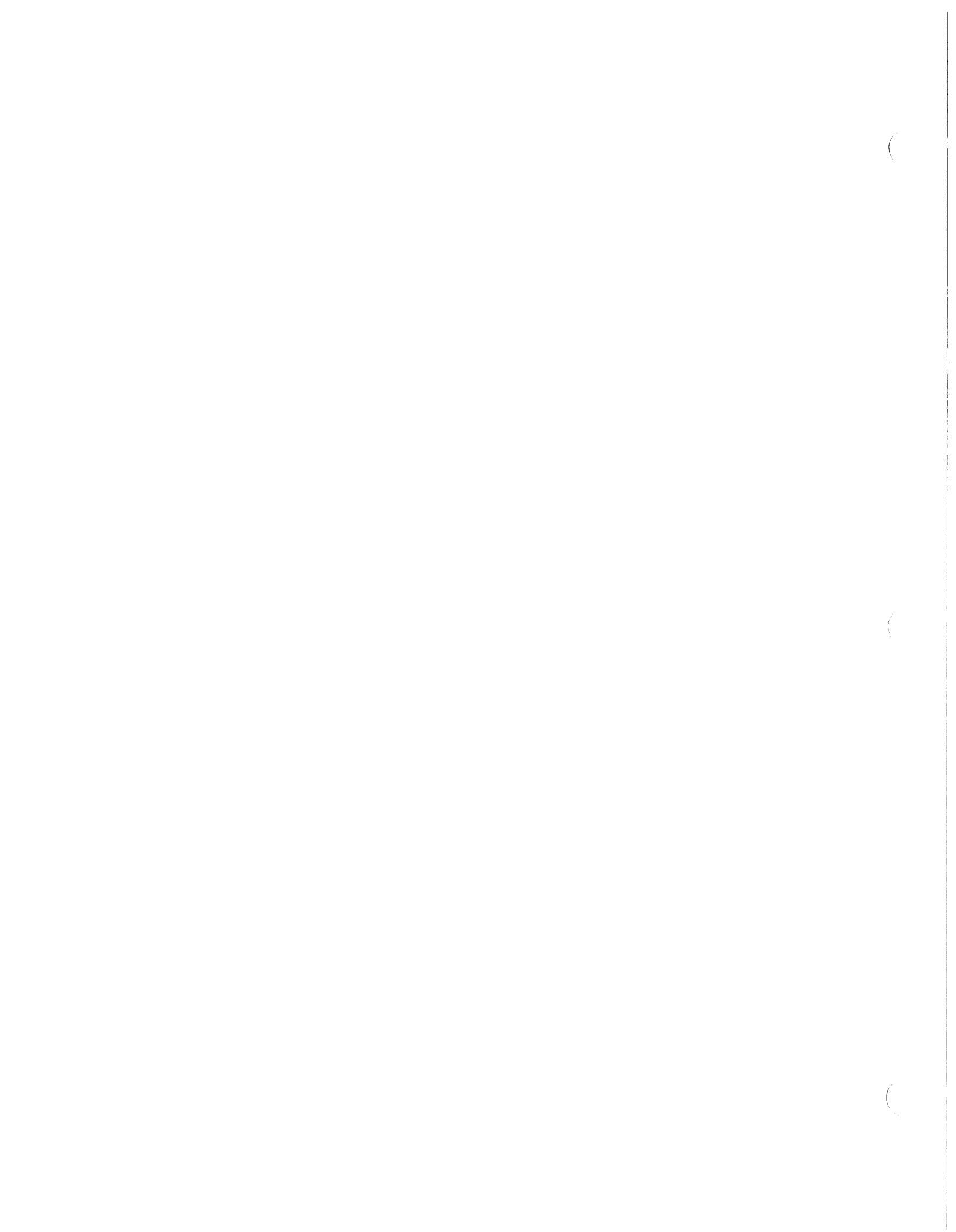
46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-



ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

November 2, 2006, NiSource Inc. (the "Company") reported its financial results for the fiscal quarter ended September 30, 2006. The Company's press release, dated November 2, 2006, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated November 2, 2006, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: November 2, 2006

By:

/s/ Jeffrey W. Grossman

Jeffrey W. Grossman
Vice President and Controller

(

(

(

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated November 2, 2006, issued by NiSource Inc.

(

(

(

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

November 2, 2006

FOR ADDITIONAL INFORMATION

Media

Kris Falzone
Vice President, Corporate Communications
(219) 647-5581
klfalzone@nisource.com

Carol Churchill
Director, Corporate Communications
(888) 696-0481
cchurchill@nisource.com

Investors

Randy Hulen
Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

Rae Kozlowski
Manager, Investor Relations
(219) 647-6083
ekozlowski@nisource.com

NiSource announces higher third-quarter earnings

Company reports progress on Whiting Clean Energy

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced net operating earnings (non-GAAP) of \$29.5 million, or 11 cents per share, for the three months ended Sept. 30, 2006, an increase from \$16.4 million, or 6 cents per share, for the third quarter of 2005 (all per-share amounts are basic). Operating earnings (non-GAAP) were \$142.8 million for the third quarter of 2006, up from \$128.0 million for the same period in 2005. For a reconciliation of net operating earnings and operating earnings to GAAP, see Schedules 1 and 2 of this news release.

Primary drivers of the improvement in net operating earnings were strong results in the electric business; an improvement in gas distribution operations due to lower operating expenses; and a \$10.3 million decrease in interest expense for the quarter due to the refinancing of \$2.4 billion in long-term debt during 2005 at lower rates.

“Our core businesses produced a solid third quarter,” said NiSource President and Chief Executive Officer Robert C. Skaggs, Jr. “Our electric unit turned in another strong performance, our gas distribution operations held the line on expenses while continuing to make progress on a number of key regulatory initiatives, and our gas transmission and storage team continued to deliver the revenue growth projected for the year.”

These positive results reflect ongoing progress on the company’s four-point plan for long-term, sustainable growth, Skaggs stated. The balanced plan centers on NiSource’s portfolio of regulated assets and includes: commercial growth and expansion of the gas transmission and storage business;

-more-

NiSource announces higher third - quarter earnings

Page 2

Commercial and regulatory initiatives; management of the balance sheet; and process and expense management.

Significant progress on Whiting Clean Energy

Skaggs announced that NiSource's Whiting Clean Energy (WCE) unit and BP have reached a Memorandum of Understanding (MOU) which, subject to the execution of a definitive agreement, would redefine terms under which WCE will provide steam to BP. WCE is a 525-megawatt combined-cycle gas cogeneration facility located on the BP Whiting Refinery property in Whiting, Ind., that produces electricity to sell into the Midwest wholesale market and provides steam to BP for its oil refining process.

BP intends to develop alternative solutions to meet the refinery's steam needs by the end of 2009. WCE and BP have also outlined a restructured steam pricing approach for operating the WCE facility in the interim.

"This is an important milestone toward improving the financial performance of Whiting Clean Energy," Skaggs said. "We strongly value our business relationship with BP, which recently announced a major investment in the refinery, and its commitment to working with us to find a solution for the Whiting operations that will be mutually beneficial."

Continued focus on usage and attrition issues

Skaggs noted that NiSource's management and regulatory teams remain focused on the issues relating to customer usage and attrition in the gas distribution segment.

"Our current view concerning customer usage and attrition through the remainder of the year remains consistent with the outlook we provided after the second quarter," Skaggs said. "The recent decline in natural gas prices is welcome news for NiSource and our customers. However, it remains to be seen whether we will experience some moderation in the negative usage trends and attrition that have taken place over the last two years."

Skaggs noted that in light of the difficulty in predicting gas prices and customer behavior, the company does not intend to reforecast 2006 earnings.

He emphasized that NiSource is developing and pursuing a number of regulatory initiatives throughout its distribution markets to mitigate the impacts of conservation and customer attrition. For example, Northern Indiana Public Service Company (NIPSCO) continues to work with its regulatory stakeholders on a filing made earlier this year to simplify its residential rate structure.

-more-

NiSource announces higher third-quarter earnings

Page 3

In addition, Skaggs indicated that the company is encouraged by the recent action by the Pennsylvania Public Utility Commission to establish a working group to address a variety of issues relating to residential customer demand, including potential changes in rate design.

"We applaud the Pennsylvania Commission's initiative on this important industry issue, and our Columbia Gas of Pennsylvania regulatory team plans to participate actively in the process," Skaggs said.

He also noted that other NiSource gas distribution companies will continue to develop and pursue additional regulatory initiatives over the course of the next few years. "We continue to work toward regulatory initiatives that will address the customer usage and attrition issues, as well as support profitable customer growth and infrastructure investments," he stated.

Overview of third-quarter operating earnings (non-GAAP) performance by business segment

Gas Distribution Operations

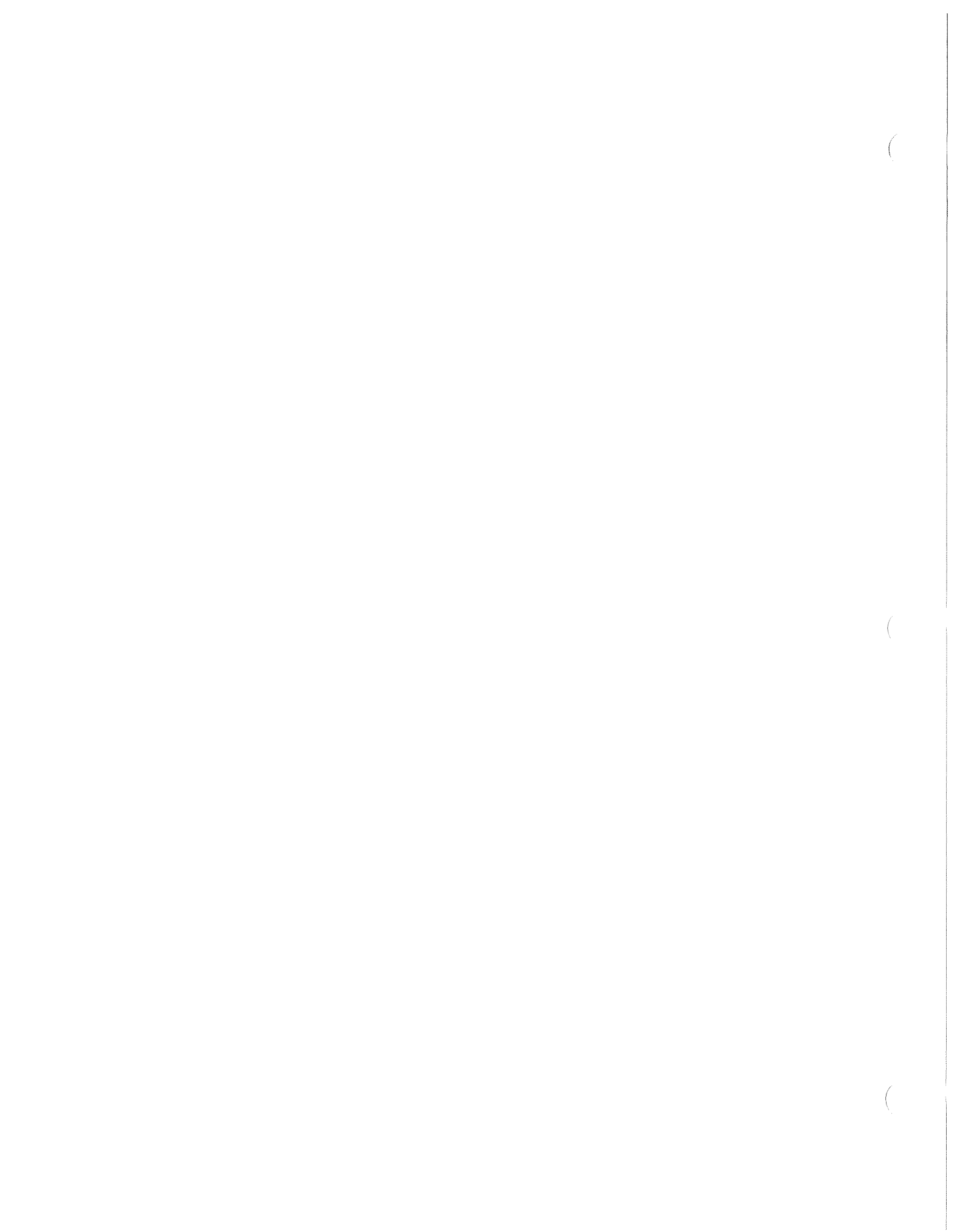
NiSource's Gas Distribution Operations segment reported an operating earnings loss of \$30.8 million for the third quarter of 2006, compared with an operating earnings loss of \$44.0 million a year ago. The improvement was primarily due to lower operating expenses from decreased employee and administrative costs, a change in the reserve balance for leased office space, and lower property tax accruals.

"Natural gas prices have moderated compared with last winter in most of our markets, which, again, is good news for our customers," Skaggs said. "Our gas utility employees continue to hold the line on expenses, in keeping with our four-point platform for growth. At the same time, our gas supply team continues to capitalize on short-term market opportunities to use our distribution business's extensive supply and storage portfolio to increase revenues that are shared with customers under various regulatory mechanisms."

Gas Transmission and Storage Operations

Operating earnings for the Gas Transmission and Storage Operations segment were \$69.4 million, essentially flat with operating earnings of \$69.8 million during the third quarter of 2005. Net revenues increased by \$12.4 million, primarily due to sales of shorter-term transportation and storage services. However, expenses also increased, mainly due to higher property insurance premiums, employee and administrative costs, and costs to settle litigation.

-more-



NiSource announces higher third-quarter earnings

Page 4

Our commercial team, which we continue to build, is doing an excellent job of optimizing opportunities based on our market-leading storage and pipeline platform,” Skaggs said, noting that the team this year has signed new agreements that are expected to result in more than \$40 million in revenue for 2006. About \$12.4 million of that revenue was recorded during the third quarter; a total of \$31.7 million was recorded through the first nine months of the year.

Skaggs said that NiSource’s transmission business continues to make progress on significant asset expansion projects. Construction continues on the Hardy Storage project, a joint venture between NiSource’s Columbia Gas Transmission and a subsidiary of Piedmont Natural Gas Company. Service is scheduled to commence in April 2007.

Likewise, progress continues on Columbia Gas Transmission’s Eastern Market Expansion project, and a certificate application is expected to be filed with the Federal Energy Regulatory Commission (FERC) during the first half of 2007. Service is on target to begin in the second quarter of 2009.

In addition, the Millennium Pipeline project received a favorable Supplemental Final Environmental Impact Statement from the FERC on Oct. 13, 2006, and the FERC is expected to issue certificate approval by year-end. “We are pleased with the continuing progress of the Millennium project,” Skaggs said. He indicated that the project team is focused on the completion of the FERC review process and finalizing the project’s construction estimates. In that regard, he also noted that the project team is in advanced discussions with local tax authorities concerning property tax abatement for Millennium.

Electric Operations

NiSource’s electric business reported operating earnings of \$113.1 million, up from \$103.6 million in the third quarter of 2005. The increase was primarily due to lower unrecoverable Midwest Independent System Operator (MISO) costs, increased industrial sales, and the timing of regulatory revenue credits. Operating expenses were \$5.0 million higher than a year ago due to higher electric generation and maintenance expenses.

“Steady growth in our northern Indiana market and continued strength in industrial sales volumes and margins helped drive another strong quarter in our electric business,” Skaggs said. “Year-to-date sales volumes to NIPSCO’s largest electric customers are up 9.6 percent over 2005 levels.”

Other Operations

The Other Operations segment reported an operating earnings loss of \$0.2 million in the third quarter of 2006, compared with operating earnings of \$2.1 million in the year-ago period. The decrease was due primarily to increased losses at Whiting Clean Energy.

-more-

(

(

(

NiSource announces higher third-quarter earnings

Page 5

Creating shareholder value

Skaggs noted that NiSource continues to move forward with the strategic effort initiated earlier this year to unlock the underlying value of the company's asset base.

"Clearly, our progress on Whiting Clean Energy is an important step forward in our comprehensive, integrated process," Skaggs said. "In addition, NiSource's Board of Directors is in the advanced stages of reviewing a variety of options developed during the analytic phase of our strategic review process. As always, we remain committed to communicating with investors and all other stakeholders in a transparent and timely fashion when decisions are made."

Income from Continuing Operations (GAAP)

On a GAAP basis, NiSource reported income from continuing operations for the three months ended Sept. 30, 2006, of \$25.9 million, or 10 cents per share, compared with a loss of \$5.9 million, or 2 cents per share, in the same period a year ago. The loss during 2005 was primarily due to a \$49 million restructuring charge related to the outsourcing to IBM.

Operating income was \$136.4 million for the third quarter of 2006, compared with \$92.5 million in 2005.

Definition of non-GAAP measures

NiSource focuses on net operating earnings and operating earnings, which are both non-GAAP measures, because management believes these measures better represent the fundamental earnings strength and performance of the company. NiSource uses these measures internally for budgeting, for reporting to the board of directors, and for purposes of determining the payout under NiSource's annual incentive compensation plan for its employees.

Net operating earnings are a non-GAAP financial measure that NiSource defines as income from continuing operations determined in accordance with Generally Accepted Accounting Principles (GAAP) adjusted for certain items. Operating earnings are operating income determined in accordance with GAAP adjusted for certain items. Adjustments reflected in these measures are primarily weather, restructuring and transition costs related to the outsourcing contract with IBM, gains and losses on the sale of assets, certain reserve adjustments and other items. See Schedule 1 and Schedule 2 of this news release for the reconciliations of net operating earnings and operating earnings, respectively, to GAAP.

Conference call to be held this morning (Nov. 2)

NiSource will host an analyst conference call at 9 a.m. EST on Thursday, Nov. 2, 2006, to further discuss the company's third-quarter 2006 results. All interested parties may hear the conference call live by logging on to the NiSource Web site at www.nisource.com.

-more-

(

(

(

NiSource announces higher third-quarter earnings

Page 6

Third-Quarter 2006 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated third-quarter 2006 operating earnings (non-GAAP) were \$142.8 million, compared to \$128.0 million for the same period in 2005. Refer to Schedule 2 for the items included in 2006 and 2005 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the quarter ended September 30, 2006 are discussed below.

Gas Distribution Operations reported an operating earnings loss of \$30.8 million compared to an operating earnings loss of \$44.0 million during the comparable quarter of 2005. Lower operating expenses from decreased employee and administrative costs, a change in a restructuring reserve balance for leased office space, and lower property tax accruals were the main reasons for the improvement in net operating earnings. Excluding the impact of regulatory trackers, net revenues were essentially flat with the comparable quarter last year.

Gas Transmission and Storage Operations reported operating earnings of \$69.4 million essentially flat with operating earnings of \$69.8 million in the third quarter of 2005. Increased net revenues of \$12.4 million were offset by higher operating expenses. The higher net revenues were due primarily to sales of shorter-term transportation and storage services. Seasonal price fluctuations in the national energy market continued to create opportunities for customers to utilize existing short-term tariff services. The operating expense increase was mainly due to higher employee and administrative costs, increased property insurance premiums, and costs to settle litigation. The higher employee and administrative costs is primarily due to the building of the commercial team to optimize revenue producing opportunities. The increased property insurance costs were attributable to increases in premiums for offshore and onshore facilities located in or near the Gulf of Mexico. Such increases were driven by the poor underwriting experience of the insurance industry over the past few years, resulting from the unprecedented losses sustained from hurricanes such as Ivan, Katrina and Rita.

Electric Operations reported operating earnings of \$113.1 million versus operating earnings of \$103.6 million from the comparable period last year. Net revenues increased by \$14.5 million due to lower unrecoverable MISO costs included in costs of sales, strong industrial volumes and the timing of revenue credits. The lower unrecoverable MISO costs resulted mainly from the IURC's second quarter ruling on the recoverability of certain MISO costs as well as the deferral of certain costs for future recovery which began on August 1, 2006. Operating expenses were \$5.0 million higher than a year ago due to higher electric generation and maintenance expenses.

Other Operations reported an operating earnings loss of \$0.2 million in the third quarter of 2006, versus operating earnings of \$2.1 million in the third quarter of 2005. The \$2.3 million decrease in operating earnings primarily resulted from increased losses at the Whiting Clean Energy facility partially offset by lower property tax accruals.

-more-

NiSource announces higher third-quarter earnings

Page 7

Corporate reported an operating earnings loss of \$8.7 million in the third quarter of 2006, versus an operating earnings loss of \$3.5 million in the third quarter of 2005. The additional loss was primarily due to consulting and outside service costs and higher insurance costs.

Other Items

Interest expense decreased by \$10.3 million due to the refinancing of \$2.4 billion in long-term debt during 2005 at lower rates. Other, net expense of \$0.8 million compares to other, net income of \$3.3 million in the third quarter of 2005 due primarily to lower interest income and higher fees due to increased interest costs related to the sale of accounts receivable.

-more-

(

(

(

NiSource announces higher third-quarter earnings
Page 8

Nine-Month Period 2006 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the nine months ended September 30, 2006 were \$714.3 million, compared to \$708.2 million for the same period in 2005. Refer to Schedule 2 for the items included in 2006 and 2005 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the nine months ended September 30, 2006 are discussed below.

Gas Distribution Operations reported operating earnings of \$231.4 million versus operating earnings of \$247.5 million in 2005. Excluding the impact of regulatory trackers discussed below, net revenues decreased by \$21.0 million due primarily to declines in residential customer usage.

Operating expenses, excluding expenses that are the subject of regulatory trackers discussed below, were \$4.9 million lower than last year. The decrease was due to lower operation and maintenance expenses and decreased other taxes partially offset by higher depreciation charges.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Increases in the expenses that are the subject of trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating earnings results. Approximately \$32.1 million of the increase in operation and maintenance expenses were subject to such trackers and were therefore primarily offset by a corresponding increase to net revenues reflecting recovery of certain costs.

Gas Transmission and Storage Operations reported operating earnings of \$261.2 million versus operating earnings of \$250.3 million during the nine months ended September 30, 2005. The increase resulted from \$29.2 million of higher net revenues due to increased subscriptions for demand services and sales of shorter-term transportation and storage services. Seasonal price fluctuations in the national energy market created opportunities for customers to utilize existing short-term tariff services. Operating expenses increased by \$18.3 million mainly due to higher employee and administrative costs, property insurance premiums, costs to settle litigation, and pipeline integrity expenses. The higher employee and administrative costs is primarily due to the building of the commercial team to optimize revenue producing opportunities.

Electric Operations reported operating earnings of \$251.1 million versus operating earnings of \$234.7 million during the comparable period last year. Net revenues increased by \$28.0 million due to lower unrecoverable MISO costs, timing of revenue credits, increased industrial volumes and customer growth. The lower unrecoverable MISO costs resulted mainly from the IURC's second quarter ruling on the recoverability of certain MISO costs as well as the deferral of certain costs for future recovery which began on August 1, 2006. Operating expenses, excluding expenses subject to environmental trackers of \$5.7 million, increased by \$5.9 million primarily due to higher electric generation and maintenance expenses.

-more-

(

(

(

NiSource announces higher third-quarter earnings

Page 9

Other Operations reported an operating earnings loss of \$15.0 million compared to an operating earnings loss of \$14.2 million last year mainly due to increased losses at the Whiting Clean Energy facility offset by lower uncollectible accounts, higher gas marketing margins, and lower property tax accruals.

Corporate reported an operating earnings loss of \$14.4 million versus an operating earnings loss of \$10.1 million in the nine months ended September 30, 2005. The additional loss was primarily due to consulting and outside service costs.

Other Items

Interest expense decreased by \$27.1 million due to the refinancing of \$2.4 billion in long-term debt during 2005 at lower rates. Other, net expense of \$6.9 million compares to other, net income of \$6.4 million last year due primarily to lower interest income and higher costs related to the sale of accounts receivable. Higher fees, due to higher interest rates, and increased levels of accounts receivable balances resulted in the higher costs.

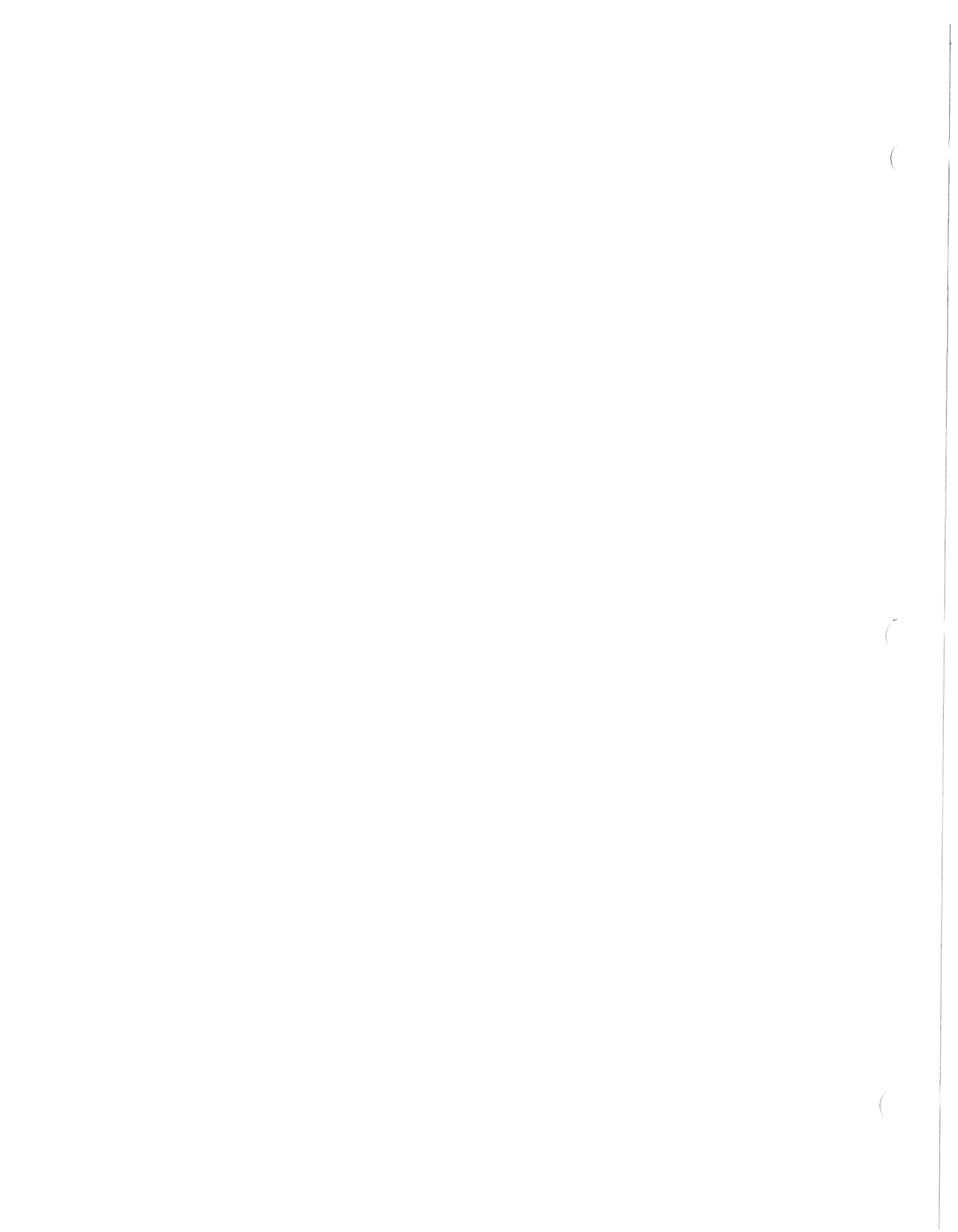
About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.7 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's outsourcing initiative; actual operating experience of NiSource assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital commodity market conditions; and counter-party credit risk.

###



NiSource Inc.
Consolidated Net Operating Earnings (Non - GAAP)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net Revenues				
Gas Distribution	\$ 396.7	\$ 377.5	\$3,058.5	\$2,840.5
Gas Transportation and Storage	202.7	179.1	743.8	721.0
Electric	377.4	381.9	985.0	946.6
Other	183.5	222.3	715.6	666.2
Gross Revenues	1,160.3	1,160.8	5,502.9	5,174.3
Cost of Sales (excluding depreciation and amortization)	525.0	557.0	3,187.1	2,928.9
Total Net Revenues	635.3	603.8	2,315.8	2,245.4
Operating Expenses				
Operation and maintenance	306.9	283.1	977.4	907.1
Depreciation and amortization	136.5	135.9	411.4	406.9
Other taxes	49.1	56.8	212.7	223.2
Total Operating Expenses	492.5	475.8	1,601.5	1,537.2
Operating Earnings	142.8	128.0	714.3	708.2
Other Income (Deductions)				
Interest expense, net	(96.2)	(106.5)	(284.9)	(312.0)
Dividend requirements on preferred stock of subsidiaries	—	(1.0)	(1.1)	(3.2)
Other, net	(0.8)	3.3	(6.9)	6.4
Total Other Income (Deductions)	(97.0)	(104.2)	(292.9)	(308.8)
Operating Earnings From Continuing Operations				
Before Income Taxes	45.8	23.8	421.4	399.4
Income Taxes	16.3	7.4	149.9	147.7
Net Operating Earnings from Continuing Operations	29.5	16.4	271.5	251.7
AAP Adjustment	(3.6)	(22.3)	(51.2)	(40.6)
AAP Income (Loss) from Continuing Operations	\$ 25.9	\$ (5.9)	\$ 220.3	\$ 211.1
Basic Net Operating Earnings Per Share	0.11	0.06	1.00	0.93
GAAP Basic Earnings (Loss) Per Share from Continuing Operations	0.10	(0.02)	0.81	0.78
Basic Average Common Shares Outstanding (millions)	272.5	271.7	272.4	271.1

(

(

(

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net Revenues				
Sales Revenues	\$ 467.3	\$ 450.4	\$3,402.3	\$3,204.8
Less: Cost of gas sold	276.9	267.5	2,353.3	2,166.9
Net Revenues	190.4	182.9	1,049.0	1,037.9
Operating Expenses				
Operation and maintenance	140.6	145.1	523.4	496.0
Depreciation and amortization	57.7	55.7	173.3	167.8
Other taxes	22.9	26.1	120.9	126.6
Total Operating Expenses	221.2	226.9	817.6	790.4
Operating Earnings (Loss)	\$ (30.8)	\$ (44.0)	\$ 231.4	\$ 247.5
GAAP Adjustment	(0.8)	(25.6)	(63.0)	(36.5)
GAAP Operating Income (Loss)	\$ (31.6)	\$ (69.6)	\$ 168.4	\$ 211.0

Gas Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net Revenues				
Transportation revenues	\$ 154.6	\$ 141.5	\$ 491.6	\$ 461.2
Storage revenues	44.2	44.4	132.4	133.6
Other revenues	(0.8)	1.8	4.8	9.5
Total Revenues	198.0	187.7	628.8	604.3
Less: Cost of gas sold	4.3	6.4	13.6	18.3
Net Revenues	193.7	181.3	615.2	586.0
Operating Expenses				
Operation and maintenance	83.1	70.2	227.2	208.3
Depreciation and amortization	28.4	28.6	85.7	85.3
Other taxes	12.8	12.7	41.1	42.1
Total Operating Expenses	124.3	111.5	354.0	335.7
Operating Earnings	\$ 69.4	\$ 69.8	\$ 261.2	\$ 250.3
GAAP Adjustment	(0.5)	(7.6)	(3.0)	(1.8)
GAAP Operating Income	\$ 68.9	\$ 62.2	\$ 258.2	\$ 248.5

(

(

(

NiSource Inc.
Segment Operating Earnings (Non-GAAP) (continued)

Electric Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net Revenues				
Sales revenues	\$ 383.2	\$ 367.6	\$ 998.1	\$ 929.0
Less: Cost of sales	143.5	142.4	372.1	331.0
Net Revenues	239.7	225.2	626.0	598.0
Operating Expenses				
Operation and maintenance	66.2	59.9	191.6	182.7
Depreciation and amortization	47.3	46.9	140.3	138.6
Other taxes	13.1	14.8	43.0	42.0
Total Operating Expenses	126.6	121.6	374.9	363.3
Operating Earnings	\$ 113.1	\$ 103.6	\$ 251.1	\$ 234.7
GAAP Adjustment	(4.8)	6.8	(11.4)	2.1
GAAP Operating Income	\$ 108.3	\$ 110.4	\$ 239.7	\$ 236.8

Other Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net Revenues				
Products and services revenue	\$ 176.3	\$ 226.9	\$ 694.3	\$ 653.8
Less: Cost of products purchased	162.8	210.8	664.5	625.8
Net Revenues	13.5	16.1	29.8	28.0
Operating Expenses				
Operation and maintenance	12.5	10.1	34.5	28.7
Depreciation and amortization	1.8	2.7	7.5	8.1
Other taxes	(0.6)	1.2	2.8	5.4
Total Operating Expenses	13.7	14.0	44.8	42.2
Operating Earnings (Loss)	\$ (0.2)	\$ 2.1	\$ (15.0)	\$ (14.2)
GAAP Adjustment	(0.1)	(2.8)	(0.1)	(0.2)
GAAP Operating Loss	\$ (0.3)	\$ (0.7)	\$ (15.1)	\$ (14.4)

Corporate <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Operating Earnings Loss	\$ (8.7)	\$ (3.5)	\$ (14.4)	\$ (10.1)
GAAP Adjustment	(0.2)	(6.3)	(1.2)	(21.8)
GAAP Operating Loss	\$ (8.9)	\$ (9.8)	\$ (15.6)	\$ (31.9)

(

(

(

NiSource Inc.
Segment Volumes and Statistical Data

Gas Distribution Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Sales and Transportation (MMDth)				
Residential	15.6	16.1	162.5	196.2
Commercial	20.0	17.6	114.3	124.3
Industrial	91.1	84.8	272.5	281.9
Off System	11.3	1.3	41.2	17.6
Other	0.1	0.1	0.6	0.6
Total	138.1	119.9	591.1	620.6
Weather Adjustment	(0.4)	1.4	37.3	(2.7)
Sales and Transportation Volumes — Excluding Weather	137.7	121.3	628.4	617.9

Heating Degree Days	69	21	2,752	3,180
Normal Heating Degree Days	58	58	3,165	3,168
% Colder (Warmer) than Normal	19%	(64%)	(13%)	0%

Customers	2006	2005
Residential	2,983,908	2,988,934
Commercial	276,058	285,449
Industrial	7,849	8,424
Other	73	61
Total	3,267,888	3,282,868

Gas Transmission and Storage Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
throughput (MMDth)				
Columbia Transmission				
Market Area	170.5	144.1	669.0	708.2
Columbia Gulf				
Mainline	108.1	120.4	397.7	402.1
Short-haul	36.4	27.1	83.8	68.7
Columbia Pipeline Deep Water	1.6	2.7	6.7	9.4
Crossroads Gas Pipeline	8.4	9.5	28.4	31.5
Granite State Pipeline	3.0	3.2	19.1	22.8
Intrasegment eliminations	(90.7)	(110.4)	(369.4)	(390.6)
Total	237.3	196.6	835.3	852.1

(

(

(

NiSource Inc.
Segment Volumes and Statistical Data (continued)

Electric Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Sales (Gigawatt Hours)				
Residential	1,058.0	1,197.9	2,541.1	2,732.9
Commercial	1,077.5	1,082.4	2,921.0	2,964.7
Industrial	2,359.8	2,240.1	7,180.7	6,753.6
Wholesale	260.4	336.5	608.4	693.6
Other	38.5	34.3	78.9	82.8
Total	4,794.2	4,891.2	13,330.1	13,227.6
Weather Adjustment	65.1	(82.5)	141.6	(152.4)
Sales Volumes — Excluding Weather impacts	4,859.3	4,808.7	13,471.7	13,075.2
Cooling Degree Days	524	655	714	935
Normal Cooling Degree Days	576	576	803	803
% Warmer (Colder) than Normal	(9%)	14%	(11%)	16%
Electric Customers				
Residential			396,072	393,382
Commercial			51,791	50,922
Industrial			2,520	2,512
Wholesale			7	12
Other			760	767
Total			451,150	447,595

(

(

(

NiSource Inc.
Schedule 1 — Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net Operating Earnings from Continuing Operations	\$ 29.5	\$ 16.4	\$ 271.5	\$ 251.7
Items excluded from operating earnings:				
Net Revenues:				
Weather — compared to normal	(3.8)	3.3	(62.1)	17.8
Gas costs and other changes	—	—	—	1.2
Third party buyout of bankruptcy claim	—	—	—	8.9
Operating Expenses:				
Restructuring, transition and consulting charges (outsourcing initiative)	(2.4)	(49.0)	(11.8)	(70.9)
Insurance recoveries, legal and reserve changes	—	5.3	—	(2.9)
Asset impairment	—	—	(5.8)	(21.8)
Gain (Loss) on sales of assets	(0.2)	—	1.0	1.4
Property and sales tax adjustments	—	4.9	—	8.1
Total items excluded from operating earnings	(6.4)	(35.5)	(78.7)	(58.2)
Loss on early redemption of preferred stock	—	—	(0.7)	—
Tax effect of above items and other income tax adjustments	2.8	13.2	28.2	17.6
Reported Income (Loss) from Continuing Operations — GAAP	\$ 25.9	\$ (5.9)	\$ 220.3	\$ 211.1
Basic Average Common Shares Outstanding (millions)	272.5	271.7	272.4	271.1
Basic Net Operating Earnings Per Share (\$)	0.11	0.06	1.00	0.93
Items excluded from operating earnings (after-tax)	(0.01)	(0.08)	(0.19)	(0.15)
GAAP Basic Earnings Per Share	0.10	(0.02)	0.81	0.78

(

(

(

NiSource Inc.
Schedule 2 — Quarterly Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended September 30, 2006

2006 (in millions)

	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	(30.8)	69.4	113.1	(0.2)	(8.7)	\$ 142.8
Net Revenues:						
Weather (compared to normal)	\$ 0.7	\$ —	\$ (4.5)	\$ —	\$ —	\$ (3.8)
Total Impact — Net Revenues	0.7	—	(4.5)	—	—	(3.8)
Operating Expenses:						
Operation and Maintenance Expenses—						
Restructuring, transition and consulting charges (outsourcing initiative)	(1.4)	(0.5)	(0.3)	—	(0.2)	(2.4)
Loss on Sale of Assets	(0.1)	—	—	(0.1)	—	(0.2)
Total Impact — Operating Expenses	(1.5)	(0.5)	(0.3)	(0.1)	(0.2)	(2.6)
Total Impact — Operating Income (Loss)	\$ (0.8)	\$ (0.5)	\$ (4.8)	\$ (0.1)	\$ (0.2)	\$ (6.4)
Operating Income (Loss) — GAAP	\$ (31.6)	\$ 68.9	\$ 108.3	\$ (0.3)	\$ (8.9)	\$ 136.4

2005 (in millions)

	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	(44.0)	69.8	103.6	2.1	(3.5)	\$ 128.0
Net Revenues:						
Weather (compared to normal)	\$ (2.3)	\$ —	\$ 5.6	\$ —	\$ —	\$ 3.3
Total Impact — Net Revenues	(2.3)	—	5.6	—	—	3.3
Operating Expenses:						
Operation and Maintenance Expenses—						
Restructuring, transition and consulting charges (outsourcing initiative)	(29.9)	(8.5)	(5.0)	(0.9)	(4.7)	(49.0)
Insurance recoveries, legal and other reserves	5.3	0.9	2.6	(1.9)	(1.6)	5.3
Property and sales tax adjustment	1.3	—	3.6	—	—	4.9
Total Impact — Operating Expenses	(23.3)	(7.6)	1.2	(2.8)	(6.3)	(38.8)
Total Impact — Operating Income (Loss)	\$ (25.6)	\$ (7.6)	\$ 6.8	\$ (2.8)	\$ (6.3)	\$ (35.5)
Operating Income (Loss) — GAAP	\$ (69.6)	\$ 62.2	\$ 110.4	\$ (0.7)	\$ (9.8)	\$ 92.5

(

(

(

NiSource Inc.
Schedule 2 — Year-to-Date Segment Adjustments from Operating Earnings to GAAP
For Nine Months ended September 30, 2006

2006 (in millions)						
	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	231.4	261.2	251.1	(15.0)	(14.4)	\$ 714.3
Net Revenues:						
Weather (compared to normal)	\$ (52.5)	\$ —	\$ (9.6)	\$ —	\$ —	\$ (62.1)
Total Impact — Net Revenues	(52.5)	—	(9.6)	—	—	(62.1)
Operating Expenses:						
Operation and Maintenance Expenses—						
Restructuring, transition and consulting charges (outsourcing initiative)	(8.2)	(1.4)	(1.4)	(0.1)	(0.7)	(11.8)
Asset Impairment	(2.6)	(1.1)	(0.4)	(1.2)	(0.5)	(5.8)
Gain on Sale of Assets	0.3	(0.5)	—	1.2	—	1.0
Total Impact — Operating Expenses	(10.5)	(3.0)	(1.8)	(0.1)	(1.2)	(16.6)
Total Impact — Operating Income (Loss)	\$ (63.0)	\$ (3.0)	\$ (11.4)	\$ (0.1)	\$ (1.2)	\$ (78.7)
Operating Income (Loss) — GAAP	\$ 168.4	\$ 258.2	\$ 239.7	\$ (15.1)	\$ (15.6)	\$ 635.6
05 (in millions)						
	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	247.5	250.3	234.7	(14.2)	(10.1)	\$ 708.2
Net Revenues:						
Weather (compared to normal)	\$ 7.4	\$ —	\$ 10.4	\$ —	\$ —	\$ 17.8
Gas costs and other changes	2.5	—	(1.3)	—	—	1.2
Third party buyout of bankruptcy claim	—	8.9	—	—	—	8.9
Total Impact — Net Revenues	9.9	8.9	9.1	—	—	27.9
Operating Expenses:						
Operation and Maintenance Expenses—						
Restructuring, transition and consulting charges (outsourcing initiative)	(41.3)	(11.2)	(6.8)	(1.2)	(10.4)	(70.9)
Insurance recoveries, legal and other reserves	(0.4)	0.5	(2.9)	0.4	(0.5)	(2.9)
Asset Impairment	(10.9)	—	—	—	(10.9)	(21.8)
Gain on Sale of Assets	0.4	—	0.4	0.6	—	1.4
Property and Sales tax adjustments	5.8	—	2.3	—	—	8.1
Total Impact — Operating Expenses	(46.4)	(10.7)	(7.0)	(0.2)	(21.8)	(86.1)
Total Impact — Operating Income (Loss)	\$ (36.5)	\$ (1.8)	\$ 2.1	\$ (0.2)	\$ (21.8)	\$ (58.2)
Operating Income (Loss) — GAAP	\$ 211.0	\$ 248.5	\$ 236.8	\$ (14.4)	\$ (31.9)	\$ 650.0

(

(

(

NiSource Inc.
Income Statement (GAAP)
(*unaudited*)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net Revenues				
Gas Distribution	\$ 392.9	\$ 380.8	\$2,996.4	\$2,868.4
Gas Transportation and Storage	202.7	179.1	743.8	721.0
Electric	377.4	381.9	985.0	946.6
Other	183.5	222.3	715.6	666.2
Gross Revenues	1,156.5	1,164.1	5,440.8	5,202.2
Cost of Sales (excluding depreciation and amortization)	525.0	557.0	3,187.1	2,928.9
Total Net Revenues	631.5	607.1	2,253.7	2,273.3
Operating Expenses				
Operation and maintenance	309.8	326.8	989.2	980.9
Depreciation and amortization	136.5	135.9	411.4	406.9
Impairment and (gain) loss on sale of assets	(0.3)	—	4.8	20.4
Other taxes	49.1	51.9	212.7	215.1
Total Operating Expenses	495.1	514.6	1,618.1	1,623.3
Operating Income	136.4	92.5	635.6	650.0
Other Income (Deductions)				
Interest expense, net	(96.2)	(106.5)	(284.9)	(312.0)
Dividend requirements on preferred stock of subsidiaries	—	(1.0)	(1.1)	(3.2)
Other, net	(0.8)	3.3	(6.9)	6.4
Loss on redemption of preferred stock	—	—	(0.7)	—
Total Other Income (Deductions)	(97.0)	(104.2)	(293.6)	(308.8)
Income (Loss) From Continuing Operations Before Income Taxes	39.4	(11.7)	342.0	341.2
Income Taxes	13.5	(5.8)	121.7	130.1
Income (Loss) from Continuing Operations	25.9	(5.9)	220.3	211.1
Loss from Discontinued Operations — net of taxes	(0.3)	(6.2)	(1.4)	(20.4)
Gain on Disposition of Discontinued Operations — net of taxes	0.2	5.3	0.4	47.8
Change in Accounting — net of taxes	—	—	0.4	—
Net Income (Loss)	\$ 25.8	\$ (6.8)	\$ 219.7	\$ 238.5
Basic Earnings (Loss) Per Share (\$)				
Continuing operations	0.10	(0.02)	0.81	0.78
Discontinued operations	—	(0.01)	—	0.10
Basic Earnings (Loss) Per Share	0.10	(0.03)	0.81	0.88
Diluted Earnings (Loss) Per Share (\$)				
Continuing operations	0.10	(0.02)	0.81	0.77
Discontinued operations	—	(0.01)	—	0.10
Diluted Earnings (Loss) Per Share	0.10	(0.03)	0.81	0.87
Dividends Declared Per Common Share (\$)	0.23	0.23	0.69	0.69
Basic Average Common Shares Outstanding (millions)	272.5	271.7	272.4	271.1
Diluted Average Common Shares (millions)	273.3	273.7	273.2	272.9

(

(

(

NiSource Inc.
Consolidated Balance Sheets
(*unaudited*)

<i>(in millions)</i>	September 30, 2006	December 31, 2005
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$ 16,987.2	\$ 16,684.4
Accumulated depreciation and amortization	(7,788.4)	(7,556.8)
Net utility plant	9,198.8	9,127.6
Other property, at cost, less accumulated depreciation	352.8	426.7
Net Property, Plant and Equipment	9,551.6	9,554.3
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	46.8	34.6
Unconsolidated affiliates	70.9	75.0
Other investments	118.2	114.2
Total Investments	235.9	223.8
Current Assets		
Cash and cash equivalents	22.8	69.4
Restricted cash	203.0	33.9
Accounts receivable (less reserve of \$48.1 and \$67.9, respectively)	478.3	1,254.6
Gas inventory	682.8	526.9
Underrecovered gas and fuel costs	70.0	421.8
Materials and supplies, at average cost	85.3	72.0
Electric production fuel, at average cost	53.2	24.9
Price risk management assets	200.3	183.1
Exchange gas receivable	366.3	169.8
Regulatory assets	290.5	195.0
Prepayments and other	70.3	109.3
Total Current Assets	2,522.8	3,060.7
Other Assets		
Price risk management assets	73.1	192.9
Regulatory assets	590.1	586.3
Goodwill	3,677.3	3,677.3
Intangible assets	477.9	495.8
Deferred charges and other	188.0	167.4
Total Other Assets	5,006.4	5,119.7
Total Assets	\$ 17,316.7	\$ 17,958.5

(

(

(

NiSource Inc.
Consolidated Balance Sheets (continued)
(unaudited)

<i>(in millions, except share amounts)</i>	September 30, 2006	December 31, 2005
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common stock equity		
Common stock — \$0.01 par value, 400,000,000 shares authorized; 272,899,816 and 272,622,905 shares issued and outstanding, respectively	\$ 2.7	\$ 2.7
Additional paid-in-capital	3,979.7	3,969.4
Retained earnings	950.4	981.6
Accumulated other comprehensive loss	(106.3)	(5.6)
Treasury stock	(21.1)	(15.1)
Total common stock equity	4,805.4	4,933.0
Preferred stocks—Series without mandatory redemption provisions	—	81.1
Long-term debt, excluding amounts due within one year	5,173.4	5,271.2
Total Capitalization	9,978.8	10,285.3
Current Liabilities		
Current portion of long-term debt	461.8	440.7
Short-term borrowings	861.0	898.0
Accounts payable	461.0	866.7
Dividends declared on common and preferred stocks	62.8	1.1
Customer deposits	104.9	101.9
Taxes accrued	137.2	217.5
Interest accrued	111.5	86.2
Overrecovered gas and fuel costs	144.4	25.8
Price risk management liabilities	242.1	72.3
Exchange gas payable	465.1	425.2
Deferred revenue	43.6	51.3
Regulatory liabilities	42.3	46.3
Accrued liability for postretirement and postemployment benefits	59.4	61.1
Other accruals	391.3	549.1
Total Current Liabilities	3,588.4	3,843.2
Other Liabilities and Deferred Credits		
Price risk management liabilities	40.0	22.2
Deferred income taxes	1,485.1	1,591.9
Deferred investment tax credits	63.7	69.9
Deferred credits	89.8	81.1
Deferred revenue	32.2	60.4
Accrued liability for postretirement and postemployment benefits	475.4	511.0
Liabilities of discontinued operations and liabilities held for sale	9.9	—
Regulatory liabilities and other removal costs	1,250.5	1,196.2
Asset retirement obligations	125.3	119.8
Other noncurrent liabilities	177.6	177.5
Total Other Liabilities and Deferred Credits	3,749.5	3,830.0
Commitments and Contingencies		
Total Capitalization and Liabilities	\$ 17,316.7	\$ 17,958.5

(

(

(

NiSource Inc.
Other Information
(unaudited)

(in millions, except share amounts)

	September 30, 2006	December 31, 2005
Total Common Stock Equity	\$ 4,805.4	\$ 4,933.0
Shares Outstanding (thousands)	272,900	272,623
Book Value of Common Shares	\$ 17.61	\$ 18.09

(

(

(

NiSource Inc.
Statements of Consolidated Cash Flow
(unaudited)

Nine Months Ended September 30, *(in millions)*

2006

2005

Operating Activities

Net income	\$ 219.7	\$ 238.5
Adjustments to reconcile net income to net cash from continuing operations:		
Loss on early redemption of preferred stock	0.7	—
Depreciation and amortization	411.4	406.9
Net changes in price risk management assets and liabilities	50.4	(85.7)
Deferred income taxes and investment tax credits	(129.4)	(56.8)
Deferred revenue	(36.0)	(11.6)
Stock compensation expense	4.4	6.6
Gain on sale of assets	(1.1)	(1.4)
Loss on impairment of assets	5.9	21.8
Cumulative effect of change in accounting principle, net of taxes	(0.4)	—
Income from unconsolidated affiliates	(3.3)	(3.5)
Gain on sale of discontinued operations	(0.4)	(47.8)
Loss from discontinued operations	1.4	20.4
Amortization of discount/premium on debt	5.8	14.6
AFUDC	(7.4)	(1.3)
Changes in assets and liabilities:		
Accounts receivable	785.1	423.8
Inventories	(189.7)	(212.6)
Accounts payable	(397.9)	(97.2)
Customer deposits	3.0	2.7
Taxes accrued	(94.8)	(7.7)
Interest accrued	25.3	62.9
(Under) Overrecovered gas and fuel costs	470.4	64.7
Exchange gas receivable/payable	(159.7)	(22.0)
Other accruals	(67.9)	(0.8)
Prepayments and other current assets	38.8	16.3
Regulatory assets/liabilities	(62.0)	(17.5)
Postretirement and postemployment benefits	(1.5)	41.6
Deferred credits	(12.7)	(5.7)
Deferred charges and other noncurrent assets	2.7	13.2
Other noncurrent liabilities	(0.2)	11.9
Net Operating Activities from Continuing Operations	860.6	774.3
Net Operating Activities from or (used for) Discontinued Operations	4.7	(17.4)
Net Cash Flows from Operating Activities	865.3	756.9
Investing Activities		
Capital expenditures	(398.3)	(406.9)
Proceeds from disposition of assets	17.2	7.4
Restricted cash	(174.7)	133.7
Other investing activities	(4.6)	(14.6)
Net Cash Flows used for Investing Activities	(560.4)	(280.4)
Financing Activities		
Issuance of long-term debt	—	1,000.0
Retirement of long-term debt	(43.8)	(115.9)
Change in short-term debt	(37.0)	(307.6)
Retirement of preferred stock	(81.1)	—
Issuance of common stock	5.6	39.3
Acquisition of treasury stock	(6.0)	(1.7)
Dividends paid — common stock	(189.2)	(187.6)
Net Cash Flows (used for) or from Financing Activities	(351.5)	426.5
Increase (Decrease) in cash and cash equivalents	(46.6)	903.0
Cash and cash equivalents at beginning of year	69.4	29.5
Cash and cash equivalents at end of period	\$ 22.8	\$ 932.5

Supplemental Disclosures of Cash Flow Information

Cash paid for interest	\$ 261.2	\$ 240.0
Interest capitalized	7.4	1.3

(

(

(

Cash paid for income taxes

245.1

97.4

(

(

(

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): September 25, 2006

NISOURCE INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

001-16189
(Commission File
Number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue,
Merrillville, Indiana 46410
(877) 647-5990
(Address and Telephone Number
of Principal Executive Offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-



ITEM 7.01. REGULATION FD DISCLOSURE

September 26, 2006, Bob Skaggs, the Company's President and CEO, will be making a presentation at the Merrill Lynch Global Power and Gas Leaders Conference. Attached as Exhibit 99.1 to this Report on Form 8-K is a copy of the materials to be used by Mr. Skaggs as part of his presentation. Investors may access a webcast of Mr. Skaggs's presentation, as well as a copy of the attached exhibit at the Company's website (www.nisource.com).

The attached presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's outsourcing initiative; actual operating experience of NiSource assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk.

NiSource does not have, and expressly disclaims, any obligation to release publicly any updates or any changes in NiSource's expectations or any changes in events, conditions or circumstances on which any forward-looking statement is based.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Information to be presented at the Merrill Lynch Global Power and Gas Leaders Conference on September 26, 2006.

(

(

(

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: September 25, 2006

By: /s/ Jeffrey W. Grossman
Jeffrey W. Grossman
Vice President and Controller

(

(

(

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Information to be presented at the Merrill Lynch Global Power and Gas Leaders Conference on September 26, 2006.

(

(

(

MISource[®]

Bob Skaggs, President & CEO

**Merrill Lynch Global Power and Gas Leaders Conference
September 26, 2006**

(

(

(

Forward-Looking Statement

**"Safe Harbor" Statement
September 2006**

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's outsourcing initiative; actual operating experience of NiSource assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk.

NiSource

(

(

(

NiSource Today

**Super Regional
Regulated
Energy Company**

**3rd Largest Gas
Distribution Company
in U.S.**

**4th Largest Gas
Pipeline Company
in U.S.**

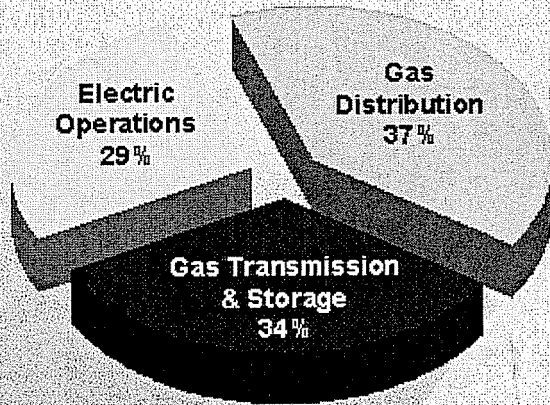
**One of the Largest
Gas Storage
Networks in U.S.**

**Mid-Size Regional
Electric Business**

*Strategic Location
Strategic Assets
Organic Growth*

NiSource

Balanced/Low Risk Portfolio



*100% of Operating Income
From Regulated Businesses*

Stable Credit Ratings

Moody's – Baa3

S&P – BBB

Fitch - BBB

NI Source

(

(

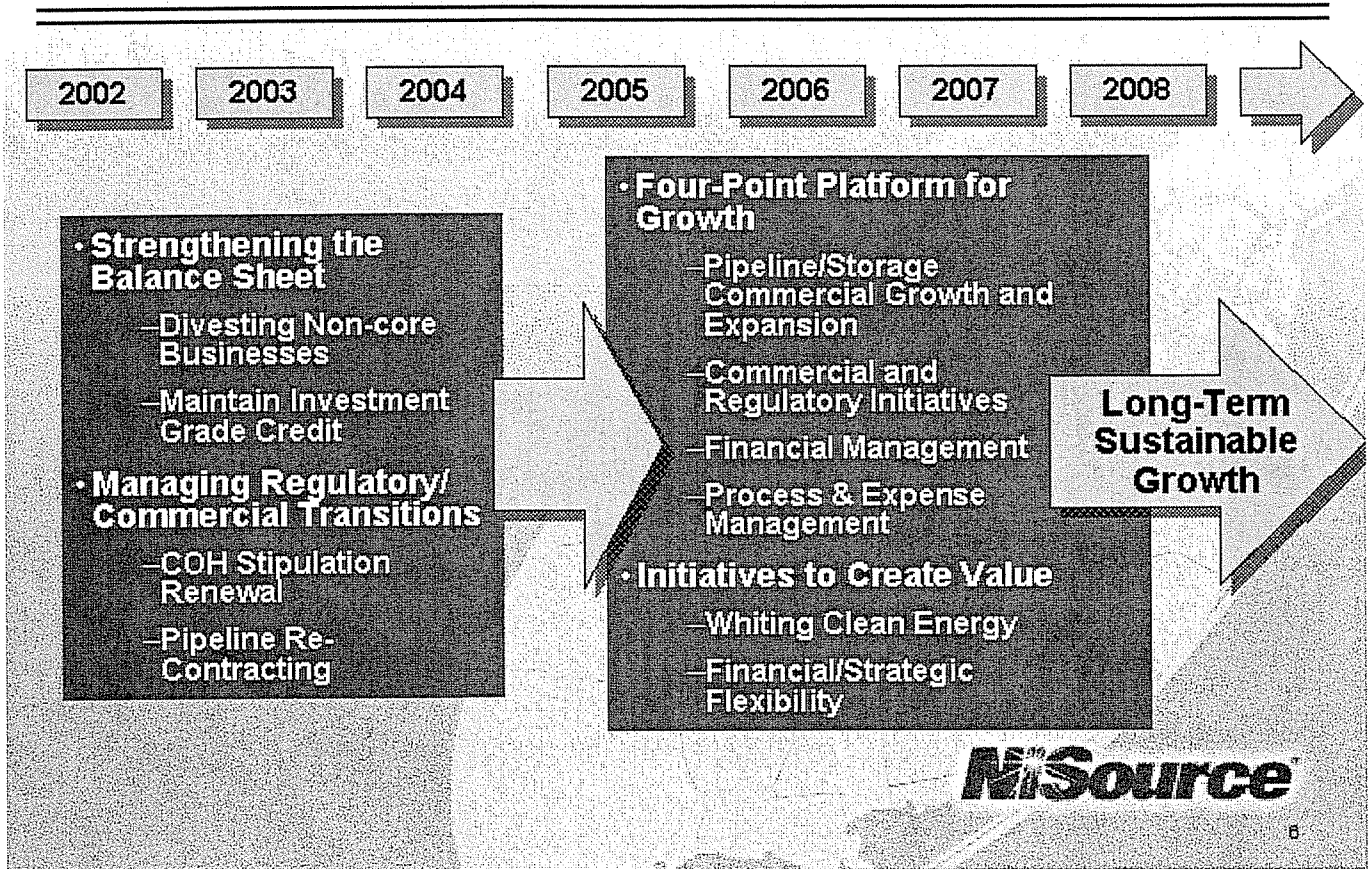
(

2006 Performance

- **Solid First Half**
 - **Increased Pipeline Optimization Revenue; Continued Progress on Growth Projects**
 - **Electric Operations Earnings Growth; Strong Industrial Markets**
 - **Regulatory Initiatives Advance**
 - **Reduced Interest Expense**
- **Key Issues Remain**
 - **LDC Customer Usage/Attrition Issue**
 - **Uneven Regulatory-Political Environment**

NISource

Transition to Growth



(

(

(

Gas Transmission & Storage Expansion and Commercial Growth

- **Maximize Value from Existing GT&S Assets**
- **Disciplined Investment in Storage and Pipeline Expansion Projects**



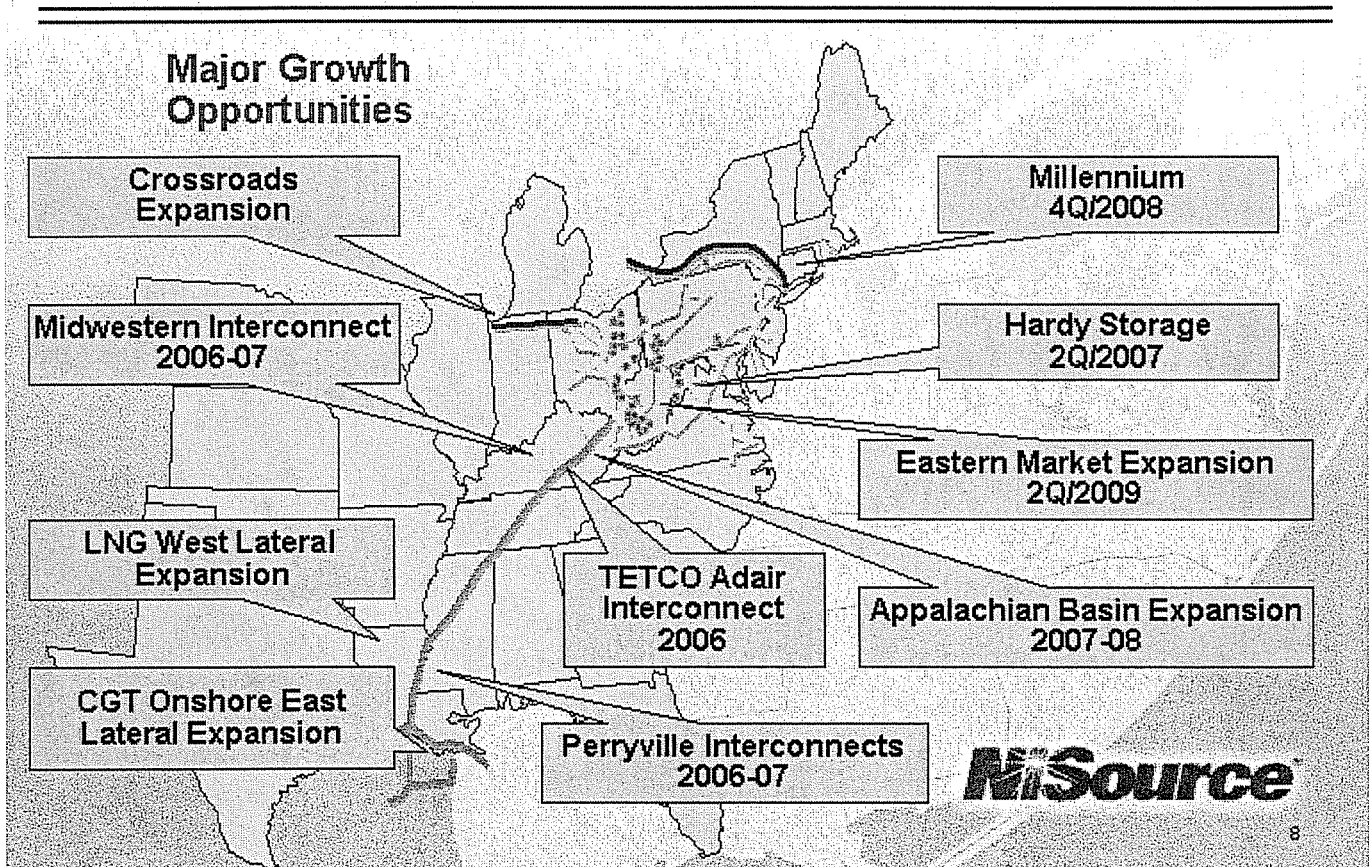
NiSource

(

(

(

GT&S Expansion and Commercial Growth




(

(

(

Regulatory and Commercial Initiatives

- **Optimization and Logistics Growth**
 - GT&S
 - LDC's
 - **Recovery/Deferral of NIPSCO MISO Charges**
 - **Bay State Gas Base Rate Increase**
 - **Targeted Rate Initiatives**
 - Rate Design Changes
 - Infrastructure Trackers
 - Base Rate Cases
- 
- Virginia (11/2005)
 - Indiana-Gas (5/2006)
 - Bay State (9/2006)
 - Kentucky (early 2007)
 - Pennsylvania (late 2007/early 2008)
 - Indiana-Electric ('07/'08)
 - Ohio ('07/'08)

MiSource

(

(

(

Financial Management

- **Refinanced \$2.4 Billion in Long-Term Debt in 2005**
 - **\$43 Million of Annual Interest Expense Savings**
 - **Partially Offset by Short-term Interest Rates**
- **Working Capital Funding:**
 - **New Amendment to Revolving Credit Facility**
 - **\$1.5 Billion of Capacity**
 - **Extends Termination Date to 7/2011**
 - **Additional Interest Expense Savings of \$4.5M**

MiSource

(

(

(