

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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**PUBLIC SERVICE  
COMMISSION**

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

CASE NO. 2007-00008

VOLUME 5

FILING REQUIREMENTS

**Case No. 2007-00008**  
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**Volume 5**

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**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

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United States  
Securities and Exchange Commission  
Washington, DC 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 4, 2005

Commission file number 001-16189

**NiSource Inc.**

(Exact Name of Registrant as Specified in its Charter)

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))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 4, 2005, NiSource Inc. (the "Company") reported its financial results for the fiscal quarter ended September 30, 2005. The Company's press release, dated November 4, 2005, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated November 4, 2005, 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 4, 2005

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

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HIBIT INDEX

Exhibit  
Number

Description

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99.1

Press Release, dated November 4, 2005, issued by NiSource Inc.

# NEWS



801 E. 86th Avenue  
Merrillville, IN 46410

**FOR IMMEDIATE RELEASE**

November 4, 2005

**FOR ADDITIONAL INFORMATION**

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**NiSource reports third-quarter results  
*Company revises 2005 earnings guidance***

**MERRILLVILLE, Ind.** — NiSource Inc. (NYSE: NI) today announced net operating earnings, a non-GAAP financial measure which NiSource defines as income from continuing operations determined in accordance with Generally Accepted Accounting Principles (GAAP) adjusted for certain items, were \$16.5 million, or 6 cents per share (all per-share amounts are basic), for the three months ended Sept. 30, 2005, compared with \$26.9 million, or 10 cents per share, for the comparable period a year earlier.

For the nine months ended Sept. 30, 2005, NiSource announced net operating earnings (non-GAAP) were \$251.4 million, or 93 cents per share, compared with \$268.5 million, or \$1.03 per share, for the 2004 period.

The company has faced several issues throughout 2005 that are expected to continue for the remainder of the year and could extend into 2006. These issues include: lower customer natural gas usage; continued losses from Whiting Clean Energy; and unrecoverable costs associated with the Midwest Independent System Operator (MISO) in NiSource's Indiana electric market.

These factors are the primary drivers of NiSource's decision to revise its 2005 earnings expectations from our original estimate of \$1.47 to \$1.53 to a range of \$1.32 to \$1.37 per share in net operating earnings. See Schedule 3 for a description of the various business drivers that have led us to revise our guidance. Schedule 3 also reconciles our guidance for net operating earnings (non-GAAP) to our revised guidance for income from continuing operations per share (GAAP) of 88 cents to 93 cents per share. Primary impacts to the projected change in GAAP earnings per share are restructuring charges related to the outsourcing initiative and charges related to the refinancing of Columbia Energy Group (CEG) debt.

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## NiSource reports third-quarter results

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### *Net operating earnings (non-GAAP)*

NiSource is providing net operating earnings and operating earnings, which are both non-GAAP measures, because management believes these measures better represent the fundamental earnings strength of the company. Operating earnings are operating income determined in accordance with GAAP adjusted for certain items. NiSource uses net operating earnings and operating earnings internally for budgeting and reporting to the board of directors. Adjustments reflected in these measures are primarily weather, restructuring charges associated with the outsourcing contract with IBM, and impairment charges. See Schedule 1 and Schedule 2 of this news release for the reconciliations of net operating earnings and operating earnings, respectively, to GAAP.

The decrease in net operating earnings for the quarter compared with the third quarter of 2004 was the result of higher depreciation, primarily from the expiration of the 1999 regulatory stipulation for Columbia Gas of Ohio (COH); lower net revenues in the gas transmission and storage business due primarily to the renegotiation of contracts in 2004 with NiSource pipelines' major customers, net of remarketing activities; and incremental costs associated with MISO. These impacts were partially offset by improved results from Whiting Clean Energy.

The decrease in the nine-month net operating earnings versus 2004 was the result of lower net revenues in the gas transmission and storage business due primarily to the renegotiation of contracts with major pipeline customers, net of remarketing activities; incremental MISO costs; and higher depreciation resulting primarily from the expiration of the 1999 COH regulatory stipulation, partially offset by improved results from Whiting Clean Energy.

### *Income (Loss) from Continuing Operations (GAAP)*

NiSource reported a loss from continuing operations for the three months ended Sept. 30, 2005, of \$5.8 million, or 2 cents per share (all per-share amounts are basic), compared with income from continuing operations of \$21.7 million, or 8 cents per share, for the same period in 2004.

Net loss for the third quarter of 2005 was \$6.8 million, or 3 cents per share, compared with net income of \$28.8 million, or 11 cents per share, during the third quarter of 2004. Operating income for the third quarter was \$93.2 million in 2005, compared with \$128.1 million in 2004.

For the nine months ended Sept. 30, 2005, NiSource reported income from continuing operations of \$210.8 million, or 78 cents per share, compared with \$274.0 million, or \$1.04 per share, for the same period of 2004. Net income for the first nine months of 2005 was \$238.5 million, or 88 cents per share, compared with \$276.9 million, or \$1.06 per share, for the same period a year ago.

Earnings per share were diluted by 3 cents for the nine-month period in 2005 primarily due to the issuance during the fourth quarter of 2004 of 3 million shares of common stock upon the settlement of the forward stock purchase contracts comprising a component of NiSource's Stock Appreciation Income Linked Securities (SAILS<sup>SM</sup>).

### *Progress on business plan*

"While 2005 was expected to be a challenging year, it is notable that during the third quarter we stayed on track with our strategy to build a platform for long-term, sustainable growth," said NiSource President and Chief Executive Officer Robert C. Skaggs, Jr.

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## NiSource reports third-quarter results

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"We remain focused on four key elements: expansion and commercial growth in our pipeline and storage business; regulatory and commercial initiatives; management of our balance sheet; and expense management."

Specific highlights include:

- The Federal Energy Regulatory Commission (FERC) this week issued a certificate authorizing Hardy Storage Company, LLC, to develop an underground natural gas storage field to help meet increased demand for natural gas in the eastern United States. Hardy Storage also has received an acceptable environmental assessment from FERC. The project is being developed by NiSource subsidiary Columbia Gas Transmission and Piedmont Natural Gas.
- Columbia Gas Transmission conducted two successful open seasons for the expansion of its system in central and southeastern Virginia and in the mid-Atlantic and Northeastern markets.
- Bay State Gas Company remains on track to receive an order on its \$22.2 million base rate case by the end of November.
- NiSource finalized the terms of the planned refinancing of its balance sheet, which is expected to result in interest expense savings of more than \$43 million annually beginning in 2006.
- NiSource continued to move forward with the implementation of its contract to outsource many of its back-office processes to IBM. The 10-year agreement is expected to provide approximately \$395 million, after costs to achieve, in operating and capital cost savings across NiSource's 15 primary operating subsidiaries.

Meanwhile, results for NiSource's Whiting Clean Energy have improved this year but are still approximately \$12 million, or 4 cents in net operating earnings per share, lower than what NiSource was anticipating when it issued its original guidance, due to delays in the regulatory process. The start-up of MISO has resulted in costs to NiSource of approximately \$8 million, or 3 cents per share in net operating earnings, that are not recoverable under current regulatory agreements due to expire in mid-2006.

Natural gas usage by customers of NiSource's local distribution companies is anticipated to be approximately \$14 million, or 5 cents in net operating earnings per share, lower than what NiSource was anticipating when it issued its original guidance. High gas costs in the wholesale market, which are passed through without mark-up to utility customers, could affect customers' demand for natural gas during the fourth quarter of 2005 and throughout the winter.

Skaggs noted that the unusually active hurricane season and resulting natural gas price volatility have created an unprecedented dynamic for the energy industry.

"This has had a significant impact on natural gas prices that will likely affect natural gas usage, limit the opportunities for commercial activities for the foreseeable future, and may impact the potential for innovative regulatory initiatives," Skaggs said. "We are now dealing with these issues, which we expect to continue for the remainder of the year and extend into 2006."

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## NiSource reports third-quarter results

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I am pleased to report that our pipelines did not suffer severe damage from Hurricanes Katrina and Rita, and we do not anticipate the cost of repairing our facilities to result in a material impact on 2005 results, he added. "We anticipate having substantially all of our facilities able to accept gas by Nov. 15, so the impact for the remainder of the year and for 2006 will depend primarily on when Gulf Coast supplies, processing facilities, pipelines and throughput return to pre-hurricane levels.

"Although we're facing significant near-term challenges in a volatile market environment, we remain committed to ongoing execution of our comprehensive, four-part business plan," Skaggs said.

NiSource will host an analyst conference call at 10 a.m. EST on Friday, Nov. 4, 2005, to further discuss the company's third-quarter 2005 results. All interested parties may hear the conference call live on Nov. 4 by logging on to the NiSource Web site at [www.nisource.com](http://www.nisource.com).

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**NiSource reports third-quarter results**

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**Third Quarter 2005 Operating Earnings — Segment Results (Non-GAAP)**

NiSource's consolidated third quarter 2005 operating earnings (Non-GAAP) are \$128.7 million compared to \$136.3 million for the same period in 2004. Refer to Schedule 2 for the items included in 2005 and 2004 GAAP operating income but excluded from operating earnings.

The decrease in operating earnings for the quarter was the result of higher depreciation that resulted primarily from the expiration of the 1999 regulatory stipulation for COH, lower Gas Transmission and Storage Operations net revenues due primarily to pipeline re-contracting, net of remarketing activities, and MISO costs, partially offset by decreased losses from Whiting Clean Energy.

Operating earnings for NiSource's business segments for the quarter ended Sept. 30, 2005 is discussed below.

**Gas Distribution Operations** reported an operating earnings loss of \$44.0 million versus an operating earnings loss of \$31.1 million in the third quarter of 2004. The increase in the operating earnings loss was due to higher depreciation of \$7.5 million that mainly resulted from the expiration of the 1999 COH regulatory stipulation and higher employee and administrative expenses of \$3.3 million.

**Gas Transmission and Storage Operations** reported operating earnings of \$69.8 million, which is essentially flat with the prior period. Lower net revenues of \$5.4 million due primarily to pipeline re-contracting, net of remarketing activities, were offset by lower operation and maintenance expenses primarily the result of decreased pension expense.

**Electric Operations** reported operating earnings of \$103.6 million, a decrease of \$3.7 million from the comparable period last year. The decrease in operating earnings was the result of MISO costs of \$6.1 million partially offset by increased sales to commercial and residential customers due to both usage and customer growth.

**Other Operations** reported operating earnings of \$2.8 million in 2005, versus an operating earnings loss of \$5.8 million in the third quarter of 2004. The \$8.6 million increase in operating earnings resulted from decreased losses of \$8.7 million associated with Whiting Clean Energy.

**Corporate** reported an operating earnings loss of \$3.5 million, which is essentially flat with the comparable period last year.

**Other Items**

Interest expense increased by \$7.6 million due to the impact of higher short-term interest rates on variable rate debt and higher average long-term debt balances due to the prefunding of November 2005 debt maturities. Other, net increased \$2.3 million, primarily the result of higher interest income.

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**Nine-Month Period 2005 Operating Earnings — Segment Results (Non-GAAP)**

Year-to-date operating earnings (Non-GAAP) are \$708.5 million compared to \$720.3 million for the same period in 2004. Refer to Schedule 2 for the items included in 2005 and 2004 GAAP operating income but excluded from operating earnings.

The decrease in operating earnings was the result of lower Gas Transmission and Storage Operations net revenues due primarily to pipeline re-contracting, net of remarketing activities, incremental MISO costs, higher depreciation that resulted primarily from the expiration of the 1999 COH regulatory stipulation, partially offset by decreased losses from Whiting Clean Energy.

Operating earnings for NiSource's business segments for the nine months ended Sept. 30, 2005, is discussed below.

**Gas Distribution Operations'** operating earnings was \$247.5 million, a decrease of \$19.5 million versus the first nine months of 2004. The decrease in operating earnings was primarily due to higher depreciation of \$23.3 million, that mainly resulted from the expiration of the 1999 COH regulatory stipulation, and decreased customer usage, net of customer increases, that impacted sales by approximately \$10 million. These impacts are partially offset by increased net revenues of approximately \$14 million from regulatory initiatives including the stipulation for Columbia Gas of Ohio.

Comparability of Gas Distribution Operations line item operating results was impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. These trackers increase both operating expenses and net revenues and have essentially no impact on total operating income results. Approximately \$27.2 million of the increase in operation and maintenance expenses and other taxes was offset by the effect of the regulatory trackers with a corresponding increase to net revenues reflecting recovery of certain costs.

**Gas Transmission and Storage Operations** reported operating earnings of \$250.3 million, a \$10.1 million decrease from the comparable 2004 period. The decrease was primarily due to approximately \$20 million of lower net operating revenues (excluding trackers) primarily from pipeline re-contracting, net of remarketing activities, partially offset by \$10.3 million lower employee and administrative expenses primarily from reduced pension and other benefit expenses.

**Electric Operations** reported operating earnings of \$234.7 million, a decrease of \$1.5 million from the comparable period last year. Favorable net revenue impacts from environmental trackers of \$7.9 million and increased sales to residential and commercial customers due to both usage and customer growth were more than offset by MISO costs of \$10.6 million, higher electric production expenses of \$6.9 million, revenue credits of \$4.7 million and \$2.4 million of higher depreciation expense.

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## NiSource reports third-quarter earnings

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*Other Operations* reported an operating earnings loss of \$13.9 million in the first nine months of 2005, versus an operating earnings loss of \$30.3 million in the first nine months of 2004. The decreased operating earnings loss was mainly due to decreased losses associated with Whiting Clean Energy.

*Corporate* reported an operating earnings loss of \$10.1 compared to an operating earnings loss of \$13.0 million during the first nine months of 2004. The decreased operating earnings loss this year resulted from lower employee and administrative expenses.

### Other Items

Interest expense was \$312.8 million for the first nine months of 2005 compared to \$300.8 million for the first nine months of last year. This increase was due to the impact of higher short-term interest rates on variable rate debt and higher average long-term debt balances due to the prefunding of November 2005 debt maturities. Other, net increased \$2.5 million primarily the result of higher interest income.

Basic average shares of common stock outstanding at Sept. 30, 2005 were 271.1 million compared to 262.5 million at Sept. 30, 2004. The increase was primarily due to the issuance during the fourth quarter of 2004 of 6.8 million shares of common stock upon the settlement of the forward stock purchase contracts comprising a component of NiSource's Stock Appreciation Income Linked Securities (SAILS<sup>SM</sup>). The increase in average shares outstanding caused a \$0.03 dilution of earnings-per-share during the first nine months of 2005.

### 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](http://www.nisource.com).

### 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.

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**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,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Gas Distribution	\$ 382.4	\$ 331.0	\$ 2,857.8	\$ 2,600.4
Gas Transportation and Storage	179.1	186.4	721.0	738.2
Electric	376.1	318.8	935.5	856.5
Other	222.9	150.8	658.3	511.3
Gross Revenues	1,160.5	987.0	5,172.6	4,706.4
Cost of Sales	556.1	389.1	2,925.1	2,499.0
Total Net Revenues	604.4	597.9	2,247.5	2,207.4
<b>Operating Expenses</b>				
Operation and maintenance	282.8	282.8	908.2	893.3
Depreciation and amortization	136.1	125.6	407.6	378.0
Other taxes	56.8	53.2	223.2	215.8
Total Operating Expenses	475.7	461.6	1,539.0	1,487.1
<b>Operating Earnings</b>	128.7	136.3	708.5	720.3
<b>Other Income (Deductions)</b>				
Interest expense, net	(107.1)	(99.5)	(312.8)	(300.8)
Dividend requirements on preferred stock of subsidiaries	(1.0)	(1.1)	(3.2)	(3.3)
Other, net	3.3	1.0	6.4	3.9
Total Other Income (Deductions)	(104.8)	(99.6)	(309.6)	(300.2)
<b>Operating Earnings From Continuing Operations Before Income Taxes</b>				
Taxes	23.9	36.7	398.9	420.1
<b>Income Taxes</b>	7.4	9.8	147.5	151.6
<b>Net Operating Earnings from Continuing Operations</b>	16.5	26.9	251.4	268.5
<b>GAAP Adjustment</b>	(22.3)	(5.2)	(40.6)	5.5
<b>GAAP Income (Loss) from Continuing Operations</b>	\$ (5.8)	\$ 21.7	\$ 210.8	\$ 274.0
<b>Basic Net Operating Earnings Per Share</b>	0.06	0.10	0.93	1.03
<b>GAAP Basic Earnings (Loss) Per Share</b>	(0.02)	0.08	0.78	1.04
<b>Basic Average Common Shares Outstanding (millions)</b>	271.7	262.7	271.1	262.5

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

<b>Gas Distribution Operations</b> <i>(in millions)</i>	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Sales Revenues	\$ 394.6	\$ 346.4	\$ 2,891.2	\$ 2,651.4
Less: Cost of gas sold	266.7	220.7	2,163.7	1,963.5
Net Sales Revenues	127.9	125.7	727.5	687.9
Transportation Revenues	55.0	55.3	310.4	312.3
<b>Net Revenues</b>	<b>182.9</b>	<b>181.0</b>	<b>1,037.9</b>	<b>1,000.2</b>
<b>Operating Expenses</b>				
Operation and maintenance	145.1	140.5	496.0	470.6
Depreciation and amortization	55.7	48.2	167.8	144.5
Other taxes	26.1	23.4	126.6	118.1
<b>Total Operating Expenses</b>	<b>226.9</b>	<b>212.1</b>	<b>790.4</b>	<b>733.2</b>
<b>Operating Earnings (Loss)</b>	<b>\$ (44.0)</b>	<b>\$ (31.1)</b>	<b>\$ 247.5</b>	<b>\$ 267.0</b>
<b>GAAP Adjustment</b>	<b>(25.6)</b>	<b>(4.6)</b>	<b>(36.5)</b>	<b>(2.6)</b>
<b>GAAP Operating Income (Loss)</b>	<b>\$ (69.6)</b>	<b>\$ (35.7)</b>	<b>\$ 211.0</b>	<b>\$ 264.4</b>

<b>Gas Transmission and Storage Operations</b> <i>(in millions)</i>	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2005	2004	2005	2004
<b>Operating Revenues</b>				
Transportation revenues	\$ 141.5	\$ 142.4	\$ 470.1	\$ 479.1
Storage revenues	44.4	44.3	133.6	134.0
Other revenues	1.8	2.1	0.6	10.2
<b>Total Operating Revenues</b>	<b>187.7</b>	<b>188.8</b>	<b>604.3</b>	<b>623.3</b>
Less: Cost of gas sold	6.4	2.1	18.3	12.5
<b>Net Revenues</b>	<b>181.3</b>	<b>186.7</b>	<b>586.0</b>	<b>610.8</b>
<b>Operating Expenses</b>				
Operation and maintenance	70.2	76.2	208.3	223.1
Depreciation and amortization	28.6	28.2	85.3	85.9
Other taxes	12.7	12.6	42.1	41.4
<b>Total Operating Expenses</b>	<b>111.5</b>	<b>117.0</b>	<b>335.7</b>	<b>350.4</b>
<b>Operating Earnings</b>	<b>\$ 69.8</b>	<b>\$ 69.7</b>	<b>\$ 250.3</b>	<b>\$ 260.4</b>
<b>GAAP Adjustment</b>	<b>(7.6)</b>	<b>(0.6)</b>	<b>(1.8)</b>	<b>(6.4)</b>
<b>GAAP Operating Income</b>	<b>\$ 62.2</b>	<b>\$ 69.1</b>	<b>\$ 248.5</b>	<b>\$ 254.0</b>

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

<b>Electric Operations</b> <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Sales revenues	\$ 367.4	\$ 314.9	\$ 928.3	\$ 846.7
Less: Cost of sales	142.2	92.4	330.3	258.7
<b>Net Revenues</b>	<b>225.2</b>	<b>222.5</b>	<b>598.0</b>	<b>588.0</b>
<b>Operating Expenses</b>				
Operation and maintenance	59.9	56.9	182.7	173.3
Depreciation and amortization	46.9	44.1	138.6	132.6
Other taxes	14.8	14.2	42.0	45.9
<b>Total Operating Expenses</b>	<b>121.6</b>	<b>115.2</b>	<b>363.3</b>	<b>351.8</b>
<b>Operating Earnings</b>	<b>\$ 103.6</b>	<b>\$ 107.3</b>	<b>\$ 234.7</b>	<b>\$ 236.2</b>
<b>GAAP Adjustment</b>	<b>6.8</b>	<b>(11.9)</b>	<b>2.1</b>	<b>—</b>
<b>GAAP Operating Income</b>	<b>\$ 110.4</b>	<b>\$ 95.4</b>	<b>\$ 236.8</b>	<b>\$ 236.2</b>

<b>Other (includes assets held for sale)</b> <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Products and services revenue	\$ 214.4	\$ 142.5	\$ 636.4	\$ 474.0
Less: Cost of products purchased	198.1	133.7	607.5	461.9
<b>Net Revenues</b>	<b>16.3</b>	<b>8.8</b>	<b>28.9</b>	<b>12.1</b>
<b>Operating Expenses</b>				
Operation and maintenance	9.3	10.9	28.5	30.5
Depreciation and amortization	2.9	2.7	8.8	8.0
Other taxes	1.3	1.0	5.5	3.9
<b>Total Operating Expenses</b>	<b>13.5</b>	<b>14.6</b>	<b>42.8</b>	<b>42.4</b>
<b>Operating Earnings (Loss)</b>	<b>\$ 2.8</b>	<b>\$ (5.8)</b>	<b>\$ (13.9)</b>	<b>\$(30.3)</b>
<b>GAAP Adjustment</b>	<b>(2.8)</b>	<b>5.1</b>	<b>(0.2)</b>	<b>4.1</b>
<b>GAAP Operating Loss</b>	<b>\$ —</b>	<b>\$ (0.7)</b>	<b>\$ (14.1)</b>	<b>\$(26.2)</b>

<b>Corporate</b> <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
<b>Operating Earnings (Loss)</b>	<b>\$ (3.5)</b>	<b>\$ (3.8)</b>	<b>\$ (10.1)</b>	<b>\$ (13.0)</b>
<b>GAAP Adjustment</b>	<b>(6.3)</b>	<b>3.8</b>	<b>(21.8)</b>	<b>13.6</b>
<b>GAAP Operating Income (Loss)</b>	<b>\$ (9.8)</b>	<b>\$ —</b>	<b>\$ (31.9)</b>	<b>\$ 0.6</b>



**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,	
	2005	2004	2005	2004
<b>Net Operating Earnings from Continuing Operations</b>	<b>\$ 16.5</b>	<b>\$ 26.9</b>	<b>\$ 251.4</b>	<b>\$ 268.5</b>
<b>Items excluded from operating earnings:</b>				
<b>Net Revenues:</b>				
Weather — compared to normal	3.3	(15.6)	17.8	(11.8)
Gas costs and other changes	—	—	1.2	(5.3)
Settlements and other changes	—	6.8	8.9	5.1
<b>Operating Expenses:</b>				
Restructuring, transition and consulting charges (outsourcing initiative)	(49.0)	—	(70.9)	—
Insurance recoveries and reserve changes	5.3	0.6	(2.9)	4.9
Asset impairment and loss on asset sales	—	—	(20.4)	(0.9)
Property and sales tax adjustments	4.9	—	8.1	16.7
Total items excluded from operating earnings	(35.5)	(8.2)	(58.2)	8.7
Tax effect of above items	13.2	3.0	17.6	(3.2)
<b>Reported Income (Loss) from Continuing Operations- GAAP</b>	<b>\$ (5.8)</b>	<b>\$ 21.7</b>	<b>\$ 210.8</b>	<b>\$ 274.0</b>
<b>Basic Average Common Shares Outstanding (millions)</b>	<b>271.7</b>	<b>262.7</b>	<b>271.1</b>	<b>262.5</b>
<b>Basic Net Operating Earnings Per Share (\$)</b>	<b>0.06</b>	<b>0.10</b>	<b>0.93</b>	<b>1.03</b>
Items excluded from operating earnings (after-tax)	(0.08)	(0.02)	(0.15)	0.01
<b>GAAP Basic Earnings (Loss) Per Share</b>	<b>(0.02)</b>	<b>0.08</b>	<b>0.78</b>	<b>1.04</b>

NiSource Inc.

Schedule 2 — Quarterly Adjustments by Segment from Operating Earnings to GAAP

3 (in millions)

	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
<b>Operating Earnings (Loss)</b>	<b>(44.0)</b>	<b>69.8</b>	<b>103.6</b>	<b>2.8</b>	<b>(3.5)</b>	<b>\$ 128.7</b>
<b>Net Revenues:</b>						
Weather (compared to normal)	\$ (2.3)	\$ —	\$ 5.6	\$ —	\$ —	\$ 3.3
<b>Total Impact — Net Revenues</b>	<b>(2.3)</b>	<b>—</b>	<b>5.6</b>	<b>—</b>	<b>—</b>	<b>3.3</b>
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Restructuring, transition and consulting charges (outsourcing initiative)	(29.9)	(8.5)	(5.0)	(0.9)	(4.7)	(49.0)
Insurance recoveries and reserve changes	5.3	0.9	2.6	(1.9)	(1.6)	5.3
<b>Total Impact — O &amp; M Expenses</b>	<b>(24.6)</b>	<b>(7.6)</b>	<b>(2.4)</b>	<b>(2.8)</b>	<b>(6.3)</b>	<b>(43.7)</b>
<b>Property and Sales Tax Adjustments</b>	<b>1.3</b>	<b>—</b>	<b>3.6</b>	<b>—</b>	<b>—</b>	<b>4.9</b>
<b>Total Impact — Operating Expenses</b>	<b>(23.3)</b>	<b>(7.6)</b>	<b>1.2</b>	<b>(2.8)</b>	<b>(6.3)</b>	<b>(38.8)</b>
<b>Total Impact — Operating Income (Loss)</b>	<b>\$ (25.6)</b>	<b>\$ (7.6)</b>	<b>\$ 6.8</b>	<b>\$ (2.8)</b>	<b>\$ (6.3)</b>	<b>\$ (35.5)</b>
<b>Operating Income (Loss) — GAAP</b>	<b>\$ (69.6)</b>	<b>\$ 62.2</b>	<b>\$ 110.4</b>	<b>\$ —</b>	<b>\$ (9.8)</b>	<b>\$ 93.2</b>

4 (in millions)

	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
<b>Operating Earnings (Loss)</b>	<b>(31.1)</b>	<b>69.7</b>	<b>107.3</b>	<b>(5.8)</b>	<b>(3.8)</b>	<b>\$ 136.3</b>
<b>Net Revenues:</b>						
Weather (compared to normal)	\$ (1.8)	\$ —	\$ (13.8)	\$ —	\$ —	\$ (15.6)
Settlements and other changes	(0.5)	—	2.2	5.1	—	6.8
<b>Total Impact — Net Revenues</b>	<b>(2.3)</b>	<b>—</b>	<b>(11.6)</b>	<b>5.1</b>	<b>—</b>	<b>(8.8)</b>
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Insurance recoveries, legal and other reserves	(2.3)	(0.6)	(0.3)	—	3.8	0.6
<b>Total Impact — O &amp; M Expenses</b>	<b>(2.3)</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>—</b>	<b>3.8</b>	<b>0.6</b>
<b>Total Impact — Operating Expenses</b>	<b>(2.3)</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>—</b>	<b>3.8</b>	<b>0.6</b>
<b>Total Impact — Operating Income (Loss)</b>	<b>\$ (4.6)</b>	<b>\$ (0.6)</b>	<b>\$ (11.9)</b>	<b>\$ 5.1</b>	<b>\$ 3.8</b>	<b>\$ (8.2)</b>
<b>Operating Income (Loss) — GAAP</b>	<b>\$ (35.7)</b>	<b>\$ 69.1</b>	<b>\$ 95.4</b>	<b>\$ (0.7)</b>	<b>\$ —</b>	<b>\$ 128.1</b>

**NiSource Inc.**  
Schedule 2 — Year-to-Date Segment Adjustments from Operating Earnings to GAAP

2005 (in millions)						
	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
<b>Operating Earnings (Loss)</b>	247.5	250.3	234.7	(13.9)	(10.1)	\$ 708.5
<b>Net Revenues:</b>						
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
<b>Total Impact — Net Revenues</b>	9.9	8.9	9.1	—	—	27.9
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Restructuring, transition and consulting charges (outsourcing initiative)	(41.3)	(11.2)	(6.8)	(1.2)	(10.4)	(70.9)
Insurance recoveries and reserve changes	(0.4)	0.5	(2.9)	0.4	(0.5)	(2.9)
<b>Total Impact — O &amp; M Expenses</b>	(41.7)	(10.7)	(9.7)	(0.8)	(10.9)	(73.8)
<b>Asset Impairment and Gain on Sale of Assets</b>	(10.5)	—	0.4	0.6	(10.9)	(20.4)
<b>Property and Sales Tax Adjustments</b>	5.8	—	2.3	—	—	8.1
<b>Total Impact — Operating Expenses</b>	(46.4)	(10.7)	(7.0)	(0.2)	(21.8)	(86.1)
<b>Total Impact — Operating Income (Loss)</b>	\$ (36.5)	\$ (1.8)	\$ 2.1	\$ (0.2)	\$ (21.8)	\$ (58.2)
<b>Operating Income (Loss) — GAAP</b>	\$ 211.0	\$ 248.5	\$ 236.8	\$ (14.1)	\$ (31.9)	\$ 650.3
2004 (in millions)						
	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
<b>Operating Earnings (Loss)</b>	267.0	260.4	236.2	(30.3)	(13.0)	\$ 720.3
<b>Net Revenues:</b>						
Weather (compared to normal)	\$ 3.6	\$ —	\$ (15.4)	\$ —	\$ —	\$ (11.8)
Gas costs and other changes	(3.6)	(3.0)	0.3	6.1	—	(0.2)
<b>Total Impact — Net Revenues</b>	—	(3.0)	(15.1)	6.1	—	(12.0)
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Insurance recoveries, legal and other reserves	(1.2)	(3.2)	(3.0)	(1.3)	13.6	4.9
<b>Total Impact — O &amp; M Expenses</b>	(1.2)	(3.2)	(3.0)	(1.3)	13.6	4.9
<b>Loss on Sale of Assets</b>	—	(0.2)	—	(0.7)	—	(0.9)
<b>Property and Sales Tax Adjustments</b>	(1.4)	—	18.1	—	—	16.7
<b>Total Impact — Operating Expenses</b>	(2.6)	(3.4)	15.1	(2.0)	13.6	20.7
<b>Total Impact — Operating Income (Loss)</b>	\$ (2.6)	\$ (6.4)	\$ —	\$ 4.1	\$ 13.6	\$ 8.7
<b>Operating Income (Loss) — GAAP</b>	\$ 264.4	\$ 254.0	\$ 236.2	\$ (26.2)	\$ 0.6	\$ 729.0



NiSource Inc.

Schedule 3 — Reconciliation of Net Operating Earnings Guidance to Updated Guidance

Description	Projected Twelve Months Ended December 31, 2005	
	Net Operating Earnings (in millions)	Basic Net Operating Earnings Per Share (\$/share)
<b>2005 Original Earnings Guidance</b>	<b>\$ 400 - 415</b>	<b>\$ 1.47 - 1.53</b>
<b>Reconciling Items:</b>		
Customer Usage	(14)	(0.05)
Whiting Clean Energy	(12)	(0.04)
Regulatory Initiatives	(7)	(0.03)
MISO Fees and Charges	(8)	(0.03)
Other	1 - (4)	0.00 - (0.01)
<b>Updated Net Operating Earnings Guidance</b>	<b>\$ 360 - 370</b>	<b>\$ 1.32 - 1.37</b>
<b>Items Excluded from Net Operating Earnings</b>		
<b>Total Items from Schedule 1, net of tax (Nine Months ended Sept. 30, 2005)</b>	<b>(41)</b>	<b>(0.15)</b>
<b>Projected Items for Fourth Quarter ended Dec. 31, 2005:</b>		
Debt Restructuring	(70)	(0.25)
Restructuring and Transition Charges (outsourcing initiative)	(14)	(0.05)
Contract Settlement and Other Items	1	0.01
<b>Total Items Projected for Fourth Quarter — net of tax</b>	<b>(83)</b>	<b>(0.29)</b>
<b>Projected Income from Continuing Operations — GAAP</b>	<b>\$ 236 - 246</b>	<b>\$ 0.88 - 0.93</b>

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

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Gas Distribution	\$ 380.1	\$ 329.2	\$ 2,865.2	\$ 2,604.0
Gas Transportation and Storage	179.1	186.4	721.0	738.2
Electric	381.7	305.0	945.9	841.1
Other	222.9	157.6	668.4	511.1
Gross Revenues	1,163.8	978.2	5,200.5	4,694.4
Cost of Sales	556.1	389.1	2,925.1	2,499.0
<b>Total Net Revenues</b>	<b>607.7</b>	<b>589.1</b>	<b>2,275.4</b>	<b>2,195.4</b>
<b>Operating Expenses</b>				
Operation and maintenance	326.5	282.3	982.0	888.4
Depreciation and amortization	136.1	125.6	407.6	378.0
Impairment and loss (gain) on sale of assets	—	(0.1)	20.4	0.9
Other taxes	51.9	53.2	215.1	199.1
<b>Total Operating Expenses</b>	<b>514.5</b>	<b>461.0</b>	<b>1,625.1</b>	<b>1,466.4</b>
<b>Operating Income</b>	<b>93.2</b>	<b>128.1</b>	<b>650.3</b>	<b>729.0</b>
<b>Other Income (Deductions)</b>				
Interest expense, net	(107.1)	(99.5)	(312.8)	(300.8)
Dividend requirements on preferred stock of subsidiaries	(1.0)	(1.1)	(3.2)	(3.3)
Other, net	3.3	1.0	6.4	3.9
<b>Total Other Income (Deductions)</b>	<b>(104.8)</b>	<b>(99.6)</b>	<b>(309.6)</b>	<b>(300.2)</b>
<b>Income (Loss) From Continuing Operations Before Income Taxes</b>	<b>(11.6)</b>	<b>28.5</b>	<b>340.7</b>	<b>428.8</b>
<b>Income Taxes</b>	<b>(5.8)</b>	<b>6.8</b>	<b>129.9</b>	<b>154.8</b>
<b>Income (Loss) from Continuing Operations</b>	<b>(5.8)</b>	<b>21.7</b>	<b>210.8</b>	<b>274.0</b>
Income (Loss) from Discontinued Operations — net of taxes	(6.3)	8.7	(20.1)	4.5
Gain (Loss) on Disposition of Discontinued Operations — net of taxes	5.3	(1.6)	47.8	(1.6)
<b>Net Income (Loss)</b>	<b>\$ (6.8)</b>	<b>\$ 28.8</b>	<b>\$ 238.5</b>	<b>\$ 276.9</b>
<b>Basic Earnings (Loss) Per Share (\$)</b>				
Continuing operations	(0.02)	0.08	0.78	1.04
Discontinued operations	(0.01)	0.03	0.10	0.02
<b>Basic Earnings (Loss) Per Share</b>	<b>(0.03)</b>	<b>0.11</b>	<b>0.88</b>	<b>1.06</b>
<b>Diluted Earnings (Loss) Per Share (\$)</b>				
Continuing operations	(0.02)	0.08	0.77	1.03
Discontinued operations	(0.01)	0.03	0.10	0.02
<b>Diluted Earnings (Loss) Per Share</b>	<b>(0.03)</b>	<b>0.11</b>	<b>0.87</b>	<b>1.05</b>
<b>Dividends Declared Per Common Share</b>	<b>0.23</b>	<b>0.23</b>	<b>0.69</b>	<b>0.69</b>
<b>Basic Average Common Shares Outstanding (millions)</b>	<b>271.7</b>	<b>262.7</b>	<b>271.1</b>	<b>262.5</b>
<b>Diluted Average Common Shares (millions)</b>	<b>273.7</b>	<b>264.6</b>	<b>272.9</b>	<b>264.5</b>

**NiSource Inc.**  
Consolidated Balance Sheets

<i>(in millions)</i>	September 30, 2005	December 31, 2004
	(unaudited)	
<b>ASSETS</b>		
<b>Property, Plant and Equipment</b>		
Utility Plant	\$ 16,500.5	\$ 16,194.1
Accumulated depreciation and amortization	(7,495.8)	(7,247.7)
Net utility plant	9,004.7	8,946.4
Other property, at cost, less accumulated depreciation	421.1	427.5
<b>Net Property, Plant and Equipment</b>	<b>9,425.8</b>	<b>9,373.9</b>
<b>Investments and Other Assets</b>		
Assets of discontinued operations and assets held for sale	34.7	38.6
Unconsolidated affiliates	70.4	64.2
Other investments	115.2	113.0
<b>Total Investments</b>	<b>220.3</b>	<b>215.8</b>
<b>Current Assets</b>		
Cash and cash equivalents	932.5	29.5
Restricted cash	1.8	56.3
Accounts receivable (less reserve of \$57.2 and \$55.6, respectively)	438.6	889.1
Gas inventory	666.5	452.9
Underrecovered gas and fuel costs	230.0	293.8
Materials and supplies, at average cost	71.1	70.6
Electric production fuel, at average cost	27.6	29.2
Price risk management assets	371.0	61.1
Exchange gas receivable	208.2	169.6
Regulatory assets	179.4	136.2
Prepayments and other	86.4	96.1
<b>Total Current Assets</b>	<b>3,213.1</b>	<b>2,284.4</b>
<b>Other Assets</b>		
Price risk management assets	214.6	148.3
Regulatory assets	551.1	568.4
Goodwill	3,677.3	3,687.2
Intangible assets	498.5	520.3
Deferred charges and other	181.4	189.5
<b>Total Other Assets</b>	<b>5,122.9</b>	<b>5,113.7</b>
<b>Total Assets</b>	<b>\$ 17,982.1</b>	<b>\$ 16,987.8</b>

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

<i>(in millions, except share amounts)</i>	September 30, 2005	December 31, 2004
	(unaudited)	
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization</b>		
Common stock equity		
Common stock — \$0.01 par value — 400,000,000 shares authorized, 272,597,142 and 270,625,370 shares issued and outstanding, respectively	\$ 2.7	\$ 2.7
Additional paid-in-capital	3,968.5	3,924.0
Retained earnings	913.6	925.4
Accumulated other comprehensive income (loss) and other common stock equity	21.7	(65.0)
Total common stock equity	4,906.5	4,787.1
Preferred stocks — Series without mandatory redemption provisions	81.1	81.1
Long-term debt, excluding amounts due within one year	4,778.8	4,835.9
Total Capitalization	9,766.4	9,704.1
<b>Current Liabilities</b>		
Current portion of long-term debt	2,212.9	1,299.9
Short-term borrowings	—	307.6
Accounts payable	535.2	648.4
Dividends declared on common and preferred stocks	63.8	1.1
Customer deposits	94.9	92.2
Taxes accrued	171.9	160.9
Interest accrued	142.8	84.1
Overrecovered gas and fuel costs	16.3	15.5
Price risk management liabilities	119.4	46.9
Exchange gas payable	312.0	325.1
Current deferred revenue	35.8	31.5
Regulatory liabilities	55.5	30.2
Accrued liability for postretirement and pension benefits	92.8	85.5
Other accruals	500.8	478.2
Total Current Liabilities	4,354.1	3,607.1
<b>Other Liabilities and Deferred Credits</b>		
Price risk management liabilities	13.2	5.5
Deferred income taxes	1,686.0	1,665.9
Deferred investment tax credits	71.8	78.4
Deferred credits	68.2	74.0
Noncurrent deferred revenue	71.0	86.9
Accrued liability for postretirement and pension benefits	473.2	413.0
Preferred stock liabilities with mandatory redemption provisions	—	0.6
Regulatory liabilities and other removal costs	1,276.5	1,168.6
Other noncurrent liabilities	201.7	183.7
Total Other	3,861.6	3,676.6
<b>Commitments and Contingencies</b>		
	—	—
<b>Total Capitalization and Liabilities</b>	<b>\$ 17,982.1</b>	<b>\$ 16,987.8</b>



**NiSource Inc.**  
Other Information

<i>(in millions, except share amounts)</i>	September 30, 2005	December 31, 2004
<b>Total Common Stock Equity</b>	<b>\$ 4,906.5</b>	<b>\$ 4,787.1</b>
Shares Outstanding (thousands)	272,597	270,625
<b>Book Value of Common Shares</b>	<b>\$ 18.00</b>	<b>\$ 17.69</b>

**NiSource Inc.**  
Consolidated Statements of Cash Flows (unaudited)

Nine Months Ended September 30, (in millions)	2005	2004
<b>Operating Activities</b>		
Net income	\$ 238.5	\$ 276.9
Adjustments to reconcile net income to net cash from continuing operations:		
Depreciation and amortization	407.6	378.0
Net changes in price risk management activities	(85.7)	3.2
Deferred income taxes and investment tax credits	(56.8)	(5.9)
Deferred revenue	(11.6)	(21.7)
Amortization of unearned compensation	6.6	6.9
Loss (Gain) on sale of assets	(1.4)	0.9
Loss on impairment of assets	21.8	—
Income from unconsolidated affiliates	(3.5)	(1.1)
Loss (gain) from sale of discontinued operations	(47.8)	1.6
Loss (income) from discontinued operations	20.1	(4.5)
Amortization of discount/premium on debt	14.6	13.9
Other adjustments	(1.3)	(1.9)
Changes in assets and liabilities:		
Accounts receivable and unbilled revenue	423.8	395.6
Inventories	(212.6)	(123.7)
Accounts payable	(97.2)	(196.4)
Customer deposits	2.7	1.7
Taxes accrued	(7.7)	(49.4)
Interest accrued	62.9	58.5
(Under) Overrecovered gas and fuel costs	64.7	15.5
Exchange gas receivable/payable	(22.0)	7.8
Other accruals	(1.2)	(38.2)
Prepayment and other current assets	16.3	41.1
Regulatory assets/liabilities	(17.5)	40.7
Postretirement and postemployment benefits	41.6	15.8
Deferred credits	(5.7)	(11.4)
Deferred charges and other noncurrent assets	13.2	(18.0)
Other noncurrent liabilities	11.9	24.3
Net Cash Flows from Continuing Operations	774.3	810.2
Net Cash Flows used for Discontinued Operations	(17.4)	(0.1)
<b>Net Cash Flows from Operating Activities</b>	<b>756.9</b>	<b>810.1</b>
<b>Investing Activities</b>		
Capital expenditures	(406.9)	(382.3)
Proceeds from disposition of assets	7.4	5.9
Other investing activities	119.1	(2.9)
<b>Net Cash Flows used for Investing Activities</b>	<b>(280.4)</b>	<b>(379.3)</b>
<b>Financing Activities</b>		
Issuance of long-term debt	1,000.0	—
Retirement of long-term debt	(115.9)	(235.8)
Change in short-term debt	(307.6)	(7.1)
Issuance of common stock	39.3	11.1
Acquisition of treasury stock	(1.7)	(3.7)
Dividends paid — common shares	(187.6)	(182.5)
<b>Net Cash Flows from (used for) Financing Activities</b>	<b>426.5</b>	<b>(418.0)</b>
Increase in cash and cash equivalents	903.0	12.8
Cash and cash equivalents at beginning of year	29.5	27.1
<b>Cash and cash equivalents at end of period</b>	<b>\$ 932.5</b>	<b>\$ 39.9</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	240.9	231.8
Interest capitalized	1.3	1.9
Cash paid for income taxes	97.4	136.8

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**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 16, 2005**

**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))
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ITEM 8.01. OTHER EVENTS

On September 7, 2005, NiSource Inc. and NiSource Finance Corp. (the “Companies”) entered into a Terms Agreement with Barclays Capital Inc., Citigroup Global Markets Inc. and Credit Suisse First Boston LLC, as representatives for the several underwriters, with respect to the offering and sale of \$450,000,000 of 5.25% Notes due 2017 (the “2017 Notes”) and \$550,000,000 of 5.45% Notes due 2020 (the “2020 Notes”, and together with the 2017 Notes, the “Notes”). The offering closed on September 16, 2005. The offering of the Notes was registered under the Securities Act of 1933, as amended, pursuant to the Companies’ shelf registration statement on Form S-3 (File No. 333-107421). The form of 2017 Notes is filed on Exhibit 4.1, and the form of 2020 Notes is filed on Exhibit 4.2, to this Report on Form 8-K, and are hereby incorporated by reference herein.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
4.1	Form of 5.25% Notes due 2017
4.2	Form of 5.45% Notes due 2020

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**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 16, 2005

By: /s/ Jeffrey W. Grossman

Jeffrey W. Grossman  
Vice President and Controller

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### EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
4.1	Form of 5.25% Notes due 2017
4.2	Form of 5.45% Notes due 2020

**EXHIBIT 4.1**

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO NISOURCE FINANCE CORP. AND NISOURCE INC. OR THEIR AGENT OR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No.: 1 \$450,000,000  
CUSIP No.: 65473Q AQ 6  
ISIN No.: US65473QAQ64

5.25% Notes due 2017

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of Four Hundred Fifty Million Dollars on September 15, 2017.

Interest Payment Dates: March 15 and September 15

Record Dates: March 1 and September 1

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Additional provisions of this Note are set forth on the other side of this Note.

dated: September 16, 2005

NISOURCE FINANCE CORP.

By: \_\_\_\_\_  
Name: David J. Vajda  
Title: Vice President and Treasurer

By: \_\_\_\_\_  
Name: Gary W. Pottorff  
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF  
AUTHENTICATION

This is one of the Notes of the series  
referred to in the within-mentioned Indenture.

JPMORGAN CHASE BANK, N.A.  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

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## 5.25% Notes due 2017

### interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on March 15 and September 15 of each year, commencing March 15, 2006. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from September 16, 2005. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

### 2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the March 1 or September 1 next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

### 3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

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#### 4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

#### 5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated September 16, 2005 (the "Officer's Certificate"). The terms of the Notes include those stated in the Indenture and the Officer's Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbbb) as in effect on the date of the Officer's Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

#### 6. Optional Redemption

The Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) the principal amount of the Notes being redeemed plus accrued interest to the Redemption Date or (2) the Make-Whole Amount for the Notes being redeemed. For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued interest on the principal amount of the Notes being redeemed to the Redemption Date.

"Adjusted Treasury Rate" means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15 (519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant

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Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.25%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Trustee, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Trustee after consultation with the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

## 7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the

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Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

#### 8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

#### 9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

#### 10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

#### 11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

#### 12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge

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the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

### 13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

### 14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing,

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the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

#### 15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

#### 16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

#### 17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

#### 18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

#### 19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued,

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the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.  
801 East 86th Avenue  
Merrillville, Indiana 46410

Attention: Corporate Secretary

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ASSIGNMENT FORM

assign this Note, fill in the form below:

I or we assign and transfer this Note to

\_\_\_\_\_

\_\_\_\_\_

(Print or type assignee's name, address and zip code)

\_\_\_\_\_

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint \_\_\_\_\_ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

\_\_\_\_\_  
Sign exactly as your name appears on the other side of this Note.

Signature Guarantee:

\_\_\_\_\_  
Signature must be guaranteed

\_\_\_\_\_  
Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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## SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 5.25% Notes due 2017 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

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Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: \_\_\_\_\_

Name: David J. Vajda

Title: Vice President and Treasurer

By: \_\_\_\_\_

Name: Jeffrey W. Grossman

Title: Vice President and Controller

**EXHIBIT 4.2**

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO NISOURCE FINANCE CORP. AND NISOURCE INC. OR THEIR AGENT OR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No.: 1  
CUSIP No.: 65473Q AR 4  
ISIN No.: US65473QAR48

\$550,000,000

5.45% Notes due 2020

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of Five Hundred Fifty Million Dollars on September 15, 2020.

Interest Payment Dates: March 15 and September 15

Record Dates: March 1 and September 1

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Additional provisions of this Note are set forth on the other side of this Note.

dated: September 16, 2005

NISOURCE FINANCE CORP.

By: \_\_\_\_\_

Name: David J. Vajda

Title: Vice President and Treasurer

By: \_\_\_\_\_

Name: Gary W. Pottorff

Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF  
AUTHENTICATION

This is one of the Notes of the series  
referred to in the within-mentioned Indenture.

JPMORGAN CHASE BANK, N.A.  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

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## 5.45% Notes due 2020

### Interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on March 15 and September 15 of each year, commencing March 15, 2006. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from September 16, 2005. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

### 2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the March 1 or September 1 next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

### 3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

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#### 4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

#### 5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated September 16, 2005 (the "Officer's Certificate"). The terms of the Notes include those stated in the Indenture and the Officer's Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbb) as in effect on the date of the Officer's Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

#### 6. Optional Redemption

The Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) the principal amount of the Notes being redeemed plus accrued interest to the Redemption Date or (2) the Make-Whole Amount for the Notes being redeemed. For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued interest on the principal amount of the Notes being redeemed to the Redemption Date.

"Adjusted Treasury Rate" means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15 (519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant

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Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.30%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Trustee, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Trustee after consultation with the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

#### 7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the

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Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

#### 8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

#### 9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

#### 10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

#### 11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

#### 12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge

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the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

### 13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

### 14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing,

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the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

#### 15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

#### 16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

#### 17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

#### 18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

#### 19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued,

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the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.  
801 East 86th Avenue  
Merrillville, Indiana 46410

Attention: Corporate Secretary

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ASSIGNMENT FORM

If I assign this Note, fill in the form below:

I or we assign and transfer this Note to

\_\_\_\_\_

\_\_\_\_\_  
(Print or type assignee's name, address and zip code)

\_\_\_\_\_  
(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint \_\_\_\_\_ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

\_\_\_\_\_  
Sign exactly as your name appears on the other side of this Note.

Signature Guarantee:

\_\_\_\_\_  
Signature must be guaranteed

\_\_\_\_\_  
Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

\_\_\_\_\_

## SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 5.45% Notes due 2020 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

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Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: \_\_\_\_\_

Name: David J. Vajda

Title: Vice President and Treasurer

By: \_\_\_\_\_

Name: Jeffrey W. Grossman

Title: Vice President and Controller

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**End of Filing**

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**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): August 23, 2005

**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))
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ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS  
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Note Purchase Agreement

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### ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On August 23, 2005, NiSource Finance Corp. (as issuer) and NiSource Inc. (as guarantor) entered into a Note Purchase Agreement (the "agreement") with institutional purchasers with respect to the purchase and sale of \$315,000,000 aggregate principal amount of 5.21% Series A Senior Notes due November 28, 2012, \$230,000,000 aggregate principal amount of 5.36% Series B Senior Notes due November 28, 2015, \$90,000,000 aggregate principal amount of 5.41% Series C Senior Notes due November 28, 2016, and \$265,000,000 aggregate principal amount of 5.89% Series D Senior Notes due November 28, 2025. The notes are being offered in a transaction exempt from registration under the Securities Act of 1933. The purchase and sale transaction is scheduled to close on November 28, 2005.

Interest on the notes is payable semi-annually, and any or all of the notes may be called for redemption at any time prior to maturity for a price equal to 100% of the principal amount plus a make-whole premium. The agreement contains customary representations, warranties and agreements. The agreement contains customary events of default, including failure to pay principal and interest when due, default in compliance with agreements (subject to notice and cure rights in certain instances), inaccuracy of representations and warranties, cross-defaults, defaults with respect to unsatisfied judgments, defaults with respect to employee benefit plans, unenforceability of or denial of obligations under the guarantee and certain events of bankruptcy or insolvency. Upon the occurrence of an event of default involving certain events of bankruptcy or insolvency, the notes shall become immediately due and payable. Upon the occurrence of any other event of default, holders of more than 50% in principal amount of the notes may declare all the notes to be immediately due and payable. Upon the occurrence of an event of default involving failure to pay principal and interest when due, or unenforceability of or denial of obligations under the guarantee, any holder of the notes affected may declare all the notes held by them immediately due and payable.

A copy of the Agreement is attached to this Current Report as Exhibit 10.1, and is incorporated by reference herein.

### ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

The information in Item 1.01 is hereby incorporated by reference to this Item 2.03

### ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

#### (c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
1	Note Purchase Agreement, dated August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein.

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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.

Date: August 26, 2005

NiSource Inc.  
\_\_\_\_\_  
(Registrant)

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

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### EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Note Purchase Agreement, dated August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein.

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NiSOURCE FINANCE CORP., AS ISSUER,

AND

NiSOURCE INC., AS GUARANTOR

\$315,000,000 5.21% Series A Senior Notes due November 28, 2012

\$230,000,000 5.36% Series B Senior Notes due November 28, 2015

\$90,000,000 5.41% Series C Senior Notes due November 28, 2016

\$265,000,000 5.89% Series D Senior Notes due November 28, 2025

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NOTE PURCHASE AGREEMENT

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Dated August 23, 2005

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NiSOURCE FINANCE CORP.  
NiSOURCE INC.  
801 East 86<sup>th</sup> Avenue  
Merrillville, Indiana 46410

August 23, 2005

TO EACH OF THE PURCHASERS LISTED IN  
SCHEDULE A HERETO :

Ladies and Gentlemen:

NiSource Finance Corp., an Indiana corporation ( "NFC" ), and NiSource Inc., a Delaware corporation (the "**Company**;" NFC and the Company being, collectively, the "**Obligors**" ), agree with each of the purchasers whose names appear at the end hereof (each, a "**Purchaser**" and, collectively, the "**Purchasers**" ) as follows:

**SECTION 1. AUTHORIZATION OF NOTES .**

NFC will authorize: (i) \$315,000,000 aggregate principal amount of its 5.21% Series A Senior Notes due November 28, 2012 (the "**Series A Notes**" ), (ii) \$230,000,000 aggregate principal amount of its 5.36% Series B Senior Notes due November 28, 2015 (the "**Series B Notes**" ), (iii) \$90,000,000 aggregate principal amount of its 5.41% Series C Senior Notes due November 28, 2016 (the "**Series C Notes**" ), and (iv) \$265,000,000 aggregate principal amount of its 5.89% Series D Senior Notes due November 28, 2025 (the "**Series D Notes**" ); the Series A Notes, the Series B Notes, the Series C Notes and the Series D Notes are collectively referred to herein as the "**Notes**" , such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Series A Notes, Series B Notes, Series C Notes and Series D Notes shall be substantially in the form set out in Exhibit 1(a), Exhibit 1(b), Exhibit 1(c), and Exhibit 1(d), respectively. The Notes shall be fully and unconditionally guaranteed by the Company pursuant to Section 23 of this Agreement. Certain capitalized and other terms used in this Agreement are defined in Schedule B; and references to a "**Schedule**" or an "**Exhibit**" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

**SECTION 2. SALE AND PURCHASE OF NOTES.**

Subject to the terms and conditions of this Agreement, NFC will issue and sell to each Purchaser and each Purchaser will purchase from NFC, at the Closing provided for in Section 3, Notes in the principal amount and the Series specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any

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liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

### **SECTION 3. CLOSING.**

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019, at 9:00 a.m., eastern standard time, at a closing (the “**Closing**”) on November 28, 2005 or on such other Business Day on or prior to December 31, 2005 as may be agreed upon by the Company and the Purchasers. At the Closing NFC will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note for each Series to be so purchased (or such greater number of Notes in denominations of at least \$500,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser’s name (or in the name of its nominee), against delivery by such Purchaser to NFC or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of NFC and pursuant to the wire transfer instructions delivered pursuant to Section 4.10. If at the Closing NFC shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser’s reasonable satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

### **SECTION 4. CONDITIONS TO CLOSING.**

Each Purchaser’s obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser’s reasonable satisfaction, prior to or at the Closing, of the following conditions:

**Section 4.1 Representations and Warranties** . The representations and warranties of each Obligor in this Agreement shall be correct when made and at the time of the Closing.

**Section 4.2 Performance; No Default** . Each Obligor shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 10.1, 10.2, 10.4 or 10.5 had such Sections applied since such date.

#### **Section 4.3 Compliance Certificates, Etc.**

(a) *Officer’s Certificate* . Each Obligor shall have delivered to such Purchaser an Officer’s Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate* . Each Obligor shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes, the Guaranty and this Agreement, as applicable.

(c) *Bring-Down Disclosure Report* . Each Obligor shall have delivered to such Purchaser the Bring-Down Disclosure Report, dated the date of Closing, and no matter disclosed in the Bring-Down Disclosure Report, individually or in the aggregate, shall be of a nature that could reasonably be expected to have a Material Adverse Effect.

**Section 4.4 Opinions of Counsel** . Such Purchaser shall have received opinions in form and substance reasonably satisfactory to such Purchaser, dated the date of the Closing (a) from Schiff Hardin LLP, counsel for the Obligors, covering the matters set forth in Exhibit 4.4(a)(1) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request but excluding matters covered by the opinion delivered pursuant to clause (b) below, (b) from Thelen Reid & Priest LLP, special counsel for the Obligors covering matters set forth in Exhibit 4.4(a)(2) relating to the Public Utility Holding Company Act of 1935, as amended, (and the Obligors hereby instruct their counsel to deliver such opinions to the Purchasers) and (c) from Dewey Ballantine LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

**Section 4.5 Purchase Permitted By Applicable Law, Etc** . On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

**Section 4.6 Sale of Other Notes** . Contemporaneously with the Closing NFC shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

**Section 4.7 Payment of Special Counsel Fees** . Without limiting the provisions of Section 15.1, NFC shall have paid on or before the Closing the reasonable fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to NFC at least one Business Day prior to the Closing.

**Section 4.8 Private Placement Number** . A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each Series of the Notes.

**Section 4.9 Changes in Corporate Structure** . Neither Obligor shall have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

**Section 4.10 Funding Instructions** . At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of NFC confirming the wire transfer instructions for payment of the purchase price for the Notes on the date of Closing including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

**Section 4.11 Call of CEG Debt** . The Company shall have duly delivered written irrevocable notice of redemption of CEG Public Debt having an aggregate outstanding principal amount at least equal to the aggregate principal amount of the Notes to be issued on the date of Closing and setting forth as the date of redemption for such CEG Public Debt a date which is on (or not more than 5 Business Days after) the date of Closing.

**Section 4.12 Proceedings and Documents** . All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

#### **SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.**

Each Obligor represents and warrants to each Purchaser that as of the date of this Agreement and, except as disclosed by the Obligors in a written instrument (the "**Bring-Down Disclosure Report**") to each Purchaser at or prior to the date of Closing, as of the date of Closing:

**Section 5.1 Organization; Power and Authority** . Each Obligor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Obligor has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement (including in the case of the Company, without limitation, the Guaranty) and the Notes and to perform the provisions hereof and thereof.



**Section 5.2 Authorization, Etc .** This Agreement (including in the case of the Company, without limitation, the Guaranty) and the Notes have been duly authorized by all necessary corporate action on the part of each Obligor, as applicable, and this Agreement (including, without limitation, the Guaranty) constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of each Obligor enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**Section 5.3 Disclosure .** The Obligors, through their agents, Banc of America Securities LLC and J.P. Morgan Securities Inc., as joint bookrunning agents, have delivered to each Purchaser a copy of a Private Placement Memorandum, dated July 2005 (the "**Memorandum**" ), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. This Agreement, the Memorandum, the documents, certificates or other writings by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, in each case, delivered to the Purchasers prior to July 21, 2005 (this Agreement, the Memorandum and such documents, certificates, writings and financial statements being referred to, collectively, as the "**Disclosure Documents**" ), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2004, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to either Obligor that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

**Section 5.4 Organization and Ownership of Shares of Subsidiaries .**

(a) Schedule 5.4 contains a complete and correct list of the Company's Subsidiaries required to be disclosed in Exhibit 21 to the most recent Form 10-K, showing, as to each such Subsidiary, the correct name thereof and the jurisdiction of its organization.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 are owned, directly or indirectly, by the Company and its Subsidiaries and have been validly issued, are fully paid and nonassessable and are owned free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a

Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) Except as described on Schedule 5.4, no Subsidiary is a party to, or otherwise subject to any Material legal, regulatory, contractual or other restriction or any Material agreement restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

**Section 5.5 Financial Statements; Material Liabilities .** The Obligors have delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

**Section 5.6 Compliance with Laws, Other Instruments, Etc .** The execution, delivery and performance by either Obligor of this Agreement (including, without limitation, with respect to the Company, the Guaranty) and, as to NFC, the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

**Section 5.7 Governmental Authorizations, Etc .** No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by either Obligor of this Agreement (including, without limitation, with respect to the Company, the Guaranty) or, as to NFC, the Notes, except in each case as have been obtained and are in full force and effect.

**Section 5.8 Litigation; Observance of Agreements, Statutes and Orders .**

(a) Except as disclosed in Schedule 5.8, there are no actions, suits, investigations or proceedings pending or, to the knowledge of either Obligor, threatened against or affecting the Company or any Subsidiary or any property of the Company or

any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

**Section 5.9 Taxes .** The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Obligors know of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended 1998.

**Section 5.10 Title to Property; Leases .** The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of), in each case free and clear of Liens prohibited by this Agreement. All leases to which the Company or any Subsidiary is a party that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

**Section 5.11 Licenses, Permits, Etc .**

(a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Obligors, no product or service of the Company or any of its Subsidiaries infringes in any material respect any license, permit,

franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Obligors, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

**Section 5.12 Compliance with ERISA .**

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any unfunded obligation or benefit liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code or Section 4068 of ERISA, other than such liabilities or Liens as would not be individually or in the aggregate reasonably expected to have a Material Adverse Effect.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than \$1,000,000 in the case of any single Plan and by more than \$4,000,000 in the aggregate for all Plans. The term "benefit liabilities" has the meaning specified in Section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in Section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under Section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1) (A)-(D) of the Code. The representation in the first sentence of this Section 5.12(e) with respect to any holder is made in reliance upon and subject to the accuracy of such holder's representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by such holder.

**Section 5.13 Private Offering .** Neither Obligor nor anyone acting on its behalf has offered the Notes or the Guaranty or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers and not more than 39 other Accredited Institutional Investors, each of which has been offered the Notes and the Guaranty at a private sale for investment. Neither Obligor nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes or the Guaranty to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

**Section 5.14 Use of Proceeds; Margin Regulations .** NFC will apply the proceeds of the sale of the Notes as set forth in the Memorandum. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 25% of the value of the consolidated assets of either Obligor and its Subsidiaries and neither Obligor has any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms “margin stock” and “purpose of buying or carrying” shall have the meanings assigned to them in said Regulation U.

**Section 5.15 Existing Indebtedness; Future Liens .**

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all agreements evidencing outstanding Indebtedness that is Material of the Company and its Subsidiaries as of June 30, 2005. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal of or interest on any such Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any such Indebtedness of the Company or any Subsidiary that would (i) permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment and (ii) as a result thereof constitute an Event of Default.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening

of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.4.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness that is Material of the Company or such Subsidiary, any agreement relating thereto or any other Material agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes (or could reasonably be expected to impose) restrictions on the incurring of, the liabilities of the Obligors pursuant to this Agreement, except for those instruments and agreements specifically indicated in Schedule 5.15.

**Section 5.16 Foreign Assets Control Regulations, Etc .**

(a) Neither the sale of the Notes by NFC, the issuance of the Guaranty by the Company hereunder nor the use of the proceeds of the Notes will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) Neither the Company nor any Subsidiary is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order. The Company and its Subsidiaries are in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

**Section 5.17 Status under Certain Statutes .** Neither the Company nor any Subsidiary is an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended or is subject to regulation under the ICC Termination Act of 1995, as amended. The Company is a “**public utility holding company**” within the meaning of the Public Utility Holding Company Act of 1935, as amended (“PUHCA”). All necessary approvals under PUHCA for the issuance and sale of the Notes and the issuance and delivery of the Guaranty have been obtained.

**Section 5.18 Environmental Matters .** Except as disclosed in Schedule 5.8:

(a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except,

in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect.

(d) All buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

**Section 5.19 Solvency** . The Company is, and upon giving effect to the sale of the Notes on the date of the Closing and the consummation of the transactions contemplated by this Agreement will be, a “solvent institution”, as said term is used in Section 1405(c) of the New York Insurance Law, whose “obligations . . . are not in default as to principal or interest”, as said terms are used in Section 1405(c).

#### **SECTION 6. REPRESENTATIONS OF THE PURCHASER .**

**Section 6.1 Purchase for Investment** . Each Purchaser severally represents that it: (a) is an Accredited Institutional Investor, (b) has had the opportunity to ask questions of the Obligors and has received answers concerning the terms and conditions of the sale of the Notes, and (c) is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser’s or their property shall at all times be within such Purchaser’s or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

**Section 6.2 Source of Funds** . Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a “**Source**” ) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an **“insurance company general account”** (as the term is defined in the United States Department of Labor’s Prohibited Transaction Exemption ( **“PTE”** ) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the **“NAIC Annual Statement”** )) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser’s state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser’s fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an **“investment fund”** (within the meaning of Part V of PTE 84-14 (the **“QPAM Exemption”** )) managed by a **“qualified professional asset manager”** or **“QPAM”** (within the meaning of Part V of the QPAM Exemption), no employee benefit plan’s assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of **“control”** in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a **“plan(s)”** (within the meaning of Section IV of PTE 96-23 (the **“INHAM Exemption”** )) managed by an **“in-house asset manager”** or **“INHAM”** (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of



“control” in Section IV(d) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “employee benefit plan,” “governmental plan,” and “separate account” shall have the respective meanings assigned to such terms in Section 3 of ERISA.

#### SECTION 7. INFORMATION AS TO COMPANY.

**Section 7.1 Financial and Business Information** . The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), copies of,

(1) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(2) consolidated statements of income and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, *provided* that delivery within the time period specified above of copies of the Company’s Quarterly Report on Form 10-Q (the “ **Form 10-Q** ” ) prepared in compliance with the requirements therefor and filed with the SEC shall be deemed to satisfy the requirements of this Section 7.1(a), *provided, further*, that the Company shall be deemed to have made such delivery of such Form 10-Q if it shall have timely made such Form 10-Q available on “EDGAR” (such availability being referred to as “**Electronic Delivery**” );

(b) *Annual Statements* — within 120 days after the end of each fiscal year of the Company, copies of

(1) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and

(2) consolidated statements of income, shareholder's equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, *provided* that the delivery within the time period specified above of the Company's Annual Report on Form 10-K (the "**Form 10-K**") for such fiscal year prepared in accordance with the requirements therefor and filed with the SEC, shall be deemed to satisfy the requirements of this Section 7.1(b), *provided, further*, that the Company shall be deemed to have made such delivery if it shall have timely made Electronic Delivery thereof;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC and of all press releases filed by the Company or any Subsidiary with the SEC concerning developments that are Material, *provided* that in each case the Company shall be deemed to have made such delivery if it shall have timely made Electronic Delivery thereof;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five Business Days, after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five Business Days, after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(1) with respect to any Plan, any reportable event, as defined in Section 4043(c) of ERISA and the regulations thereunder, for which notice

thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(2) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(3) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days, of receipt by a Responsible Officer thereof, copies of any written notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to compliance or non-compliance with any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of each Obligor to perform its obligations hereunder and, with respect to NFC, under the Notes as from time to time may be reasonably requested by any such holder of Notes.

**Section 7.2 Officer's Certificate** . Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1 (b) shall be accompanied by a certificate of a Senior Financial Officer setting forth (which, in the case of Electronic Delivery of any such financial statements, shall be by separate substantially concurrent physical delivery of such certificate to each such holder of Notes):

(a) *Covenant Compliance* — the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.5, during the quarterly or annual period covered by the statements then being furnished; and

(b) *Event of Default* — a statement that such Senior Financial Officer has reviewed, or caused review by a Responsible Officer of, the relevant terms hereof and such review shall not have disclosed the existence during the quarterly or annual period covered by the statements then being furnished any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists

(including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

**Section 7.3 Visitation** . Each Obligor shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to such Obligor, to visit during normal business hours the principal executive office of such Obligor, to discuss the affairs, finances and accounts of such Obligor and its Subsidiaries with such Obligor's officers, and (with the consent of such Obligor, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of such Obligor, which consent will not be unreasonably withheld) to visit during normal business hours the other offices and properties of such Obligor and each of its Subsidiaries, all as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of each Obligor to visit and inspect any of the offices or properties of such Obligor or any of its Subsidiaries, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision each Obligor authorizes said accountants to discuss the affairs, finances and accounts of each Obligor and its Subsidiaries), all at such times and as often as may be requested.

## **SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.**

**Section 8.1 Maturity** . As provided therein, the entire unpaid principal balance of each Series of the Notes shall be due and payable on the stated maturity date thereof.

**Section 8.2 Optional Prepayments with Make-Whole Amount** . NFC may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes or any Series of Notes, in an amount not less than \$500,000 in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. NFC will give each holder of Notes to be so prepaid written notice of each such optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount and Series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment),  
ting forth the details of such computation. Two Business Days prior to such prepayment, NFC shall deliver to each holder of

Notes of the Series to be prepaid a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

**Section 8.3 Allocation of Partial Prepayments .** In the case of each partial prepayment of the Notes of any Series, the principal amount of such Notes to be prepaid shall be allocated among all of the Notes of such Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

**Section 8.4 Maturity; Surrender, Etc.** In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless NFC shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to NFC and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

**Section 8.5 Purchase of Notes .** NFC will not and will not permit any of its Affiliates to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes of any Series except (a) upon the payment or prepayment of the Notes of any Series in accordance with the terms of this Agreement and the Notes, or (b) pursuant to a written offer to purchase any outstanding Notes of any Series made by NFC or any such Affiliate pro rata to the holders of all the Notes of such Series upon the same terms and conditions. NFC will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

**Section 8.6 Make-Whole Amount.** “**Make-Whole Amount**” means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“**Called Principal**” means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

**“Reinvestment Yield”** means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as **“Page PX1”** (or such other display as may replace Page PX1 on Bloomberg Financial Markets ( **“Bloomberg”** ) or, if Page PX1 (or its successor screen on Bloomberg) is unavailable, the Telerate Access Service screen which corresponds most closely to Page PX1 for the most recently issued actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

**“Remaining Average Life”** means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

**“Remaining Scheduled Payments”** means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of such Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

**“Settlement Date”** means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

## SECTION 9. AFFIRMATIVE COVENANTS .

So long as any of the Notes are outstanding:

**Section 9.1 Compliance with Law .** Each Obligor will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, the USA Patriot Act and Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 9.2 Insurance .** Each Obligor will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated, except in each case to the extent that any non-compliance with the terms of this Section could not reasonably be expected to have a Material Adverse Effect.

**Section 9.3 Maintenance of Properties .** Each Obligor will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section shall not prevent any Obligor or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such Obligor or Subsidiary has concluded such discontinuance is desirable in the conduct of its business and could not reasonably be expected to have a Material Adverse Effect.

**Section 9.4 Payment of Taxes and Claims.** Each Obligor will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes, assessments, charges and levies have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of such Obligor or any of its Subsidiaries, *provided* that neither the Obligors nor any of their Subsidiaries need make any such filing or pay any such tax, assessment, charge, levy or claim if (i) if the amount, applicability or validity thereof is contested by an Obligor or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and an Obligor or such Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of such Obligor or such Subsidiary or (ii) the non-filing of all such returns and/or nonpayment of all such taxes,

assessments, charges, or levies and claims (as the case may be) in the aggregate could not reasonably be expected to have a Material Adverse Effect.

**Section 9.5 Corporate Existence** . Subject to Section 10.2, each Obligor will at all times preserve and keep in full force and effect its corporate existence. Each Obligor will at all times preserve and keep in full force and effect the corporate existence of each of the Material Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all Material rights and franchises of such Obligor and of the Material Subsidiaries unless, in the good faith judgment of an Obligor, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not have a Material Adverse Effect.

**Section 9.6 Books and Records** . Each Obligor will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over such Obligor or such Subsidiary, as the case may be, except where failure to do so could not reasonably be expected to result in a Material Adverse Effect.

#### **SECTION 10. NEGATIVE COVENANTS.**

So long as any of the Notes are outstanding:

**Section 10.1 Transactions with Affiliates** . The Obligors will not, and will not permit any of their Subsidiaries to, enter into directly or indirectly any transaction or group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except upon fair and reasonable terms no less favorable to such Obligor or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

**Section 10.2 Merger, Consolidation, Etc** . No Obligor will consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(a) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of such Obligor as an entirety, as the case may be, shall be a solvent corporation, limited liability company or other business entity organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and, if such corporation, limited liability company or other business entity is not one of the Obligors, (i) such corporation, limited liability company or other business entity shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement (including, in the case of the Company, the Guaranty) and, in the case of NFC, the Notes and (ii) such corporation, limited liability company or other business entity shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such



assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(b) immediately before and immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer or lease of substantially all of the assets of an Obligor in violation of the terms of this Section shall have the effect of releasing such Obligor or any successor corporation, limited liability company or other business entity that shall theretofore have become such in the manner prescribed in this Section from its liability under this Agreement including, in the case of the Company, the Guaranty or, in the case of NFC, the Notes.

**Section 10.3 Terrorism Sanctions Regulations** . The Obligors will not, and will not permit any of their Subsidiaries to, become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order.

**Section 10.4 Liens**. The Obligors will not, and will not permit any of their 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, 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 Notes 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:

(a) (i) Liens on any property acquired, constructed or improved by the Company 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 (ii) in addition to Liens contemplated by clauses (b) and (c) 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 Company 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;

(b) existing Liens on any property or indebtedness of a Person that is merged with or into or consolidated with the Company or any of its Subsidiaries; *provided* that such Lien was not created in contemplation of such merger or consolidation;

(c) Liens on any property or indebtedness of a Person existing at the time such Person becomes a Subsidiary of the Company; *provided* that such Lien was not created in contemplation of such occurrence;

(d) Liens to secure Debt for Borrowed Money of a Subsidiary of the Company to the Company or to another Subsidiary of the Company;

(e) 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, without limitation, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

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

(g) 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 (a) through (f), inclusive, or this clause (g); *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);

(h) Liens on any property or assets of a Project Financing Subsidiary, or on any equity investment 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

(i) Any Lien, other than a Lien described in any of the foregoing clauses (a) through (h), 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 (i) then outstanding, does not exceed 10% of Consolidated Net Tangible Assets.

**Section 10.5 Financial Covenant.** The Debt to Capitalization Ratio shall not be more than 0.75 to 1.00 at any time.

**SECTION 11. EVENTS OF DEFAULT.**

An “**Event of Default**” shall exist if any of the following conditions or events shall occur and be continuing:

- (a) NFC defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or
- (b) NFC defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or
- (c) any Obligor defaults in the performance of or compliance with any term contained in Section 7.1(d) or Sections 10.1 through 10.5; or
- (d) any Obligor defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11 (a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) any Obligor receiving written notice of such default from any holder of a Note (any such written notice to be identified as a “**notice of default**” and to refer specifically to this Section 11(d)); or
- (e) any representation or warranty made in writing by or on behalf of an Obligor or by any officer of an Obligor in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or
- (f) (i) any Obligor, or any of its Subsidiaries, is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$75,000,000 beyond any period of grace provided with respect thereto, or (ii) any Obligor, or any of its Subsidiaries, is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$75,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) any Obligor, or any of its Subsidiaries, has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$75,000,000, or (y) one or more Persons have the right to require any Obligor, or any of its Subsidiaries, so to purchase or repay such Indebtedness; or

(g) any Obligor or any Substantial Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by any Obligor or any Substantial Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of any Obligor or any Substantial Subsidiary, or any such petition shall be filed against any Obligor or any Substantial Subsidiary and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of \$75,000,000 are rendered against one or more of an Obligor or its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay or subject to an insured claim by such Obligor or Subsidiary; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA Section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "**amount of unfunded benefit liabilities**" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$75,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any unfunded obligation or benefit liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(k) the Guaranty provided by the Company in Section 23 hereto is held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or the Company or any Person acting on behalf of the Company shall deny or disaffirm its obligations under such Guaranty.

As used in Section 11(j), the terms “**employee benefit plan**” and “**employee welfare benefit plan**” shall have the respective meanings assigned to such terms in Section 3 of ERISA.

## **SECTION 12. REMEDIES ON DEFAULT, ETC.**

**Section 12.1 Acceleration** . (a) If an Event of Default with respect to either Obligor described in Section 11(g) or (h) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a), (b) or (k) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Obligors acknowledge, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by NFC (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by NFC in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

**Section 12.2 Other Remedies** . If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

**Section 12.3 Rescission** . At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the holders of not less than 50% in principal amount of the Notes then outstanding, by written notice to any Obligor, may rescind and annul any such declaration and its consequences if (a) there has been paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither Obligor nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

**Section 12.4 No Waivers or Election of Remedies, Expenses, Etc** . No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of NFC under Section 15, NFC will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

### **SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.**

**Section 13.1 Registration of Notes** . NFC shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and no Obligor shall be affected by any notice or knowledge to the contrary. NFC shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

**Section 13.2 Transfer and Exchange of Notes** . Upon surrender of any Note of any Series to NFC at the address and to the attention of the designated officer (all as specified in Section 18(3)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, NFC shall execute and deliver, at NFC's expense (except as provided below), one or more new Notes (as requested by the

holder thereof) of such Series in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of the Note surrendered. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. NFC may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$500,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes of a Series, one Note of such Series may be in a denomination of less than \$500,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representations set forth in Sections 6.1 and 6.2.

**Section 13.3 Replacement of Notes** . Upon receipt by NFC at the address and to the attention of the designated officer (all as specified in Section 18(3)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$100,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, NFC at its own expense shall execute and deliver, in lieu thereof, a new Note of the same Series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

#### **SECTION 14. PAYMENTS ON NOTES.**

**Section 14.1 Place of Payment** . Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in Merrillville, Indiana at the principal office of NFC in such jurisdiction. NFC may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of NFC in the United States or the principal office of a bank or trust company in the United States.

**Section 14.2 Home Office Payment** . So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, NFC will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, by such other method or at such other address as such Purchaser shall have from time to time specified to NFC in writing for such purpose, without the

presentation or surrender of such Note or the making of any notation thereon, except that upon written request of NFC made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to NFC at its principal executive office or at the place of payment most recently designated by NFC pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to NFC in exchange for a new Note or Notes pursuant to Section 13.2. NFC will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

#### **SECTION 15. EXPENSES, ETC .**

**Section 15.1 Transaction Expenses .** Whether or not the transactions contemplated hereby are consummated, the Obligors will pay all reasonable costs and expenses (including reasonable attorneys' fees of one special counsel for all holders and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, (b) the reasonable costs and expenses incurred in connection with the insolvency or bankruptcy of an Obligor or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and (c) the reasonable costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVOs *provided*, that such costs and expenses under this clause (c) shall not exceed \$5,000.00 in the aggregate. The Obligors will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

**Section 15.2 Survival .** The obligations of NFC under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, the Guaranty or the Notes, and the termination of this Agreement.

#### **SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT .**

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any



certificate or other instrument delivered by or on behalf of an Obligor pursuant to this Agreement shall be deemed representations and warranties of such Obligor under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Obligors and supersede all prior agreements and understandings relating to the subject matter hereof.

#### **SECTION 17. AMENDMENT AND WAIVER.**

**Section 17.1 Requirements .** (a) This Agreement may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each of the Obligors and the Required Holders with respect to each Series, and (b) the Notes of any Series may be amended, and the observance of any term thereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each of the Obligors and the Required Holders with respect to such Series; *provided, however,* that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17, 20 or 23.

#### **Section 17.2 Solicitation of Holders of Notes.**

(a) *Solicitation.* NFC will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. NFC will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* NFC will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Notes then outstanding that granted its consent to such waiver or amendment.

**Section 17.3 Binding Effect, etc .** Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each

future holder of any Note and upon the Obligors without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended, waived or impair any right consequent thereon. No course of dealing between any Obligor and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

**Section 17.4 Notes Held by NFC, etc.** Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by NFC or any of its Affiliates shall be deemed not to be outstanding.

#### **SECTION 18. NOTICES.**

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

- (1) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Obligors in writing,
- (2) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Obligors in writing, or
- (3) if to either Obligor, to such Obligor at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as such Obligor shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

#### **SECTION 19. REPRODUCTION OF DOCUMENTS.**

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, xerographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. Each

Obligor agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit any Obligor or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

#### **SECTION 20. CONFIDENTIAL INFORMATION.**

For the purposes of this Section 20, “**Confidential Information**” means information delivered to any Purchaser by or on behalf of any Obligor or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of such Obligor or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser’s behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by an Obligor or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which it offers to purchase any security of NFC or the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser’s investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser’s Notes, the Guaranty and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by any Obligor in connection with the delivery to any holder of a Note of

information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Obligors embodying the provisions of this Section 20.

#### **SECTION 21. SUBSTITUTION OF PURCHASER.**

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Obligors, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "**Purchaser**" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

#### **SECTION 22. MISCELLANEOUS.**

**Section 22.1 Successors and Assigns** . All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

**Section 22.2 Payments Due on Non-Business Days** . Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.4 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

**Section 22.3 Accounting Terms**. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

**Section 22.4 Severability** . Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any

such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 22.5 Construction, etc .** Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

**Section 22.6 Counterparts .** This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

**Section 22.7 Governing Law .** This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

**Section 22.8 Jurisdiction and Process; Waiver of Jury Trial .**

(a) Each Obligor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement, the Guaranty or the Notes. To the fullest extent permitted by applicable law, each Obligor irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Each Obligor consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. Each Obligor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery

receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Obligors in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

#### SECTION 23. THE GUARANTY.

The Company, as primary obligor and not merely as a surety, hereby irrevocably, absolutely and unconditionally guarantees (the “**Guaranty**”) to the holder of each Note and each of their respective successors, endorsees, transferees and assigns (each a “**Beneficiary**” and collectively, the “**Beneficiaries**”) the prompt and complete payment by NFC, as and when due and payable, of the Obligations, in accordance with the terms of the Notes and this Agreement (collectively, the “**Credit Documents**”). The Guaranty shall rank equally and *pari passu* with all other unsecured and unsubordinated debt of the Company.

The Company 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 Company under the provisions of this Section 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, NFC 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 Company may have at any time and from time to time against any Beneficiary or any other Person, whether in connection with the transactions contemplated by this Agreement or any unrelated transaction; or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, NFC or any other guarantor or surety in respect of the Obligations or the Company in respect hereof.

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 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 NFC or otherwise, all as though such payment had not been made.

The obligations and liabilities of the Company 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 NFC 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.

The Company hereby consents that, without the necessity of any reservation of rights against the Company and without notice to or further assent by the Company, 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.

The Company's obligations under this Section shall be unconditional, irrespective of any lack of capacity of NFC or any lack of validity or enforceability of any other provision of this Agreement or any other Credit Document, and the provisions of this Section 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.

The obligations of the Company under this Section 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 NFC or any similar proceedings or actions, or by any defense NFC 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 Company's liability shall extend to all amounts and obligations that constitute the Obligations and would be owed by NFC, but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.

The Company hereby unconditionally waives in its capacity as a guarantor under this Section: (i) promptness and diligence; (ii) notice of or proof of reliance by the holders of the Notes upon the terms of this Section or acceptance of the terms of this Section; (iii) notice of the incurrence of any Obligation by NFC or the renewal, extension or accrual of any Obligation or of any circumstances affecting NFC's financial condition or ability to perform the Obligations; (iv) notice of any actions taken by the Beneficiaries or NFC 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 Company hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Section might constitute grounds for relieving the Company of its obligations under this Section; (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 NFC 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 Company's obligations hereunder.

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. The terms of this Section are 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 Company 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 Section against the Company 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 NFC or against any other Person.

The Company hereby acknowledges and agrees that, until 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 Company hereby expressly and irrevocably waives, until 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 NFC 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 Company's execution, delivery or performance of this Agreement.

The Company represents and warrants that it has established adequate means of keeping itself informed of NFC's financial condition and of other circumstances affecting NFC's ability to perform the Obligations, and agrees that no holder of any Note shall have any obligation to provide to the Company any information it may have, or hereafter receive, in respect of NFC.

To further evidence the Guaranty set forth in this Section 23, the Company hereby agrees that a notation of such Guaranty shall be endorsed by the Company (by manual or facsimile signature) on each Note; *provided* that the Guaranty set forth in this Section 23 shall remain in full force and effect notwithstanding any failure to endorse any Note. The delivery of any Note, after execution thereof, shall constitute due delivery of the Guaranty set forth in this Agreement on behalf of the Company.

\* \* \* \* \*



If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the obligors, whereupon this Agreement shall become a binding agreement among you and each of the Obligor.

Very truly yours,

**NISOURCE FINANCE CORP.**

By: /s/ David J. Vajda  
Name: David J. Vajda  
Title: Vice President and Treasurer

**NISOURCE INC.**

By: /s/ David J. Vajda  
Name: David J. Vajda  
Title: Vice President and Treasurer

**[Signature Page to Note Purchase Agreement ]**

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The foregoing is hereby  
referred to as of the  
date thereof.

**THE NORTHWESTERN MUTUAL LIFE  
INSURANCE COMPANY**

By: /s/ David A. Barras  
Name: David A. Barras  
Title: Its Authorized Representative

**ALLSTATE LIFE INSURANCE COMPANY**

By: /s/ William R. Schmidt  
Name: WILLIAM R. SCHMIDT  
Title: Authorized Signatory

By: /s/ Jerry D. Zinkula  
Name: JERRY D. ZINKULA  
Title: Authorized Signatory

**ALLSTATE INSURANCE COMPANY**

By: /s/ William R. Schmidt  
Name: WILLIAM R. SCHMIDT  
Title: Authorized Signatory

By: /s/ Jerry D. Zinkula  
Name: JERRY D. ZINKULA  
Title: Authorized Signatory

**ALLSTATE LIFE INSURANCE COMPANY OF NEW  
YORK**

By: /s/ William R. Schmidt  
Name: WILLIAM R. SCHMIDT  
Title: Authorized Signatory

By: /s/ Jerry D. Zinkula  
Name: JERRY D. ZINKULA  
Title: Authorized Signatory

**TEACHERS INSURANCE AND ANNUITY  
ASSOCIATION OF AMERICA**

By: /s/ Estelle Simsolo  
Name: Estelle Simsolo  
Title: Director

**AMERICAN MAYFLOWER LIFE INSURANCE  
COMPANY OF NEW YORK**

By: /s/ John R. Endres  
Name: John R. Endres  
Title: Investment Officer



The foregoing is hereby  
need to as of the  
e thereof.

**FIRST COLONY LIFE INSURANCE COMPANY**

By: /s/ John R. Endres  
Name: John R. Endres  
Title: Investment Officer

**GE CAPITAL LIFE ASSURANCE COMPANY OF  
NEW YORK**

By: /s/ John R. Endres  
Name: John R. Endres  
Title: Investment Officer

**GENERAL ELECTRIC CAPITAL ASSURANCE  
COMPANY**

By: /s/ John R. Endres  
Name: John R. Endres  
Title: Investment Officer

**ING USA ANNUITY AND LIFE INSURANCE  
COMPANY**

**RELIASTAR LIFE INSURANCE COMPANY**

**SECURITY LIFE OF DENVER INSURANCE  
COMPANY**

**ING LIFE INSURANCE AND ANNUITY COMPANY**

By: ING Investment Management LLC, as Agent

By: /s/ Paul Aronson  
Name: Paul Aronson  
Title: Vice President

**ALLIANZ LIFE INSURANCE COMPANY OF  
NORTH AMERICA**

By: /s/ Gary Brown  
Name: Gary Brown  
Title: Assistant Treasurer

**NEW YORK LIFE INSURANCE COMPANY**

By: /s/ Stuart Ashton  
Name: Stuart Ashton  
Title: Investment Vice President

*Signature Page*  
*to NiSource Finance Corp. and NiSource Inc. Note Purchase Agreement*

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The foregoing is hereby  
need to as of the  
e thereof.

**NEW YORK LIFE INSURANCE AND ANNUITY  
CORPORATION**

By: New York Life Investment Management LLC, Its  
Investment Manager

By: /s/ Stuart Ashton  
Name: Stuart Ashton  
Title: Director

**NEW YORK LIFE INSURANCE AND ANNUITY  
CORPORATION INSTITUTIONALLY OWNED  
LIFE INSURANCE SEPARATE ACCOUNT**

By: New York Life Investment Management LLC, Its  
Investment Manager

By: /s/ Stuart Ashton  
Name: Stuart Ashton  
Title: Director

**CONNECTICUT GENERAL LIFE INSURANCE  
COMPANY**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ Leonard Mazlish  
Name: Leonard Mazlish  
Title: Managing Director

**LIFE INSURANCE COMPANY OF NORTH  
AMERICA**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ Leonard Mazlish  
Name: Leonard Mazlish  
Title: Managing Director

**PROVIDENT LIFE AND ACCIDENT INSURANCE  
COMPANY**

By: Provident Investment Management, LLC  
Its: Agent

By: /s/ Ben Vance  
Name: Ben Vance  
Title: Vice President

**UNUM LIFE INSURANCE COMPANY OF  
AMERICA**

By: Provident Investment Management, LLC  
Its: Agent

By: /s/ Ben Vance  
Name: Ben Vance  
Title: Vice President



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The foregoing is hereby  
referred to as of the  
date thereof.

**FIRST UNUM LIFE INSURANCE COMPANY**

By: Provident Investment Management, LLC  
Its: Agent

By: /s/ Ben Vance  
Name: Ben Vance  
Title: Vice President

**COLONIAL LIFE & ACCIDENT INSURANCE  
COMPANY**

By: Provident Investment Management, LLC  
Its: Agent

By: /s/ Ben Vance  
Name: Ben Vance  
Title: Vice President

**TRANSAMERICA OCCIDENTAL LIFE  
INSURANCE COMPANY**

By: /s/ Frederick B. Howard  
Name: Frederick B. Howard  
Title: Vice President

**MASSACHUSETTS MUTUAL LIFE INSURANCE  
COMPANY**

By: Babson Capital Management LLC as Investment  
Adviser

By: /s/ Mark A. Ahmed  
Name: Mark A. Ahmed  
Title: Managing Director

**C.M. LIFE INSURANCE COMPANY**

By: Babson Capital Management LLC as Investment Sub-  
Adviser

By: /s/ Mark A. Ahmed  
Name: Mark A. Ahmed  
Title: Managing Director

**MASSMUTUAL ASIA LIMITED**

By: Babson Capital Management LLC as Investment  
Adviser

By: /s/ Mark A. Ahmed  
Name: Mark a. Ahmed  
Title: Managing Director

The foregoing is hereby  
witnessed to as of the  
date thereof.

**HAKONE FUND LLC**

By: Babson Capital Management LLC as Investment  
Manager

By: /s/ Mark A. Ahmed  
Name: Mark A. Ahmed  
Title: Managing Director

**JACKSON NATIONAL LIFE INSURANCE  
COMPANY**

By: PPM America, Inc., as attorney in fact, on behalf of  
Jackson National Life Insurance Company

By: /s/ Mark Staub  
Name: Mark Staub,  
Title: Vice President

**THRIVENT FINANCIAL FOR LUTHERANS**

By: /s/ Glen Vanic  
Name: Glen Vanic  
Title: Portfolio Manager

**PROTECTIVE LIFE INSURANCE COMPANY**

By: /s/ Philip E. Passafiume  
Name: PHILIP E. PASSAFIUME  
Title: VP-INVESTMENTS

By: /s/ Belinda Bradley  
Name: Belinda Bradley  
Title: Financial Analyst I

**AMERICAN REPUBLIC INSURANCE COMPANY**

By: Advantus Capital Management, Inc.

By: /s/ Kathleen H. Parker  
Name: Kathleen H. Parker  
Title: Vice President

**BLUE CROSS AND BLUE SHIELD OF FLORIDA,  
INC.**

By: Advantus Capital Management, Inc.

By: /s/ Kathleen H. Parker  
Name: Kathleen H. Parker  
Title: Vice President



The foregoing is hereby  
referred to as of the  
and there of.

**THE CATHOLIC AID ASSOCIATION**

By: Advantus Capital Management, Inc.

By: /s/ James W. Tobin  
Name: James W. Tobin  
Title: Vice President

**THE LAFAYETTE LIFE INSURANCE COMPANY**

By: Advantus Capital Management, Inc.

By: /s/ James W. Tobin  
Name: James W. Tobin  
Title: Vice President

**MINNESOTA LIFE INSURANCE COMPANY**

By: Advantus Capital Management, Inc.

By: /s/ Joseph R. Betlei  
Name: Joseph R. Betlei  
Title: Vice President

**MTL INSURANCE COMPANY**

By: Advantus Capital Management, Inc.

By: /s/ Joseph R. Betlei  
Name: Joseph R. Betlei  
Title: Vice President

**THE RELIABLE LIFE INSURANCE COMPANY**

By: Advantus Capital Management, Inc.

By: /s/ Joseph R. Betlei  
Name: Joseph R. Betlei  
Title: Vice President

**UNITED INSURANCE COMPANY OF AMERICA**

By: Advantus Capital Management, Inc.

By: /s/ John Leiviska  
Name: JOHN LEIVISKA  
Title: VICE PRESIDENT

*Signature Page*  
*to NiSource Finance Corp. and NiSource Inc. Note Purchase Agreement*

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The foregoing is hereby  
agreed to as of the  
date thereof.

**WESTERN UNITED LIFE ASSURANCE COMPANY**

By: Advantus Capital Management, Inc.

By: /s/ John Leiviska

Name: JOHN LEIVISKA  
Title: VICE PRESIDENT

**HARTFORD ACCIDENT AND INDEMNITY  
COMPANY**

By: Hartford Investment Services, Inc.  
Its Agent and Attorney-in-Fact

By: /s/ Ronald A. Mendel

Name: Ronald A. Mendel  
Title: Managing Director

**PHYSICIANS LIFE INSURANCE COMPANY**

By: Hartford Investment Management Company  
Its Investment Advisor

By: /s/ Ronald A. Mendel

Name: Ronald A. Mendel  
Title: Managing Director

**PHOENIX LIFE INSURANCE COMPANY**

By: /s/Christopher M. Wilkos

Name: CHRISTOPHER M. WILKOS  
Title: Senior Vice President  
Corporate Portfolio Management  
PHOENIX LIFE INSURANCE COMPANY

**PHL VARIABLE INSURANCE COMPANY**

By: /s/ Christopher M. Wilkos

Name: CHRISTOPHER M. WILKOS, CFA  
Title: SENIOR VICE PRESIDENT  
CORPORATE PORTFOLIO  
MANAGEMENT  
PHL VARIABLE INSURANCE COMPANY

**AMERUS LIFE INSURANCE COMPANY**

By: AmerUs Capital Management Group, Inc., its  
authorized attorney-in-fact

By: /s/ Roger D. Fors

Name: Roger D. Fors  
Title: VP—Private Placements

*Signature Page  
to NiSource Finance Corp. and NiSource Inc. Note Purchase Agreement*

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The foregoing is hereby  
read to as of the  
e thereof.

**AMERICAN INVESTORS LIFE INSURANCE  
COMPANY**

By: AmerUs Capital Management Group, Inc., its  
authorized attorney-in-fact

By: /s/ Roger D. Fors  
Name: Roger D. Fors  
Title: VP - Private Placements

**ST. PAUL FIRE AND MARINE INSURANCE  
COMPANY**

By: /s/ Annette M. Masterson  
Name: Annette M. Masterson  
Title: Assistant Vice President

**THE TRAVELERS INDEMNITY COMPANY**

By: /s/ Annette M. Masterson  
Name: Annette M. Masterson  
Title: Assistant Vice President

**CONSECO LIFE INSURANCE COMPANY**

By: 40|86 Advisors, Inc., acting as Investment Advisor

By: /s/ Edwin Ferrell  
Name: Edwin Ferrell  
Title: Senior Vice President

**CONSECO SENIOR HEALTH INSURANCE  
COMPANY**

By: 40|86 Advisors, Inc., acting as Investment Advisor

By: /s/ Edwin Ferrell  
Name: Edwin Ferrell  
Title: Senior Vice President

**BANKERS LIFE AND CASUALTY COMPANY**

By: 40|86 Advisors, Inc., acting as Investment Advisor

By: /s/ Edwin Ferrell  
Name: Edwin Ferrell  
Title: Senior Vice President

*Signature Page*  
*to NiSource Finance Corp. and NiSource Inc. Note Purchase Agreement*

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The foregoing is hereby  
referred to as of the  
date thereof.

**LIFE INSURANCE COMPANY OF THE  
SOUTHWEST**

By: /s/ R. Scott Higgins  
Name: R. Scott Higgins  
Title: Vice President, NL Capital Management

**NATIONAL LIFE INSURANCE COMPANY**

By: /s/ R. Scott Higgins  
Name: R. Scott Higgins  
Title: Vice President, NL Capital Management

**AMERICAN EQUITY INVESTMENT LIFE  
INSURANCE COMPANY**

By: /s/ Rachel S. Stauffer  
Name: Rachel S. Stauffer  
Title: Vice President

**COUNTRY LIFE INSURANCE COMPANY**

By: /s/ John A. Jacobs  
Name: John A. Jacobs  
Title: Senior Investment Officer

*Signature Page  
to NiSource Finance Corp. and NiSource Inc. Note Purchase Agreement*

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**DEFINED TERMS**

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

**“Accredited Institutional Investor”** means any Person that is both an “accredited investor” (within the meaning of Rule 501(a) of Regulation D under the Securities Act) and a Qualified Institutional Buyer.

**“Affiliate”** means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, **“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an **“Affiliate”** is a reference to an Affiliate of the Company.

**“Anti-Terrorism Order”** means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

**“Beneficiary”** is defined in Section 23.

**“Bring-Down Disclosure Report”** is defined in Section 5.

**“Business Day”** means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Indianapolis, Indiana are required or authorized to be closed.

**“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, but not limited to, 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.

**“CEG Public Debt”** means the following indebtedness issued by Columbia: (i) 7.05% Series D Notes due November 28, 2007, (ii) 7.32% Series E Notes due November 28, 2010, (iii) 7.42% Series F Notes due November 28, 2015, (iv) 7.62% Series G Notes due November 28, 2025.

“**Closing**” is defined in Section 3.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

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

“**Company**” is defined in the first paragraph of this Agreement.

“**Confidential Information**” is defined in Section 20.

“**Consolidated Capitalization**” means the sum of (a) Consolidated Debt, (b) consolidated common equity of the Company 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 Company and its Consolidated Subsidiaries upon involuntary liquidation.

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

“**Consolidated Net Tangible Assets**” means, at any time, the total amount of assets appearing on a consolidated balance sheet of the Company and its Subsidiaries, determined in accordance with GAAP and prepared as of the end of the fiscal quarter then most recently ended, less, without duplication, the following:

- (a) all current liabilities (excluding any thereof that are by their terms extendable or renewable at the sole option of the obligor thereon, without requiring the consent of the obligee, to a date more than 12 months after the date of determination);
- (b) all reserves for depreciation and other asset valuation reserves (but excluding any reserves for deferred Federal income taxes, arising from accelerated amortization or otherwise);
- (c) all intangible assets, such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense, carried as an asset on such balance sheet; and
- (d) all appropriate adjustments on account of minority interests of other Persons holding common stock of any Subsidiary of the Company.

“**Consolidated Subsidiary**” means, on any date, each Subsidiary of the Company the accounts of which, in accordance with GAAP, would be consolidated with those of the Company 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, the obligation to pay or perform under which is contingent upon, the occurrence of any event other than failure of the primary obligor to pay on final maturity (whether by acceleration or otherwise).

“**Credit Documents**” is defined in Section 23.

“**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 an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“**Default Rate**” means, with respect to the Notes of any Series, that rate of interest that is 2% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes of such Series.

“**Disclosure Documents**” is defined in Section 5.3.

“**Electronic Delivery**” is defined in Section 7.1(a).

“**Environmental Laws**” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under Section 414 of the Code.

“**Event of Default**” is defined in Section 11.

“**Form 10-K**” is defined in Section 7.1(b).

“**Form 10-Q**” is defined in Section 7.1(a).

**“GAAP”** means generally accepted accounting principles as in effect from time to time in the United States of America.

**Governmental Authority** means

(a) the government of

(1) the United States of America or any State or other political subdivision thereof, or

(2) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

**“Guaranty”** is defined in Section 23.

**“Hazardous Material”** means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

**“holder”** means, with respect to any Note the Person in whose name such Note is registered in the register maintained by the NFC pursuant to Section 13.1.

**“Indebtedness”** of any Person means (without duplication) (a) Debt for Borrowed Money of such Person, (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.



**“Institutional Investor”** means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

**“Lien”** is defined in Section 10.4.

**“Make-Whole Amount”** is defined in Section 8.6.

**“Material”** means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

**“Material Adverse Effect”** means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Obligors to perform their respective obligations under this Agreement, the Guaranty and the Notes, or (c) the validity or enforceability of this Agreement, the Guaranty or the Notes.

**“Material Subsidiary”** means at any time NFC, NIPSCO, Columbia, and each Subsidiary of the Company, other than NFC, NIPSCO and Columbia, in respect of which: (a) the Company’s and its other Subsidiaries’ investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Company and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year; or (b) the Company’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 Company and its Subsidiaries for the most recent fiscal year.

**“Memorandum”** is defined in Section 5.3.

**“Multiemployer Plan”** means any Plan that is a “multiemployer plan” (as such term is defined in Section 4001(a)(3) of ERISA).

**“NAIC”** means the National Association of Insurance Commissioners or any successor thereto.

**“NFC”** is defined in the first paragraph of this Agreement.

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

**“Notes”** is defined in Section 1.

**“Obligations”** means all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing and whenever incurred (including, without limitation,

after the commencement of any bankruptcy proceeding), payable by NFC to any holder of a Note pursuant to the terms of such Note or this agreement.

“**Obligor**” is defined in the first paragraph of this Agreement.

“**Officer’s Certificate**” means a certificate of a Senior Financial Officer or of any officer of an Obligor whose responsibilities extend to the subject matter of such certificate.

“**PBGC**” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

“**Person**” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“**Plan**” means an “employee benefit plan” (as defined in Section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

“**Project**” means an energy or power generation, transmission or distribution facility (including, without limitation, a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, 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, without limitation, 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 Company 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 Company (a) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, 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 the Project); *provided* that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

“**property**” or “**properties**” means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“**PTE**” is defined in Section 6.2(a).

“**Purchaser**” is defined in the first paragraph of this Agreement.

“**Qualified Institutional Buyer**” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“**Related Fund**” means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“**Required Holders**” means, (a) at any time after Closing, (i) the holder(s) of at least 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by any Obligor or any of its Affiliates), and (ii) with respect to any Series of Notes, the holder(s) of at least 50% in principal amount of the Notes of such Series at the time outstanding (exclusive of Notes of such Series then owned by any Obligor or any of its Affiliates) and (b) at any time prior to Closing, (i) the Purchaser(s) obligated hereunder to purchase at least 50% in principal amount of the Notes and (ii) with respect to any Series of Notes, the Purchaser(s) obligated hereunder to purchase at least 50% in principal amount of the Notes of such Series.

“**Responsible Officer**” means any Senior Financial Officer and any officer of an Obligor with responsibility for the administration of the relevant portion of this Agreement.

“**SEC**” shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

“**Securities**” or “**Security**” shall have the meaning specified in Section 2(1) of the Securities Act.

“**Securities Act**” means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“**Senior Financial Officer**” means the chief financial officer, principal accounting officer, treasurer, assistant treasurer, director/corporate finance or comptroller of either of NFC or the Company, as applicable.

“**Series**” means any series of Notes which have the same (i) maturity date, (ii) interest rate, (iii) interest payment periods and (iv) date of issuance (which, in the case of a Note issued

in exchange for another Note, shall be deemed for this purpose to be the date on which such Note's ultimate predecessor Note was originally issued); e.g., the Series A Notes, Series B Notes, Series C Notes and Series D Notes, respectively, each constitute a Series of Notes.

**"Series A Notes"** is defined in Section 1.

**"Series B Notes"** is defined in Section 1.

**"Series C Notes"** is defined in Section 1.

**"Series D Notes"** is defined in Section 1.

**"Subsidiary"** means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such first Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

**"Substantial Subsidiary"** means, at any time, any Subsidiary in which the aggregate sum of (a) the amounts invested by the Company and its other Subsidiaries in the aggregate, by way of purchases of capital stock, Capital Leases, loans or otherwise, and (b) 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 Company or any of its other Subsidiaries, is \$100,000,000 or more.

**"SVO"** means the Securities Valuation Office of the NAIC or any successor to such Office.

**"USA Patriot Act"** means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

**"Utility Subsidiary"** means a Subsidiary of the Company 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, at any time, any Subsidiary one hundred percent of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

[FORM OF SERIES A NOTE]

NISOURCE FINANCE CORP.

5.21% SERIES A SENIOR NOTE DUE NOVEMBER 28, 2012

No. [A-\_\_\_]  
\$ [\_\_\_]

[Date]  
PPN: 65473Q A\* 4

FOR VALUE RECEIVED, the undersigned, NiSource Finance Corp. (herein called "NFC"), a corporation organized and existing under the laws of the State of Indiana, hereby promises to pay to [\_\_\_], or registered assigns, the principal sum of [\_\_\_] DOLLARS (or so much thereof as shall not have been prepaid) on November 28, 2012, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.21% per annum from the date hereof, payable semiannually, on the 28th day of November and May in each year, commencing with the 28th day of November or May next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 7.21%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of NFC in Merrillville, Indiana or at such other place as NFC shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of August 23, 2005 (as from time to time amended, the "Note Purchase Agreement"), among NFC, NiSource Inc. and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Sections 6.1 and 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Series A Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to presentment for registration of transfer, NFC may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and NFC will not be affected by any notice to the contrary.

EXHIBIT 1(a)  
(to Note Purchase Agreement)

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This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of NFC, NiSource Inc. and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

NI SOURCE FINANCE CORP.

By

\_\_\_\_\_

[Title]

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SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company"), under this Note including that the principal of, premium, if any, and interest on this Note shall be promptly paid in full when due, whether at stated maturity, by acceleration, redemption or otherwise.

The obligations of NiSource Inc. pursuant to this Security Guarantee are expressly set forth in Section 23 of the Note Purchase Agreement, and reference is hereby made thereto for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

THE TERMS OF SECTION 23 OF THE NOTE PURCHASE AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Note Purchase Agreement unless otherwise indicated.

NISOURCE INC.

By: \_\_\_\_\_

Name: [David J. Vajda]

Title: [Vice President and Treasurer]

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[FORM OF SERIES B NOTE]

NiSource Finance Corp.

5.36% SERIES B SENIOR NOTE DUE NOVEMBER 28, 2015

No. [B-\_\_\_]  
\$ [\_\_\_]

[Date]  
PPN: 65473Q A@ 2

FOR VALUE RECEIVED, the undersigned, NiSource Finance Corp. (herein called "NFC"), a corporation organized and existing under the laws of the State of Indiana, hereby promises to pay to [\_\_\_], or registered assigns, the principal sum of [\_\_\_] DOLLARS (or so much thereof as shall not have been prepaid) on November 28, 2015, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.36% per annum from the date hereof, payable semiannually, on the 28th day of November and May in each year, commencing with the 28th day of November or May next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 7.36%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of NFC in Merrillville, Indiana or at such other place as NFC shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of August 23, 2005 (as from time to time amended, the "Note Purchase Agreement"), among NFC, NiSource Inc. and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Sections 6.1 and 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Series B Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to presentation for registration of transfer, NFC may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and NFC will not be affected by any notice to the contrary.

EXHIBIT 1(b)  
(to Note Purchase Agreement)

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This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of NFC, NiSource Inc. and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

NISOURCE FINANCE CORP.

By \_\_\_\_\_  
[Title]

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SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company"), under this Note including that the principal of, premium, if any, and interest on this Note shall be promptly paid in full when due, whether at stated maturity, by acceleration, redemption or otherwise.

The obligations of NiSource Inc. pursuant to this Security Guarantee are expressly set forth in Section 23 of the Note Purchase Agreement, and reference is hereby made thereto for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

THE TERMS OF SECTION 23 OF THE NOTE PURCHASE AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Note Purchase Agreement unless otherwise indicated.

NISOURCE INC.

By: \_\_\_\_\_  
Name: [David J. Vajda]  
Title: [Vice President and Treasurer]

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[FORM OF SERIES C NOTE]

NISOURCE FINANCE CORP.

5.41% SERIES C SENIOR NOTE DUE NOVEMBER 28, 2016

No. [C-\_\_\_]  
\$ [\_\_\_]

[Date]  
PPN : 65473Q A# 0

FOR VALUE RECEIVED, the undersigned, NiSource Finance Corp. (herein called "NFC"), a corporation organized and existing under the laws of the State of Indiana, hereby promises to pay to [\_\_\_], or registered assigns, the principal sum of [\_\_\_] DOLLARS (or so much thereof as shall not have been prepaid) on November 28, 2016, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.41% per annum from the date hereof, payable semiannually, on the 28th day of November and May in each year, commencing with the 28th day of November or May next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 7.41%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of NFC in Merrillville, Indiana or at such other place as NFC shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of August 23, 2005 (as from time to time amended, the "Note Purchase Agreement"), among NFC, NiSource Inc. and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Sections 6.1 and 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Series C Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to presentation for registration of transfer, NFC may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and NFC will not be affected by any notice to the contrary.

EXHIBIT 1(c)  
(to Note Purchase Agreement)

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This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of NFC, NiSource Inc. and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

NISOURCE FINANCE CORP.

By \_\_\_\_\_  
[Title]

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SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company"), under this Note including that the principal of, premium, if any, and interest on this Note shall be promptly paid in full when due, whether at stated maturity, by acceleration, redemption or otherwise.

The obligations of NiSource Inc. pursuant to this Security Guarantee are expressly set forth in Section 23 of the Note Purchase Agreement, and reference is hereby made thereto for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

THE TERMS OF SECTION 23 OF THE NOTE PURCHASE AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Note Purchase Agreement unless otherwise indicated.

NISOURCE INC.

By: \_\_\_\_\_  
Name: [David J. Vajda]  
Title: [Vice President and Treasurer]

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[FORM OF SERIES D NOTE]

NiSOURCE FINANCE CORP.

5.89% SERIES D SENIOR NOTE DUE NOVEMBER 28, 2025

No. [D-\_\_\_]  
\$ [\_\_\_]

[Date]  
PPN: 65473Q B\* 3

FOR VALUE RECEIVED, the undersigned, NiSource Finance Corp. (herein called "NFC"), a corporation organized and existing under the laws of the State of Indiana, hereby promises to pay to [\_\_\_], or registered assigns, the principal sum of [\_\_\_] DOLLARS (or so much thereof as shall not have been prepaid) on November 28, 2025, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.89% per annum from the date hereof, payable semiannually, on the 28th day of November and May in each year, commencing with the 28th day of November or May next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 7.89%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of NFC in Merrillville, Indiana or at such other place as the NFC shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of August 23, 2005 (as from time to time amended, the "Note Purchase Agreement"), among NFC, NiSource Inc. and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Sections 6.1 and 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Series D Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to presentation for registration of transfer, NFC may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and NFC will not be affected by any notice to the contrary.

EXHIBIT 1(d)  
(to Note Purchase Agreement)

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This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of NFC, NiSource Inc. and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

NI SOURCE FINANCE CORP.

By \_\_\_\_\_  
[Title]

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SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company"), under this Note including that the principal of, premium, if any, and interest on this Note shall be promptly paid in full when due, whether at stated maturity, by acceleration, redemption or otherwise.

The obligations of NiSource Inc. pursuant to this Security Guarantee are expressly set forth in Section 23 of the Note Purchase Agreement, and reference is hereby made thereto for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

THE TERMS OF SECTION 23 OF THE NOTE PURCHASE AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Note Purchase Agreement unless otherwise indicated.

NISOURCE INC.

By: \_\_\_\_\_  
Name: [David J. Vajda]  
Title: [Vice President and Treasurer]

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**End of Filing**

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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): August 22, 2005

**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 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

a meeting of the Officer Nomination and Compensation Committee (the "ON&C Committee") of the NiSource Inc. (the "Company") board directors on August 22, 2005 (the "ON&C Meeting"), the ON&C Committee approved the Second Amendment to the Company's Supplemental Executive Retirement Plan (the "SERP") which transfers the right to amend certain provisions of the SERP from the Chairman of the Company's board of directors to the Company's Chief Executive Officer. Also at the ON&C Meeting, the ON&C Committee approved (i) the Second Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates (the "Savings Restoration Plan") and (ii) the Sixth Amendment to the NiSource Retirement Savings Plan (the "Retirement Savings Plan"), which, in each case, provide for additional matching contributions for certain executives and employees whose matching contributions were not matched up to the maximum level provided for under the Savings Restoration Plan or Retirement Savings Plan, as applicable, due to uneven employee contributions during 2003 and 2004. The ON&C Committee also provided for participation in the Savings Restoration Plan by certain employees who were not provided coverage when they became eligible to participate in the Plan during 2004, retroactive to the date such employees became eligible.

A copy of the Second Amendment to the Supplemental Executive Retirement Plan, the Second Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates and the Sixth Amendment to the NiSource Retirement Savings Plan are attached to this Current Report as exhibits 10.1, 10.2 and 10.3, respectively, and are incorporated by reference into this Item 1.01.

S. LaNette Zimmerman will retire from the Company effective December 31, 2005, and in connection therewith, Ms. Zimmerman will resign her position as Executive Vice President, Human Resources and Communication effective as of October 5, 2005. In connection with Ms. Zimmerman's retirement, the ON&C Committee of the board of directors approved a letter agreement with Ms. Zimmerman at the meeting of the ON&C Committee on August 22, 2005. A copy of the letter agreement is attached to this Current Report as exhibit 10.4 and is incorporated by reference into this Item 1.01.

#### ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

On August 24, 2005, John W. Thompson, a director of the Company, notified the Company of his decision to resign from the board of directors of the Company.

#### ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Second Amendment to the Company's Supplemental Executive Retirement Plan
10.2	Second Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates
10.3	Sixth Amendment to the NiSource Retirement Savings Plan
10.4	Letter Agreement between the Company and S. LaNette Zimmerman, dated August 17, 2005

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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: August 26, 2005

By:           /s/ Jeffrey W. Grossman          

Jeffrey W. Grossman  
Vice President and Controller

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Second Amendment to the Company's Supplemental Executive Retirement Plan
10.2	Second Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates
10.3	Sixth Amendment to the NiSource Retirement Savings Plan
10.4	Letter Agreement between the Company and S. LaNette Zimmerman, dated August 17, 2005

**SECOND AMENDMENT TO THE NISOURCE INC.  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2004)**

**WHEREAS**, NiSource Inc. (the "Company") maintains the NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2004 and as further amended effective January 28, 2005 (the "Plan"); and

**WHEREAS**, pursuant to Section 7.5 of the Plan, the Company deems it desirable to amend the Plan as described below.

**NOW, THEREFORE**, the second sentence of Section 7.5 is hereby amended, effective July 1, 2005, to read as follows:

"In addition, the Chief Executive Officer of the Company may amend any provision of the Plan, except for Articles III, IV and V which may only be amended by the Committee."

**IN WITNESS WHEREOF**, the Company has caused this Second Amendment to be executed on its behalf, by its officer duly authorized, this 26<sup>th</sup> day of August, 2005.

**NISOURCE INC.**

By: /s/ Michael W. O'Donnell

**SECOND AMENDMENT TO  
THE SAVINGS RESTORATION PLAN FOR  
NISOURCE INC. AND AFFILIATES**

**(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2004)**

**WHEREAS**, NiSource Inc. (the "Company") maintains the Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective January 1, 2004 and as further amended effective January 1, 2005 (the "Plan"); and

**WHEREAS**, pursuant to Article VIII of the Plan, the Company deems it desirable to amend the Plan as described below.

**NOW, THEREFORE**, a new Section 4.3 is hereby added, effective January 1, 2005, and the remaining Sections of Article IV are renumbered accordingly, as follows:

"4.3 **Special Employer Credits**. Any Participant who (1) during the 2003 and/or 2004 Plan Years had a Matching Contribution allocated to his Matching Contribution Account under the Basic Plan that was less than the maximum Matching Contribution available under the Basic Plan, (2) authorized After-tax Contributions and/or Pre-tax Contributions under the Basic Plan equal to at least 6% of his Compensation for such Plan Year(s) and (3) participated in the Account Balance Option of the NiSource Inc. and Northern Indiana Public Service Company Pension Plan, the Retirement Plan of Columbia Energy Group Companies, the NiSource Inc. Subsidiary Pension Plan or the Bay State Gas Company Pension Plan, as applicable, shall be eligible for an additional Employer credit hereunder. The additional Employer credit shall be calculated as the difference between (i) the Matching Contributions that would have been allocated to the Participant's Matching Contribution Account under the Basic Plan during the 2003 and/or 2004 Plan Year(s) if his total After-tax Contributions, if any, and Pre-tax Contributions under the Basic Plan for such Plan Year(s) had been contributed evenly over each pay period throughout the Plan Year(s) and (ii) the Matching Contribution actually allocated to the Participant's Matching Contribution Account under the Basic Plan for such Plan Year(s).

The additional Employer credit, plus interest (calculated using a rate equal to 4.5% from January 1, 2005 to the date the additional Employer credit is credited to his Supplemental Savings Account as provided herein) shall be credited to the Participant's Supplemental Savings Account in accordance with Section 4.1. The additional Employer credit shall be credited to his Supplemental Savings Account as soon as administratively practicable after September 1, 2005, but in any event no later than December 31, 2005.

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Except where inconsistent with this Section 4.3, the additional Employer credit shall be subject to all provisions of the Plan applicable to Employer credits.”

**IN WITNESS WHEREOF**, the Company has caused this Second Amendment to be executed on its behalf, by its officer duly authorized, this 26th day of August, 2005.

**NISOURCE INC.**

By: /s/ Michael W. O'Donnell

**SIXTH AMENDMENT TO THE  
NISOURCE INC. RETIREMENT SAVINGS PLAN**

**(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2002)**

**WHEREAS**, NiSource Inc. (the "Company") maintains the NiSource Inc. Retirement Savings Plan, as amended and restated effective January 1, 2002 and as further amended (the "Plan"); and

**WHEREAS**, the Company has reserved the right, pursuant to Sections 12.1 of the Plan, to amend the Plan and now deems it appropriate to do so in order to provide for additional matching contributions to certain Plan participants.

**NOW, THEREFORE**, the Plan is hereby amended as follows, effective January 1, 2005:

1. By amending Section 2.19 to read as follows:

"2.19 Matching Contributions. Contributions made to the Trust by an Employer on behalf of eligible Participants as described under Section 4.3, Schedule A and Schedule D, and allocated to a Participant's "Matching Contribution Account" in accordance with Section 6.2."

2. By amending Section 4.1 by adding the following to the end thereof:

"Notwithstanding the foregoing, each Employer shall make an additional Matching Contribution to the Trust as provided in Schedule D."

3. By adding Schedule D to read as follows:

**" SCHEDULE D**

Subject to the limitations of Article V, an Employer shall make an additional Matching Contribution to the Trust for eligible Participants, as provided herein.

**January 1, 2003 – December 31, 2004**

Any Participant who (1) was not a Highly Compensated Employee at any time during the 2003 and/or 2004 Plan Years, (2) during the 2003 and/or 2004 Plan Years had a Matching Contribution allocated to his Matching Contribution Account that was less than the maximum Matching Contribution available under Schedule A, (3) authorized After-tax Contributions and/or Pre-tax Contributions equal to at least 6% of his Compensation for such Plan Year(s) and (4) participated in the Account Balance Option of the NiSource Pension Plan, Columbia Pension Plan, Subsidiary Pension Plan or Bay State Pension Plan, as applicable, shall be eligible for an additional Matching Contribution. The additional Matching Contribution shall be calculated as the difference between (i) the Matching Contributions that would have been allocated to the Participant's Matching Contribution Account during the 2003 and/or 2004 Plan Year(s) if his total After-tax Contributions, if any, and Pre-tax Contributions for such Plan Year(s) had been contributed evenly over each pay period throughout the Plan Year(s) and (ii) the Matching Contribution actually allocated to the Participant's Matching Contribution Account for such Plan Year(s).

The additional Matching Contribution, plus interest (calculated using a rate equal to 4.5% from January 1, 2005 to the date the additional Matching Contribution is transmitted to the Trust as provide herein) shall be allocated to the Participant's Matching Contribution Account in

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accordance with Section 6.2. The additional Matching Contribution shall be transmitted to the Trust as soon as administratively practicable after September 1, 2005, but in any event no later than December 31, 2005.

Except where inconsistent with this Schedule D, the additional Matching Contribution shall be subject to all provisions of the Plan applicable to Matching Contributions.”

**IN WITNESS WHEREOF**, the Company has caused this Sixth Amendment to be executed on its behalf, by its officer duly authorized, this 26th day of August, 2005.

**NISOURCE INC.**

By: /s/ Michael W. O'Donnell

August 15, 2005

Ms. S. LaNette Zimmerman

Dear LaNette:

This Letter Agreement confirms your decision to retire from employment with NiSource Corporate Services Company. If you sign this Letter Agreement, it will constitute the mutual agreement between you and the Company regarding the termination of your employment. As used herein, "the Company" shall mean NiSource Inc. or any of its affiliates or subsidiaries, including NiSource Corporate Services Company, and "NiSource" shall mean exclusively NiSource Inc.

1. Employment Status

Unless you are discharged for cause, you will continue as an active employee of the Company through December 31, 2005 ("Separation Date") for purposes of determining your NiSource post-retirement health, life insurance and retirement benefits, as well as participation in the 2005 NiSource bonus plan. You will be treated as retiring as an active employee on January 1, 2006 for purposes of vesting (a) any restricted and contingent stock in NiSource owned by you and (b) any NiSource stock options owned by you. Thereafter, you will retire from the Company with the benefits which you are entitled to as a retired employee of the Company and, subject to Board approval, those additional benefits set forth in Paragraphs 2, 3 and 6, provided that you shall be entitled to the benefits set forth in Paragraphs 2, 3 and 6 only after you timely execute a release in the form attached as Exhibit 1 hereto.

2. Business Transition

You will not be required to report to your Company office or perform your management duties after October 5, 2005 although you may be required to render services as requested to ensure a smooth business transition between October 5, 2005 and December 31, 2005. You will resign from your officer positions effective October 5, 2005 and will fulfill all reporting obligations through October 5, 2005. After your Separation Date, should the Company require further transition services, the Company will compensate you for your time at a rate of \$200.00 per hour, or a daily rate of \$1,000.00 if you exceed 4 hours per day, and the Company agrees to reimburse you for any reasonable expenses incurred such

as meals or travel in association therewith so long as the Company has approved them prior to being incurred. As part of your transition services before and after the Separation Date, you agree, at the request of the Company's counsel, to prepare for and provide testimony at trial or deposition in any litigation in which the Company is involved. Your employment, retention and compensation under this Letter Agreement will not be dependent on the outcome of any litigation or the content of any testimony that you provide therein (other than the truthfulness thereof).

3. Retirement Payments

A. Special Retirement Bonus

On December 31, 2005, in recognition of your past service to the Company, you will receive a special retirement bonus in the amount of \$100,000.00 (the "Special Retirement Bonus"). The payment will be subject to legally-mandated deductions for Social Security and federal, state and local taxes and will be considered compensation for purposes of calculating your lump sum pension benefit described in subparagraph D below.

B. Severance Payment

On December 31, 2005, you will receive a lump sum payment in the amount of \$325,000, which equals 52 weeks of base salary at the rate in effect on the Separation Date. This lump sum payment will be subject to legally mandated deductions for Social Security and federal, state and local taxes. In addition, you will receive a lump sum payment equivalent to 130% of 52 weeks of COBRA (as described in Paragraph 5) continuation coverage premiums in lieu of any continued medical, dental, vision and other welfare benefits offered by the Company.

C. Previously Issued Stock Options and Restricted Stock Grants

Exhibit 2 lists the terms of all stock options, restricted stock grants and contingent stock grants previously issued to you and which remain outstanding as of January 1, 2006.

D. Retiree Medical Coverage, Pension and Other Benefits

You will be eligible to participate in the Company's Retiree Medical Plan as of January 1, 2006. Your lump sum pension benefit will become payable on January 1, 2006 and will be based on the terms set forth in your July 15, 2002 Letter Agreement. The amount will be calculated pursuant to the discount rate set forth in the plan. If that rate results in a lower benefit than would have resulted from using the September 2004 rate, the Company will make a special payment to you in the amount of the difference. That payment will not be considered compensation for purposes of calculating your lump sum pension benefit. You will continue to receive Ayco financial counseling and tax preparation for tax

years 2006 and 2007. The Company will pay for an annual medical examination for you at Mayo Clinic in 2006 and 2007.

Vacation

You are eligible to receive a lump sum payment representing compensation for your accrued and unused vacation as of December 31, 2005. This payment will be subject to legally-mandated deductions for Social Security and federal, state and local taxes, as well as deductions for any contributory benefit plans in which you elect to continue participation.

5. COBRA Coverage

The termination of your employment is a qualifying event under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). The Company will notify you and/or your dependents of the insurance coverage which you may continue on a self-pay basis as provided by COBRA upon termination of your employment. You are entitled to 18 months of COBRA for dental and vision insurance on a self-pay basis commencing January 1, 2006.

6. Long Term Incentive Program

You will be treated as an active employee of the Company through January 1, 2006 for purposes of the 1994 Long Term Incentive Plan as amended, including the vesting of any contingent or restricted stock or stock options.

7. Indemnification

You will be entitled to indemnification by the Company pursuant to the provisions of Article 6 of NiSource Corporate Services Company's by-laws in effect on December 31, 2005 notwithstanding any change made thereafter, except as such change may be required by law. You will also be entitled to coverage under the directors and officers liability insurance coverage maintained by the Company (as in effect from time to time) to the same extent as other former officers of the Company.

8. NiSource Re-Employment

If you seek re-employment with any NiSource Company and are subsequently rehired within twelve months of your Separation Date, as a condition of re-employment you must agree to repay your severance payment on a pro rata basis as of the rehire date. If you are rehired and your position is subsequently eliminated, the Company reserves the right to base any future severance payments on your rehire date.

9. Confidentiality

You acknowledge that preservation of a continuing business relationship between the Company and their respective customers, representatives, and employees is of critical importance to the continued business success of the Company and that it is the active policy of the Company to guard as confidential certain information not available to the public and relating to the business affairs of the Company. In view of the foregoing, you agree that you shall not disclose to any person or entity any such confidential information that was obtained by you in the course of your employment by the Company without the prior written consent of the Company. It will not be considered a violation of this Paragraph 9 if you are required to disclose confidential information in a proceeding to enforce your rights under this Letter Agreement or pursuant to a subpoena, order of court or other governmental or administrative directive, compliance with which is mandatory, provided you give the Company notice that you have been served with such a subpoena or order immediately upon receiving service.

Moreover, you agree that upon termination of your employment, you will promptly deliver to the Company all documentation and other materials relating to the Company's business or the business of any NiSource company which are in your possession or under your control, including confidential personnel or benefits information, customer and potential customer lists, product lists, and marketing material, whether in written or electronic data form; and you will delete, destroy or discard all copies of such confidential information remaining in your possession.

You further acknowledge and agree that the Company's remedy in the form of monetary damages for any breach by you of any of the provisions of this paragraph may be inadequate and that, in addition to any monetary damages for such breach, the Company shall be entitled to institute and maintain any appropriate proceeding or proceedings, including an action for specific performance and/or injunction.

10. Release of Claims

In consideration of the payment and benefits described above, you, on behalf of yourself and your heirs, executors, and administrators, fully and finally settle, release, and waive any and all local, state (including but not limited to the Indiana Civil Rights Law and the Illinois Human Rights Act), and federal civil, common law, statutory (including, but not limited to, the **Age Discrimination in Employment Act of 1967**, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Corporate and Criminal Fraud Accountability Act of 2002 and the Employee Retirement Income Security Act of 1974, as those Acts are amended), and equitable claims against the Company and NiSource, Inc. and its subsidiaries and affiliated companies, and all of the stockholders, predecessors, successors, agents, directors, officers, employees, representatives, and attorneys of NiSource,

and its subsidiaries and affiliated companies, known or unknown, occurring or arising prior to you signing this Letter Agreement, except for claims relating to the enforcement of this Letter Agreement.

You acknowledge and agree that this release is being given only in exchange for consideration to which you are not otherwise entitled

11. Covenant Not to Assert Claims

You warrant that you have not initiated or filed any claims of any type against the Company with any court or governmental or administrative agency and covenant that you will not do so in the future with regard to any claim released herein nor will you voluntarily assist others in doing so. This is not intended to waive any unwaivable right you may have to participate in proceedings against the Company, but you agree to waive any relief which may be obtained from such participation.

12. Outstanding Charges

You hereby agree to pay the Company any outstanding amounts owed to the Company, and further agree that by signing this Letter Agreement you hereby authorize the Company to deduct any outstanding charges from your lump sum or salary continuation payments.

13. Governing Law

This Letter Agreement shall be construed in accordance with the laws of Indiana.

14. Severability

In the event that one or more of the provisions contained in this Letter Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, the Company shall have the right to enforce the remainder of this Letter Agreement.

15. Non-Disclosure

Except to the extent that disclosure is required to enforce your rights under this Letter Agreement or otherwise is required by subpoena, order of court or other governmental or administrative directive, compliance with which is mandatory, you expressly agree to keep the terms of this Letter Agreement strictly confidential and that you will not disclose the terms of this Letter Agreement to anyone other than your spouse, your legal counsel or your tax advisor, provided that they each agree to preserve the confidentiality of the terms of this Letter Agreement.

You agree not to make any false and disparaging statements about the Company to any media outlet, industry group, financial institution or analyst, or current or former employee, consultant, client or customer of the Company.

Nothing herein should be construed as a limitation on your ability to consult with your counsel or with an administrative agency.

16. Complete Agreement

You acknowledge that in accepting this Letter Agreement, you have not relied upon any representation or promise other than those expressly stated in this Letter Agreement.

This Letter Agreement and those sections of other Agreements specifically referenced herein, constitute the complete understanding between you and the Company relating to your separation and supersede any and all prior agreements, promises, representations or inducements, no matter their form, concerning your employment with the Company. No promises or agreements made subsequent to the execution of this Agreement by these parties shall be binding unless reduced to writing and signed by authorized representatives of these parties.

17. Important Information

**You acknowledge that the Company has advised you take up to 21 days to consider the terms and conditions outlined above, and that the Company has also advised you to consult an attorney before signing this Letter Agreement. You also have the right to revoke your execution of this Letter Agreement within 7 days after execution in accordance with the Notice To Employee attached hereto.**

**If you accept the terms and conditions outlined above, including Paragraph 10, please sign both copies of this Letter Agreement in the space provided below to signify your acceptance, and return both copies to Robert C. Skaggs by August 19, 2005, on which date this offer will expire if not accepted. If you accept the terms and conditions outlined above, your acceptance is in lieu of any and all other severance programs offered by the Company and you knowingly and voluntarily waive participation in all other severance programs offered by the Company. You acknowledge that the Company's performance under this Agreement constitutes full and complete payment of all amounts due to you from the Company and constitutes additional consideration to which you are not otherwise entitled.**

Very truly yours,

/s/ Robert C. Skaggs

Robert C. Skaggs

Accepted:

/s/ S. LaNette Zimmerman

S. LaNette Zimmerman

Date:

August 17, 2005

Witness:

/s/ Peter V. Fazio, Jr.

Date:

August 17, 2005



**EXHIBIT 1**  
**GENERAL RELEASE**

**Attn: This General Release Should Not Be Signed Prior to Employee's Separation Date, December 31, 2005.**

In consideration of the payments and benefits set forth in the Letter Agreement attached hereto, the sufficiency of which consideration is hereby acknowledged, I, for myself and my heirs, executors and administrators, do hereby fully, finally and unconditionally release and forever discharge NiSource Inc., and all of its parent, sister and subsidiary corporations and all of its affiliates, as well as all of its former and current directors, officers, employees, stockholders, attorneys, agents, predecessors, successors, representatives and assigns, in their personal and corporate capacities (hereinafter "Released Parties"), from any and all liabilities, actions, causes of action, claims, rights, obligations, charges, damages, costs, attorneys' fees, suits, re-employment rights and demands of any and every kind, nature, and character, known and unknown, liquidated or unliquidated, absolute or contingent, in law or in equity, enforceable under any local, state, or federal statute or ordinance, or under the common laws of the United States, **from the beginning of time to the date of this General Release**, including but not limited to, all claims relating to the **Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §621 et seq.** and the specific statutes referred to in footnote 1<sup>1</sup>, any and all claims relative to any agreement relating to my employment with the Released Parties, including any claims under the doctrines of defamation, libel, slander, invasion of privacy, intentional infliction of emotional distress, interference with contractual relations, retaliatory discharge, whistleblowing, breach of contract, wrongful discharge, breach of implied contract or implied covenant of good faith or fair dealing, and any other statute, authority or law, providing a cause of action relating to my employment with or the termination of my employment with the Released Parties. I also agree not to sue the Released Parties with respect to the claims covered by the foregoing General Release.

I acknowledge that prior to entering into the Letter Agreement to which this General Release is attached and made a part of, I was advised in writing to consult with an attorney prior to executing the Letter Agreement and that I was given a period of at least twenty-one (21) days within which to consider the Letter Agreement, including the terms of this General Release. Moreover, I was advised in writing of my right, for seven days following my execution of the Letter Agreement, to revoke the Letter Agreement

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<sup>1</sup> Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e *et seq.*; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 *et seq.*; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 *et seq.*; the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 *et seq.*; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 *et seq.*; the Fair Labor Standards Act, as amended, 29 U.S.C. § 201 *et seq.*; the Civil Rights Act of 1866, 42 U.S.C. § 1981 *et seq.*; the Worker Adjustment Retraining Notification Act, 29 U.S.C. 2101 § *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.*; the Corporate and Criminal Fraud Accountability Act of 2002; the Illinois Human Rights Act and the Indiana Civil Rights Act.

and thereby decline to execute this General Release. I expressly represent that I did not revoke the Letter Agreement. Accordingly, I knowlege and agree that the Letter Agreement is effective and enforceable.

I hereby represent that I have read and understand the terms of this General Release and represent that my execution of this General Release constitutes my knowing and voluntary act, made without coercion or intimidation. I understand that this General Release is applicable to any claims arising prior to the date of this General Release and is binding upon me, my heirs, executors and assigns.

\_\_\_\_\_  
S. LaNette Zimmerman

Date: \_\_\_\_\_

\_\_\_\_\_  
Witness' Signature

Date: \_\_\_\_\_

n-Qualified Stock Options

Grant Date	Number of Options	Price
January 1, 2001	20,047	\$ 25.94
January 25, 2002	24,258	\$21.005
January 1, 2004	43,506	\$ 21.86
January 1, 2005	106,800	\$ 22.62
Total	194,611	

Note: Upon retirement the plan participant has three years to exercise options

TARSAP — Contingent Stock

Grant Date	Number of Contingent Shares Granted	Pro-rata Percentage on January 1, 2006	Pro-rata Shares on January 1, 2006
January 1, 2003	28,267	85.71%	24,228
January 1, 2004	28,148	66.67%	18,766
Total	56,415		42,994

**End of Filing**

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United States  
Securities and Exchange Commission  
Washington, DC 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): July 28, 2005

Commission file number 001-16189

**NiSource Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue	46410
Merrillville, Indiana	(Zip Code)
(Address of principal executive offices)	

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))
- 
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ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

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Press Release

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### ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

July 28, 2005, NiSource Inc. (the "Company") reported its financial results for the fiscal quarter ended June 30, 2005. The Company's press release, dated July 28, 2005, is attached as Exhibit 99.1.

### ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated July 28, 2005, issued by NiSource Inc.

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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: July 28, 2005

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

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated July 28, 2005, issued by NiSource Inc.



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# NEWS

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801 E. 86th Avenue  
Merrillville, IN 46410

**FOR IMMEDIATE RELEASE**

July 28, 2005

**FOR ADDITIONAL INFORMATION**

**Media**

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

**Investors**

Dennis Senchak  
Vice President, Investor Relations  
(219) 647-6085  
[senchak@nisource.com](mailto:senchak@nisource.com)

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

Rae Kozlowski  
Manager, Investor Relations  
(219) 647-6083  
[kozlowski@nisource.com](mailto:kozlowski@nisource.com)

## **NiSource reports second-quarter earnings**

**MERRILLVILLE, Ind.** — NiSource Inc. (NYSE: NI) today reported income from continuing operations for the three months ended June 30, 2005, of \$7.9 million, or 3 cents per share (all per-share amounts are basic), compared with income from continuing operations of \$35.5 million, or 13 cents per share, for the second quarter of 2004.

The quarterly results reflect the impact of \$31.2 million, or 7 cents per share, of charges NiSource recorded during the second quarter of 2005 for restructuring expenses, consulting fees and obsolete software systems in connection with the outsourcing agreement with IBM and other business transformation activities. In addition, second-quarter 2005 results include a \$10.9 million, or 4 cents per share, impairment charge related to goodwill at one of NiSource's small Indiana distribution companies, which is currently under an earnings cap.

NiSource expects additional charges in connection with the outsourcing agreement with IBM and other business transformation activities during the second half of 2005 to be in the range of \$40 million to \$45 million. These charges include non-cash pension and other retirement benefit costs and IBM transition fees.

-more-

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## NiSource reports second-quarter earnings

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Net income was \$39.0 million, or 15 cents per share, for the second quarter of 2005. This compares to net income of \$34.6 million, or 13 cents per share, for the year-ago period. The 2005 results included \$31.1 million of income from discontinued operations.

Operating income was \$119.4 million for the second quarter of 2005, compared with \$157.8 million for the same period in 2004. Significant items that affected the respective quarters were as follows:

	2nd quarter 2005 (In millions)	2nd quarter 2004 (In millions)
<b>Net Revenues:</b>		
Weather — (compared to normal)	\$ 5.8	\$ (6.7)
Gas costs and other changes	14.8	(3.3)
<b>Total Impact — Net Revenues</b>	<b>\$ 20.6</b>	<b>\$ (10.0)</b>
<b>Operating Expenses</b>		
<b>Operation and Maintenance Expenses:</b>		
Restructuring and consulting charges	(20.3)	—
Insurance recoveries, legal and other reserves	(0.5)	5.4
<b>Total Impact — Operation and Maintenance Expenses</b>	<b>\$ (20.8)</b>	<b>\$ 5.4</b>
<b>Asset Impairment</b>	<b>\$ (21.8)</b>	<b>—</b>
<b>Gain(loss) on sale of assets</b>	<b>\$ 0.8</b>	<b>\$ (0.3)</b>
<b>Property and Sales Tax Adjustments</b>	<b>\$ 5.8</b>	<b>\$ 16.7</b>
<b>Total Impact — Operating Expenses</b>	<b>\$ (36.0)</b>	<b>\$ 21.8</b>
<b>Total Impact — Operating Income</b>	<b>\$ (15.4)</b>	<b>\$ 11.8</b>

“Operating results from our core utility and pipeline assets remain solid,” said Robert C. Skaggs, Jr., NiSource President and Chief Executive Officer (CEO). Skaggs assumed the CEO role effective July 1, 2005, upon the retirement of Gary L. Neale, who remains Chairman of the Board.

“We have said since the beginning of 2005 that this will be a base year, from which we will build a platform for long-term, sustainable growth,” Skaggs added. “We continue to resolve issues and to demonstrate steady progress on our business plan, which is focused on four elements: growth in our pipeline business; regulatory and commercial initiatives; management of our balance sheet and expense management.”

For the six months ended June 30, 2005, NiSource reported income from continuing operations of \$216.6 million, or 80 cents per share, compared with \$252.3 million, or 96 cents per share, in the same period of 2004. Net income for the first six months of 2005 was \$245.3 million, or 91 cents per share, compared with \$248.1 million, or 95 cents per share, for the same period a year ago.

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## NiSource reports second-quarter earnings

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The six-months results for 2005 include the same restructuring and other charges outlined in the second-quarter discussion.

One cent of the decline in earnings per share for the quarter, and 3 cents of the decline in the six-month results, were the result of an increase in the average number of shares outstanding at June 30, 2005, compared to the year earlier, primarily due to the issuance during the fourth quarter of 2004 of 6.8 million shares of common stock upon the settlement of the forward stock purchase contracts comprising a component of NiSource's Stock Appreciation Income Linked Securities (SAILS<sup>SM</sup>).

Skaggs noted that recent developments include the following:

- NiSource is moving forward on an opportunity, announced earlier this year, to refinance \$1.1 billion of Columbia Energy Group debentures that become callable on Nov. 28, 2005. The company has received offers to purchase an aggregate of \$900 million of unregistered senior notes issuable in seven-, 10-, 11- and 20-year tranches at a weighted average interest rate of 5.52 percent, with settlement scheduled for Nov. 28, 2005. The transaction is subject to the purchasers' due diligence and negotiation of definitive agreements. NiSource expects to finalize documentation by mid-August and will announce specific details after definitive agreements are executed.
- NiSource and IBM signed a definitive agreement for IBM to provide a broad range of business transformation and outsourcing services to NiSource. The 10-year agreement is expected to deliver upwards of \$530 million in gross savings in operating and capital costs across NiSource's 15 primary operating subsidiaries over the course of the contract, as well as provide technology advances and enhanced service capabilities. IBM began providing service to NiSource on July 1, 2005.
- Northern Indiana Public Service Company (NIPSCO) continues to work with the Indiana Office of Utility Consumer Counselor (OUCC) and some of the utility's industrial customers to explore various options to address NIPSCO's need for additional power to meet its unique customer load. NIPSCO continues to be optimistic that the parties can collaborate to reach a mutually acceptable solution that will address electric reliability issues. Whiting Clean Energy, another NiSource subsidiary, offers an immediate, economic and dependable solution to the reliability concerns for NIPSCO customers. The Indiana Utility Regulatory Commission (IURC) on July 1 issued an interim order approving NIPSCO purchases of Whiting Clean Energy power necessary to meet those reliability concerns. The order allows NIPSCO to recover only the fuel costs associated with such purchases through the normal fuel cost adjustment process.
- The Massachusetts Department of Telecommunications and Energy (DTE) is currently conducting hearings on Bay State Gas Company's \$22.2 million, or 4.7 percent, base rate case. The DTE is expected to issue an order no later than Nov. 30, 2005, with new rates going into effect no later than Dec. 1, 2005. The rate case includes requests for a performance-based rate plan and cost recovery for a steel infrastructure replacement program.

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## NiSource reports second-quarter earnings

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- NiSource's Pipeline Group, under the leadership of President Chris Helms, who joined the company in April, is well positioned to identify and capture long-term growth opportunities by helping meet increasing market demand for natural gas in the eastern United States. NiSource's Columbia Gas Transmission Corp. recently launched an open season for a proposed expansion of its natural gas transmission system in the Tidewater, Va., area. An open season was held recently for Millennium Pipeline, which is targeting a November 1, 2007, in-service date, pending the receipt of necessary approvals. Hardy Storage Company, LLC is on track to develop a natural gas storage field from a depleted natural gas production field in Hardy and Hampshire Counties, W. Va. Hardy Storage, which is being jointly developed by Columbia Gas Transmission Corp. and a subsidiary of Piedmont Natural Gas, filed its formal project application with the Federal Energy Regulatory Commission (FERC) in April.

"These important milestones are part of our four-point plan for growth and underscore NiSource's commitment to deliver on our business plan for 2005 and 2006," Skaggs said.

NiSource will host an analyst conference call at 9:30 a.m. EDT on Thursday, July 28, 2005, to further discuss the company's second-quarter 2005 results. All interested parties may hear the conference call live on July 28 by logging on to the NiSource Web site at [www.nisource.com](http://www.nisource.com).

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## NiSource reports second-quarter earnings

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### Second Quarter 2005 Operating Income

NiSource's consolidated second quarter 2005 operating income was \$119.4 million compared with \$157.8 million for the same period in 2004. Second quarter 2005 results include \$31.2 million of restructuring expenses, consulting fees, and charges for obsolete software systems recorded in connection with the outsourcing agreement with IBM and other business transformation activities. In addition, second-quarter 2005 results include a \$10.9 million impairment charge related to goodwill at one of NiSource's small Indiana distribution companies, which is currently under an earnings cap. Second quarter 2004 results included a \$16.7 million net reduction in property and sales tax accruals.

The 2005 restructuring, consulting, and obsolete software system charges of \$31.2 million included severance expenses of \$16.4 million, consulting fees of \$3.9 million, and an impairment of obsolete software systems of \$10.9 million. The breakout of these costs by business segment is Gas Distribution Operations \$11.2 million, Gas Transmission and Storage Operations \$2.7 million, Electric Operations \$1.8 million, Other Operations \$0.2 million, and Corporate \$15.3 million. Operating income for NiSource's business segments for the quarter ended June 30, 2005, is discussed below.

**Gas Distribution Operations** reported operating income of \$5.7 million versus operating income of \$15.1 million in the second quarter of 2004. The decrease in operating income was primarily due to the impact of restructuring expenses and a \$10.9 million impairment charge taken against goodwill associated with Kokomo Gas and Fuel Company partially offset by cooler weather during the beginning of the second quarter of 2005 and lower sales tax accruals compared to the prior period.

Comparability of Gas Distribution Operations line item operating results was impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. These trackers increase both operating expenses and net revenues and have essentially no impact on total operating income results. Approximately \$7.7 million of the increase in operation and maintenance expenses and other taxes was offset by the effect of these regulatory trackers with a corresponding increase to net revenues reflecting recovery of these costs. Additionally, the expiration of the 1999 stipulation for Columbia Gas of Ohio resulted in the recognition of additional revenue offset by an increase in depreciation expense.

**Gas Transmission and Storage Operations** reported operating income of \$76.8 million, an increase of \$3.3 million versus the second quarter of 2004. This increase in operating income resulted from an \$8.9 million third-party buyout of a bankruptcy claim relating to the rejection of a shipper's long-term contract partially offset by continued lower revenues due to pipeline recontracting, net of remarketing activities, and the impact of restructuring charges.

**Electric Operations** reported operating income of \$61.0 million, a decrease of \$21.0 million from the comparable period last year. This reduction in operating income was primarily due to a 2004 property tax accrual reduction of \$18.1 million, the impact of restructuring charges, incremental Midwest Independent System Operator (MISO) cost of \$5.6 million, and increased electric production expenses of \$3.0 million partially offset by favorable weather due to the warm weather in June of 2005.

The **Other Operations** reported an operating loss of \$8.9 million in 2005, versus an operating loss of \$7.8 million in the second quarter of 2004 primarily reflecting higher property tax accruals and the impact of restructuring charges partially offset by decreased losses associated with Whiting Clean Energy.

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## NiSource reports second-quarter earnings

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*Corporate* reported an operating loss of \$15.2 million compared to an operating loss of \$5.0 million during the second quarter of 2004. The increase in operating loss was primarily due to the \$10.9 million impairment charge for obsolete enterprise software systems and the impact of restructuring and consulting charges associated with the IBM agreement.

### Other Items

Interest expense increased by \$2.6 million due to higher short-term interest rates. Other, net increased \$3.5 million primarily the result of higher interest income. Income tax expense of \$12.3 million represented a 60.9% effective tax rate for the second quarter of 2005. This resulted because no tax benefit was recorded for the goodwill impairment charge that is not deductible for tax purposes.

Discontinued Operations income of \$31.1 million was the result of changes to reserves for contingencies related to the previous sale of discontinued assets and the impairment of discontinued assets.

### Six-Month Period 2005 Operating Income

Operating income was \$557.1 million for the six months ended June 30, 2005, compared with \$600.9 million for the same period in 2004. Operating income for NiSource's business segments for the six months ended June 30, 2005, is discussed below.

*Gas Distribution Operations'* operating income was \$280.6 million, a decrease of \$19.5 million versus the first half of 2004. The decrease in operating income was primarily due to the restructuring and the goodwill impairment charges recorded during the second quarter of 2005.

Comparability of Gas Distribution Operations line item operating results was impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. These trackers increase both operating expenses and net revenues and have essentially no impact on total operating income results. Approximately \$26.5 million of the increase in operation and maintenance expenses and other taxes was offset by the effect of the regulatory trackers with a corresponding increase to net revenues reflecting recovery of certain costs. Additionally, the expiration of the 1999 stipulation for Columbia Gas of Ohio resulted in the recognition of additional revenues with a partial offset from increased depreciation expense.

*Gas Transmission and Storage Operations* reported operating income of \$186.3 million, a \$1.4 million increase from the comparable 2004 period. The increase was primarily due to an \$8.9 million third-party buyout of a bankruptcy claim relating to the rejection of a shipper's long-term contract and lower operation and maintenance expenses partially offset by approximately \$11.0 million reduction of net revenues from pipeline recontracting, net of remarketing activities, and the impact of restructuring charges.

*Electric Operations* reported operating income of \$126.4 million, a decrease of \$14.4 million from the comparable period last year. This reduction in operating income was primarily due to a 2004 property tax accrual reduction of \$18.1 million, incremental MISO cost of \$6.3 million, higher electric production expenses of \$5.4 million, and the impact of restructuring charges partially offset by the environmental tracker and favorable weather.

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## NiSource reports second-quarter earnings

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The *Other Operations* segment reported an operating loss of \$14.1 million in the first half of 2005, versus an operating loss of \$25.5 million in the first half of 2004, mainly due to decreased losses associated with Whiting Clean Energy and higher commercial and industrial gas marketing net revenues partially offset by higher property tax accruals and the impact of restructuring charges.

*Corporate* reported an operating loss of \$22.1 compared to operating income of \$0.6 million during the first half of 2004. The operating loss recorded this year is primarily due to the \$10.9 million impairment charge for obsolete enterprise software systems and the impact from restructuring and consulting charges that were recorded during the second quarter 2005. Last year results include a legal settlement that increased operating income by \$14.3 million.

### Other Items

Interest expense was \$205.7 million for the first six months of 2005 compared to \$201.3 million for the first six months of last year. This increase was due to higher short-term interest rates. Income taxes for the first six months of 2005 were \$135.7 million, a \$12.3 million decrease from 2004 mainly resulting from lower pre-tax income.

Basic average shares of common stock outstanding at June 30, 2005 were 270.8 million compared to 262.4 million at June 30, 2004. The increase was primarily due to the issuance during the fourth quarter of 2004 of 6.8 million shares of common stock upon the settlement of the forward stock purchase contracts comprising a component of NiSource's Stock Appreciation Income Linked Securities (SAILS<sup>SM</sup>). The increase in average shares outstanding caused a \$0.03 dilution of earnings-per-share during the first six months of 2005.

### 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](http://www.nisource.com).

### 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.

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NiSource Inc.  
Income Statement Data

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Gas Distribution	\$ 658.3	\$ 616.4	\$2,485.1	\$2,274.8
Gas Transportation and Storage	213.0	206.5	541.9	551.8
Electric	281.9	272.6	564.2	536.1
Other	202.0	148.4	445.5	353.5
Gross Revenues	1,355.2	1,243.9	4,036.7	3,716.2
Cost of Sales	700.5	628.9	2,369.0	2,109.9
<b>Total Net Revenues</b>	<b>654.7</b>	<b>615.0</b>	<b>1,667.7</b>	<b>1,606.3</b>
<b>Operating Expenses</b>				
Operation and maintenance	317.9	283.7	655.5	606.1
Depreciation and amortization	136.4	127.3	271.5	252.4
Impairment and loss (gain) on sale of assets	20.9	0.3	20.4	1.0
Other taxes	60.1	45.9	163.2	145.9
<b>Total Operating Expenses</b>	<b>535.3</b>	<b>457.2</b>	<b>1,110.6</b>	<b>1,005.4</b>
<b>Operating Income</b>	<b>119.4</b>	<b>157.8</b>	<b>557.1</b>	<b>600.9</b>
<b>Other Income (Deductions)</b>				
Interest expense, net	(101.7)	(99.1)	(205.7)	(201.3)
Dividend requirements on preferred stock of subsidiaries	(1.1)	(1.1)	(2.2)	(2.2)
Other, net	3.6	0.1	3.1	2.9
<b>Total Other Income (Deductions)</b>	<b>(99.2)</b>	<b>(100.1)</b>	<b>(204.8)</b>	<b>(200.6)</b>
<b>Income From Continuing Operations Before Income Taxes</b>	<b>20.2</b>	<b>57.7</b>	<b>352.3</b>	<b>400.3</b>
<b>Income Taxes</b>	<b>12.3</b>	<b>22.2</b>	<b>135.7</b>	<b>148.0</b>
<b>Income from Continuing Operations</b>	<b>7.9</b>	<b>35.5</b>	<b>216.6</b>	<b>252.3</b>
Loss from Discontinued Operations — net of taxes	(11.6)	(0.9)	(13.8)	(4.2)
Gain on Disposition of Discontinued Operations — net of taxes	42.7	—	42.5	—
<b>Net Income</b>	<b>\$ 39.0</b>	<b>\$ 34.6</b>	<b>\$ 245.3</b>	<b>\$ 248.1</b>
<b>Basic Earnings (Loss) Per Share (\$)</b>				
Continuing operations	0.03	0.13	0.80	0.96
Discontinued operations	0.12	—	0.11	(0.01)
<b>Basic Earnings Per Share</b>	<b>0.15</b>	<b>0.13</b>	<b>0.91</b>	<b>0.95</b>
<b>Diluted Earnings (Loss) Per Share (\$)</b>				
Continuing operations	0.03	0.13	0.80	0.95
Discontinued operations	0.11	—	0.10	(0.01)
<b>Diluted Earnings Per Share</b>	<b>0.14</b>	<b>0.13</b>	<b>0.90</b>	<b>0.94</b>
<b>Dividends Declared Per Common Share</b>	<b>0.23</b>	<b>0.23</b>	<b>0.46</b>	<b>0.46</b>
<b>Basic Average Common Shares Outstanding (millions)</b>	<b>271.2</b>	<b>262.5</b>	<b>270.8</b>	<b>262.4</b>
<b>Diluted Average Common Shares (millions)</b>	<b>273.1</b>	<b>264.5</b>	<b>272.6</b>	<b>264.6</b>



**NiSource Inc.**  
Summary of Financial and Operating Data

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Sales Revenues	\$669.8	\$627.8	\$ 2,508.8	\$ 2,307.3
Less: Cost of gas sold	479.3	462.0	1,897.0	1,742.8
Net Sales Revenues	190.5	165.8	611.8	564.5
Transportation Revenues	78.6	75.2	255.4	257.0
<b>Net Revenues</b>	<b>269.1</b>	<b>241.0</b>	<b>867.2</b>	<b>821.5</b>
<b>Operating Expenses</b>				
Operation and maintenance	169.3	145.7	368.0	329.0
Depreciation and amortization	56.3	48.6	112.1	96.3
Impairment and loss(gain) on sale of assets	10.5	—	10.5	—
Other taxes	27.3	31.6	96.0	96.1
<b>Total Operating Expenses</b>	<b>263.4</b>	<b>225.9</b>	<b>586.6</b>	<b>521.4</b>
<b>Operating Income</b>	<b>\$ 5.7</b>	<b>\$ 15.1</b>	<b>\$ 280.6</b>	<b>\$ 300.1</b>
<b>Revenues (\$ in Millions)</b>				
Residential	424.7	335.8	1,686.4	1,450.9
Commercial	138.2	116.8	569.5	512.7
Industrial	40.4	38.0	115.0	118.7
Transportation	78.6	75.2	255.4	257.0
Off System Sales	69.1	114.5	120.3	155.3
Other	(2.6)	22.7	17.6	69.7
<b>Total</b>	<b>748.4</b>	<b>703.0</b>	<b>2,764.2</b>	<b>2,564.3</b>
<b>Sales and Transportation (MMDth)</b>				
Residential sales	29.6	27.6	138.7	137.4
Commercial sales	10.9	11.6	50.4	53.0
Industrial sales	4.0	4.3	11.8	12.4
Transportation	108.3	112.8	283.0	300.0
Off System Sales	9.1	19.0	16.3	26.0
Other	0.1	0.1	0.3	0.4
<b>Total</b>	<b>162.0</b>	<b>175.4</b>	<b>500.5</b>	<b>529.2</b>
<b>Heating Degree Days</b>	486	434	3,159	3,158
<b>Normal Heating Degree Days</b>	483	483	3,110	3,138
<b>% Colder (Warmer) than Normal</b>	1%	(10%)	2%	1%
<b>Customers</b>				
Residential			2,411,482	2,303,083
Commercial			213,298	211,704
Industrial			5,405	5,863
Transportation			673,471	753,654
Other			61	61
<b>Total</b>			<b>3,303,717</b>	<b>3,274,365</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>Operating Revenues</b>				
Transportation revenues	\$ 150.2	\$ 148.4	\$ 328.6	\$ 336.7
Storage revenues	44.0	44.5	89.2	89.7
Other revenues	1.6	1.8	7.7	5.1
<b>Total Operating Revenues</b>	<b>195.8</b>	194.7	<b>425.5</b>	431.5
Less: Cost of gas sold	6.4	6.5	11.9	10.4
<b>Net Revenues</b>	<b>189.4</b>	188.2	<b>413.6</b>	421.1
<b>Operating Expenses</b>				
Operation and maintenance	69.8	71.1	141.2	149.4
Depreciation and amortization	28.6	29.4	56.7	57.7
Loss on sale of assets	—	0.3	—	0.3
Other taxes	14.2	13.9	29.4	28.8
<b>Total Operating Expenses</b>	<b>112.6</b>	114.7	<b>227.3</b>	236.2
<b>Operating Income</b>	<b>\$ 76.8</b>	\$ 73.5	<b>\$ 186.3</b>	\$ 184.9
<b>Throughput (MMDth)</b>				
Columbia Transmission				
Market Area	168.5	168.4	564.1	575.3
Columbia Gulf				
Mainline	143.0	140.6	281.7	300.6
Short-haul	23.4	20.9	41.6	47.9
Columbia Pipeline Deep Water	3.2	4.3	6.7	8.7
Crossroads Gas Pipeline	10.0	9.8	22.0	20.5
Granite State Pipeline	5.7	5.7	19.6	19.6
Intrasegment eliminations	(141.6)	(144.5)	(280.2)	(298.7)
<b>Total</b>	<b>212.2</b>	205.2	<b>655.5</b>	673.9

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

Electric Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Sales revenues	\$ 282.0	\$ 267.4	\$ 564.4	\$ 528.3
Less: Cost of sales	92.4	84.9	188.1	166.3
<b>Net Revenues</b>	<b>189.6</b>	<b>182.5</b>	<b>376.3</b>	<b>362.0</b>
<b>Operating Expenses</b>				
Operation and maintenance	69.0	58.8	130.1	119.1
Depreciation and amortization	46.2	44.4	91.7	88.5
Gain on sale of assets	(0.4)	—	(0.4)	—
Other taxes	13.8	(2.7)	28.5	13.6
<b>Total Operating Expenses</b>	<b>128.6</b>	<b>100.5</b>	<b>249.9</b>	<b>221.2</b>
<b>Operating Income</b>	<b>\$ 61.0</b>	<b>\$ 82.0</b>	<b>\$ 126.4</b>	<b>\$ 140.8</b>
<b>Revenues (\$ in millions)</b>				
Residential	77.3	66.7	150.7	137.9
Commercial	85.7	73.2	158.9	143.6
Industrial	104.6	102.5	217.0	203.8
Wholesale	6.3	11.4	13.8	22.8
Other	8.1	13.6	24.0	20.2
<b>Total</b>	<b>282.0</b>	<b>267.4</b>	<b>564.4</b>	<b>528.3</b>
<b>Sales (Gigawatt Hours)</b>				
Residential	768.0	694.2	1,535.0	1,448.7
Commercial	988.1	899.3	1,882.3	1,759.5
Industrial	2,185.2	2,327.3	4,513.5	4,665.4
Wholesale	195.9	289.5	357.1	559.4
Other	15.9	33.8	48.5	66.2
<b>Total</b>	<b>4,153.1</b>	<b>4,244.1</b>	<b>8,336.4</b>	<b>8,499.2</b>
<b>Cooling Degree Days</b>	<b>280</b>	<b>205</b>	<b>280</b>	<b>205</b>
<b>Normal Cooling Degree Days</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>227</b>
<b>% Warmer (Colder) than Normal</b>	<b>23%</b>	<b>(10%)</b>	<b>23%</b>	<b>(10%)</b>
<b>Electric Customers</b>				
Residential			392,788	388,824
Commercial			50,697	49,635
Industrial			2,519	2,516
Wholesale			15	25
Other			769	776
<b>Total</b>			<b>446,788</b>	<b>441,776</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<b>Other (includes assets held for sale)</b> <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>Net Revenues</b>				
Products and services revenue	\$ 192.5	\$ 144.5	\$ 422.0	\$ 332.5
Less: Cost of products purchased	185.3	139.7	409.4	328.2
<b>Net Revenues</b>	<b>7.2</b>	<b>4.8</b>	<b>12.6</b>	<b>4.3</b>
<b>Operating Expenses</b>				
Operation and maintenance	10.7	8.8	17.1	20.9
Depreciation and amortization	3.0	2.6	5.9	5.3
Loss (Gain) on sale of assets	—	—	(0.5)	0.7
Other taxes	2.4	1.2	4.2	2.9
<b>Total Operating Expenses</b>	<b>16.1</b>	<b>12.6</b>	<b>26.7</b>	<b>29.8</b>
<b>Operating Loss</b>	<b>\$ (8.9)</b>	<b>\$ (7.8)</b>	<b>\$ (14.1)</b>	<b>\$ (25.5)</b>

<b>Corporate</b> <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>Operating Income (Loss)</b>	<b>\$ (15.2)</b>	<b>\$ (5.0)</b>	<b>\$ (22.1)</b>	<b>\$ 0.6</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

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<b>Other Information</b> <i>(in millions, except share amounts)</i>	<b>June 30,</b> <b>2005</b>	December 31, 2004
<b>Total Common Stock Equity</b>	<b>\$ 4,894.9</b>	\$ 4,787.1
Shares Outstanding (thousands)	<b>272,323</b>	270,625
<b>Book Value of Common Shares</b>	<b>\$ 17.97</b>	\$ 17.69

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**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<i>(in millions, except share amounts)</i>	June 30, 2005 (unaudited)	December 31, 2004
<b>ASSETS</b>		
<b>Property, Plant and Equipment</b>		
Utility Plant	\$16,367.0	\$ 16,194.1
Accumulated depreciation and amortization	(7,416.0)	(7,247.7)
Net utility plant	8,951.0	8,946.4
Other property, at cost, less accumulated depreciation	423.1	427.5
<b>Net Property, Plant and Equipment</b>	<b>9,374.1</b>	<b>9,373.9</b>
<b>Investments and Other Assets</b>		
Assets of discontinued operations and assets held for sale	34.8	38.6
Unconsolidated affiliates	67.1	64.2
Other investments	116.9	113.0
<b>Total Investments</b>	<b>218.8</b>	<b>215.8</b>
<b>Current Assets</b>		
Cash and cash equivalents	258.2	29.5
Restricted cash	31.8	56.3
Accounts receivable (less reserve of \$71.2 and \$44.7, respectively)	347.3	536.4
Unbilled revenue (less reserve of \$6.2 and \$10.9, respectively)	127.0	352.7
Gas inventory	213.8	452.9
Underrecovered gas and fuel costs	85.6	293.8
Materials and supplies, at average cost	73.6	70.6
Electric production fuel, at average cost	32.7	29.2
Price risk management assets	97.2	61.1
Exchange gas receivable	195.5	169.6
Regulatory Assets	166.1	136.2
Prepayments and other	101.7	96.1
<b>Total Current Assets</b>	<b>1,730.5</b>	<b>2,284.4</b>
<b>Other Assets</b>		
Price risk management assets	193.3	148.3
Regulatory assets	566.0	568.4
Goodwill	3,677.3	3,687.2
Intangible assets	513.0	520.3
Deferred charges and other	185.9	189.5
<b>Total Other Assets</b>	<b>5,135.5</b>	<b>5,113.7</b>
<b>Total Assets</b>	<b>\$16,458.9</b>	<b>\$ 16,987.8</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<i>(in millions, except share amounts)</i>	June 30, 2005	December 31, 2004
	(unaudited)	
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization</b>		
Common stock equity		
Common stock — \$0.01 par value - 400,000,000 shares authorized, 272,322,505 and 270,625,370 shares issued and outstanding, respectively	\$ 2.7	\$ 2.7
Additional paid-in-capital	3,958.8	3,924.0
Retained earnings	983.2	925.4
Accumulated other comprehensive loss and other common stock equity	(49.8)	(65.0)
Total common stock equity	4,894.9	4,787.1
Preferred stocks—Series without mandatory redemption provisions	81.1	81.1
Long-term debt, excluding amounts due within one year	4,807.3	4,835.9
<b>Total Capitalization</b>	<b>9,783.3</b>	<b>9,704.1</b>
<b>Current Liabilities</b>		
Current portion of long-term debt	1,260.1	1,299.9
Short-term borrowings	—	307.6
Accounts payable	390.9	648.4
Dividends declared on common and preferred stocks	63.7	1.1
Customer deposits	92.7	92.2
Taxes accrued	244.2	160.9
Interest accrued	79.7	84.1
Overrecovered gas and fuel costs	54.2	15.5
Price risk management liabilities	74.1	46.9
Exchange gas payable	254.0	325.1
Current deferred revenue	29.1	31.5
Regulatory liabilities	29.1	30.2
Accrued liability for postretirement and pension benefits	89.7	85.5
Other accruals	341.7	478.2
<b>Total Current Liabilities</b>	<b>3,003.2</b>	<b>3,607.1</b>
<b>Other Liabilities and Deferred Credits</b>		
Price risk management liabilities	6.3	5.5
Deferred income taxes	1,624.6	1,665.9
Deferred investment tax credits	74.0	78.4
Deferred credits	65.0	74.0
Noncurrent deferred revenue	76.9	86.9
Accrued liability for postretirement and pension benefits	423.9	413.0
Preferred stock liabilities with mandatory redemption provisions	0.6	0.6
Liabilities of discontinued operations	0.3	—
Regulatory liabilities and other removal costs	1,205.4	1,168.6
Other noncurrent liabilities	195.4	183.7
<b>Total Other</b>	<b>3,672.4</b>	<b>3,676.6</b>
<b>Commitments and Contingencies</b>	<b>—</b>	<b>—</b>
<b>Total Capitalization and Liabilities</b>	<b>\$16,458.9</b>	<b>\$ 16,987.8</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

Six Months Ended June 30, (in millions)	2005	2004
<b>Operating Activities</b>		
Net income	\$ 245.3	\$ 248.1
Adjustments to reconcile net income to net cash from continuing operations:		
Depreciation and amortization	271.5	252.4
Net changes in price risk management activities	(9.0)	2.7
Deferred income taxes and investment tax credits	(81.6)	(11.9)
Deferred revenue	(12.4)	(23.0)
Amortization of unearned compensation	4.7	4.4
Loss (Gain) on sale of assets	(1.4)	1.0
Loss on impairment of assets	21.8	—
Income from unconsolidated affiliates	(2.8)	(0.4)
Gain from sale of discontinued operations	(42.5)	—
Loss from discontinued operations	13.8	4.2
Amortization of discount/premium on debt	9.7	9.4
Other adjustments	(0.4)	1.2
Changes in assets and liabilities:		
Accounts receivable and unbilled revenue	405.2	377.7
Inventories	241.7	196.7
Accounts payable	(250.0)	(46.7)
Customer deposits	0.5	1.7
Taxes accrued	38.5	40.0
Interest accrued	(0.9)	(0.2)
(Under) Overrecovered gas and fuel costs	247.0	47.7
Exchange gas receivable/payable	(61.8)	25.5
Other accruals	(71.5)	(109.5)
Prepayment and other current assets	5.1	33.9
Regulatory assets/liabilities	(27.6)	2.9
Postretirement and postemployment benefits	15.8	19.5
Deferred credits	(8.3)	(13.1)
Deferred charges and other noncurrent assets	(3.1)	(1.5)
Other noncurrent liabilities	6.6	23.0
Net Cash Flows from Continuing Operations	953.9	1,085.7
Net Cash Flows from or (used for) Discontinued Operations	(16.2)	(0.2)
Net Cash Flows from Operating Activities	937.7	1,085.5
<b>Investing Activities</b>		
Capital expenditures	(243.1)	(237.7)
Proceeds from disposition of assets	7.4	1.6
Other investing activities	9.7	1.0
Net Cash Flows used for Investing Activities	(226.0)	(235.1)
<b>Financing Activities</b>		
Retirement of long-term debt	(81.0)	(202.5)
Change in short-term debt	(307.6)	(542.0)
Issuance of common stock and capital contributed	32.1	8.7
Acquisition of treasury stock	(1.6)	(3.7)
Dividends paid — common shares	(124.9)	(121.8)
Net Cash Flows used for Financing Activities	(483.0)	(861.3)
Increase (Decrease) in cash and cash equivalents	228.7	(10.9)
Cash and cash equivalents at beginning of year	29.5	27.1
<b>Cash and cash equivalents at end of period</b>	<b>\$ 258.2</b>	<b>\$ 16.2</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	200.8	194.3
Interest capitalized	0.4	1.2
Cash paid for income taxes	92.8	96.4

accompanying Notes to Consolidated Financial Statements are an integral part of these statements.



**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

**2005 (in millions)**

	<u>Gas Distribution</u>	<u>Transmission and Storage</u>	<u>Electric</u>	<u>Other</u>	<u>Corporate</u>	<u>Total</u>
<b>Net Revenues:</b>						
Weather (compared to normal)	\$ 1.1	\$ —	\$ 4.7	\$ —	\$ —	\$ 5.8
Gas costs and other changes	5.9	8.9	—	—	—	14.8
<b>Total Impact — Net Revenues</b>	<b>7.0</b>	<b>8.9</b>	<b>4.7</b>	<b>—</b>	<b>—</b>	<b>20.6</b>
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Restructuring and consulting charges	(11.2)	(2.7)	(1.8)	(0.2)	(4.4)	(20.3)
Reserve changes	—	2.0	(2.5)	—	—	(0.5)
<b>Total Impact — O &amp; M Expenses</b>	<b>(11.2)</b>	<b>(0.7)</b>	<b>(4.3)</b>	<b>(0.2)</b>	<b>(4.4)</b>	<b>(20.8)</b>
Asset Impairment	(10.9)	—	—	—	(10.9)	(21.8)
Gain on Sale	0.4	—	0.4	—	—	0.8
Property and Sales Tax Adjustments	5.8	—	—	—	—	5.8
<b>Total Impact — Operating Expenses</b>	<b>(15.9)</b>	<b>(0.7)</b>	<b>(3.9)</b>	<b>(0.2)</b>	<b>(15.3)</b>	<b>(36.0)</b>
<b>Total Impact — Operating Income</b>	<b>\$ (8.9)</b>	<b>\$ 8.2</b>	<b>\$ 0.8</b>	<b>\$ (0.2)</b>	<b>\$ (15.3)</b>	<b>\$ (15.4)</b>

**2004 (in millions)**

	<u>Gas Distribution</u>	<u>Transmission and Storage</u>	<u>Electric</u>	<u>Other</u>	<u>Corporate</u>	<u>Total</u>
<b>Net Revenues:</b>						
Weather (compared to normal)	\$ (4.9)	\$ —	\$ (1.8)	\$ —	\$ —	\$ (6.7)
Gas costs and other changes	(1.6)	(0.8)	(1.9)	1.0	—	(3.3)
<b>Total Impact — Net Revenues</b>	<b>(6.5)</b>	<b>(0.8)</b>	<b>(3.7)</b>	<b>1.0</b>	<b>—</b>	<b>(10.0)</b>
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Insurance recoveries, legal and other reserves	6.4	(2.5)	0.4	—	1.1	5.4
<b>Total Impact — O &amp; M Expenses</b>	<b>6.4</b>	<b>(2.5)</b>	<b>0.4</b>	<b>—</b>	<b>1.1</b>	<b>5.4</b>
Loss on Sale of Assets	—	(0.3)	—	—	—	(0.3)
Property and Sales Tax Adjustments	(1.4)	—	18.1	—	—	16.7
<b>Total Impact — Operating Expenses</b>	<b>5.0</b>	<b>(2.8)</b>	<b>18.5</b>	<b>—</b>	<b>1.1</b>	<b>21.8</b>
<b>Total Impact — Operating Income</b>	<b>\$ (1.5)</b>	<b>\$ (3.6)</b>	<b>\$ 14.8</b>	<b>\$ 1.0</b>	<b>\$ 1.1</b>	<b>\$ 11.8</b>

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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**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): June 20, 2005

**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))
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#### ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On June 20, 2005, NiSource Corporate Services Company ("NCSC"), a direct subsidiary of NiSource Inc. (the "Company"), entered into an Agreement For Business Process And Support Services ("Outsourcing Agreement") with International Business Machines Corporation ("IBM"). Under the Outsourcing Agreement, IBM has agreed to provide certain services to the Company and its subsidiaries, which services are currently performed by NCSC.

As part of the Outsourcing Agreement, IBM will operate a broad range of business support functions for NCSC, including processes within the human resources, finance and accounting, supply chain (procurement), customer contact, meter-to-cash (billing and collections) and information technology areas. The Outsourcing Agreement has an initial term of ten years and NCSC has the right to renew it for up to three additional one-year periods. As a result of the Outsourcing Agreement, 572 employees of the Company and its subsidiaries are expected to become employees of IBM or its subcontractors. Another 445 positions will be eliminated by the Company and its subsidiaries by Dec. 31, 2006, throughout the regions in which it operates as work is moved to IBM.

NCSC will pay IBM for the services under a combination of fixed and variable charges, with the variable charges fluctuating based on the Company's actual need for such services. Based on the currently projected usage of these services, the Company expects to pay \$1.6 billion to IBM in service fees and project costs over the initial ten-year term.

The Company expects that over the initial ten-year term the Outsourcing Agreement will deliver upwards of \$530 million in gross operating and capital cost savings across the Company's 15 primary operating subsidiaries, as well as provide technology advances and enhanced service capabilities. However, the net savings to the Company from the Outsourcing Agreement will be impacted by certain costs it will incur to obtain these gross savings. These costs fall into three categories. First, the Company will incur severance related costs associated with the elimination of the positions described above of approximately \$35 million. In addition, NiSource will record approximately \$21 million in one-time, non-cash pension expense related to severed employees and employees who accept positions with IBM. Second, the Company expects to pay approximately \$35 million in transition costs during 2005 and 2006 to transfer these functional areas to IBM. Third, the Company expects to incur \$50 million in governance costs over the 10-year life of the Outsourcing Agreement. Attached as Exhibit 99.2 to this report is a more detailed projection of the potential savings to NiSource under the Outsourcing Agreement.

To protect the Company's expectations regarding IBM's performance, the Outsourcing Agreement has performance standards and minimum service levels that IBM must meet or exceed. If IBM fails to meet a given performance standard, NiSource would, in certain circumstances, give a credit against the charges otherwise due.

To assure that the charges under the Outsourcing Agreement do not become significantly higher than the market rate for such services, the Company has the right to periodically perform benchmark studies to determine whether IBM's price and performance are consistent with the then current market. The Company has the right to conduct such benchmark studies, at its cost, beginning in the fourth year of the Outsourcing Agreement.

Under the Outsourcing Agreement, the Company retains the right to terminate the Agreement both for cause and for its convenience. However, upon any termination of the Agreement by the Company for any reason (other than for material breach by IBM), the Company will be required to pay a termination charge to IBM, which charge may be material.

The Company will file a copy of the Outsourcing Agreement as an exhibit to its Quarterly Report on Form 10-Q for the quarter ending on June 30, 2005.

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ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated June 20, 2005, issued by NiSource Inc.
99.2	10-Year Projection of Estimated Costs and Potential Savings

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SIGNATURES

In 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: June 24, 2005

By: \_\_\_\_\_ /s/ Jeffrey W. Grossman

Jeffrey W. Grossman  
Vice President and Controller

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated June 20, 2005, issued by NiSource Inc.
99.2	10-Year Projection of Estimated Costs and Potential Savings

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# NEWS

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Exhibit 99.1

**NiSource**<sup>®</sup>

801 E. 86th Avenue  
Merrillville, IN 46410

**FOR IMMEDIATE RELEASE**

June 21, 2005

**FOR MORE INFORMATION**

*News Media*

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**NiSource and IBM sign agreement to transform  
key business process and technology functions**

MERRILLVILLE, IN and ARMONK, NY – NiSource Inc. (NYSE: NI) and IBM (NYSE: IBM) today announced that they have reached a definitive agreement for IBM to provide a broad range of business transformation and outsourcing services to NiSource. IBM will begin service delivery on July 1, 2005.

The 10-year agreement is estimated to be worth \$1.6 billion to IBM in service fees and project costs and is expected to deliver upwards of \$530 million in operating and capital cost savings across NiSource's 15 primary operating subsidiaries over the course of the contract, as well as provide technology advances and enhanced service capabilities.

NiSource's cost to achieve will include \$35 million in one-time severance expenses and \$35 million in transition costs. In addition, NiSource expects to incur approximately \$50 million in governance costs over the 10-year life of the contract. Charges for NiSource's cost to achieve are expected to be reported largely in 2005 and, to a lesser extent, in 2006. In addition, NiSource will report a \$21 million one-time, non-cash pension expense related to severed employees and employees who accept positions with IBM.

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**NiSource and IBM sign agreement  
transform key business process and technology functions**

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“This agreement will enable NiSource to transform its business to further focus on core strengths of providing safe, reliable utility and pipeline services to our customers,” said Gary L. Neale, NiSource chairman and chief executive officer. “In addition, this agreement will enable us to access new technology and service capabilities for our company and state-of-the-art service for our customers, and re-deploy capital toward growth opportunities. Working with IBM will help us achieve our goals of delivering basic support activities while freeing us to focus on our strategic business priorities.”

“IBM will work with NiSource to apply business insight, technology expertise and global delivery capabilities to optimize business performance and create long-term economic benefits,” said Maureen Sweeny, vice president of Business Transformation Outsourcing at IBM. “In this manner, this relationship is a strong example of the type of new partnerships and on-demand business value IBM is targeting in the marketplace for Business Performance Transformation Services.”

As part of this agreement, IBM will operate a broad range of business support functions for NiSource, including processes within the human resources, finance and accounting, supply chain (procurement), customer contact, meter-to-cash (billing and collections) and information technology areas. The agreement also includes a broad array of transformational consulting services and emerging technology expertise, as well as a unique approach to governance between the two companies to rapidly drive value across a multi-process business transformation outsourcing solution. In addition, NiSource and IBM are committed to continuous improvement of levels of customer service, business efficiency and functional integration at NiSource.

Under terms of the agreement, 572 employees of NiSource are expected to become employees of IBM or its subcontractors. Another 445 positions will be eliminated by NiSource by Dec. 31, 2006, throughout the regions in which it operates as work is moved to IBM.

This long-term relationship with IBM is a key component of NiSource’s four-part plan to establish a platform for long-term, sustainable growth. NiSource is focused in 2005 on pursuing growth opportunities in its extensive natural gas pipeline and storage system, implementing regulatory and commercial initiatives in its distribution business, continuing to strengthen its balance sheet through prudent financial management, and identifying innovative ways to manage overall costs and free up additional capital for investment in its core gas and electric operations.

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**NiSource and IBM sign agreement  
transform key business process and technology functions**  
page 3

**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](http://www.nisource.com).

**About IBM Business Consulting Services**

With consultants and professional staff in more than 160 countries globally, IBM Business Consulting Services is the world's largest consulting services organization. IBM Business Consulting Services provides clients with business transformation and industry expertise, and the ability to translate that expertise into integrated, responsive, on-demand business solutions and services that deliver bottom-line business value. Over the past several years, IBM Business Consulting Services has developed industry-leading transformation consulting skills and delivery capabilities in key areas, including Human Resources, Financial Management, Customer Relationship Management and Procurement. For more information, visit [www.ibm.com](http://www.ibm.com).

**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 Inc. and IBM and their respective managements. Although NiSource and IBM believe that their expectations are based on reasonable assumptions, they can give no assurance that their goals will be achieved. Readers are cautioned that the forward-looking statements in this press release 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 NiSource's 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 scope, timing and effectiveness of NiSource's execution under the outsourcing agreement; 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. Except for the historical information and discussions contained herein about IBM, statements contained in this release may constitute forward-looking statements about IBM within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, as discussed in the company's filings with the U.S. Securities and Exchange Commission (SEC).

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**10-Year Projection of  
Estimated Costs  
And Potential Savings <sup>1</sup>**



*\$ expressed in MM*

<b>Projected NiSource Base Costs (w/o Outsourcing)</b>		<b>10-Year Projection</b>
NiSource Base Case O&M Cost		3,125.7
NiSource IT Capital Spend		275.0
Total Cost to Deliver Services		<u>3,400.7</u>
<b>Future Cost to Deliver Services (w/ Outsourcing)</b>		<b>Total</b>
IBM Core Fees <sup>2</sup>		1,572.0
NiSource Projected Retained Costs		
Salary & Related		907.5
Outside Services		104.8
Employee Expenses		29.6
Facilities, Telecom & Other		182.4
NiSource Additional Retained Costs (Salary & Related)		71.6
Subtotal Projected Retained O&M Expenses		<u>1,295.9</u>
NiSource Additional Retained Costs (Capital)		0.0
Subtotal Projected Future Cost to Deliver Services		<u>2,867.9</u>
<b>Core Savings</b>		<b>532.8</b>
<b>NiSource Projected Costs To Achieve</b>		
IBM Transition Fees		35.7
Estimated Severance Costs		35.3
Estimated Governance Costs		50.0
Estimated Sales Taxes		11.4
Estimated Project Costs		4.5
<b>Total Future Cost to Deliver Services</b>		<b><u>3,004.9</u></b>
<b>Net Core Savings</b>		<b>395.8</b>

<sup>1</sup> The figures set forth in this chart are projections for a ten-year period. Therefore, the figures are subject to a material risk of variation.

<sup>2</sup> IBM's fees are only partially fixed and could vary materially over the term depending on NiSource's actual usage of the proposed services.

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**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): May 10, 2005

**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))
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#### ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

At the annual meeting of stockholders of NiSource Inc. (the "Company") on May 10, 2005 (the "Annual Meeting"), the Company's stockholders approved proposed amendments to the Company's Long-Term Incentive Plan (the "LTIP") and the Company's Employee Stock Purchase Plan (the "ESPP"). The amendments to the LTIP (i) increase the maximum number of shares of the Company's common stock that may be subject to awards from 21,000,000 to 43,000,000 and (ii) extend the period during which awards could be granted under the LTIP until May 10, 2015 and extend the term of the LTIP until all awards under the LTIP have been satisfied by either the issuance of stock or the payment of cash. Prior to the amendments, awards could not be granted under the LTIP after April 24, 2006. A copy of the First and Second Amendments to the Long-Term Incentive Plan are attached to this Current Report as exhibits 10.1 and 10.2, respectively, and are incorporated by reference into this Item 1.01.

The amendments to the ESPP increase the maximum number of shares of the Company's common stock that may be purchased under the ESPP from 126,231 to 526,231. A copy of the First Amendment to the Employee Stock Purchase Plan is attached to this Current Report as exhibit 10.3 and is incorporated by reference into this Item 1.01.

In connection with Gary L. Neale's retirement as Chief Executive Officer (discussed in Item 5.02 of this Current Report) of the Company, the board of directors authorized a compensation arrangement with Mr. Neale governing Mr. Neale's service as a non-employee director and Chairman of the Company's board of directors in lieu of any other benefits and compensation provided to other non-employee directors. Pursuant to the compensation arrangement, for an initial term from July 1, 2005 through June 30, 2007, Mr. Neale will receive (i) compensation of \$50,000 per calendar quarter, (ii) medical and dental coverage for himself and his spouse comparable to the coverage provided to the Company's senior executives, provided that he pays the active group rate payable by other senior executives, (iii) reimbursement of the costs for an annual physical examination at the Mayo Clinic, (iv) an individual membership in the Chicago Club, and (v) reimbursement for financial advisory services similar to those currently being made available to him. In addition, under the compensation arrangement, for purposes of vesting and determining any lapse of restrictions on awards under the LTIP, Mr. Neale will receive service credit under the LTIP for the period following July 1, 2005.

#### ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

Following the annual meeting of the Company's board of directors on May 10, 2005, the Company announced that Gary L. Neale, the Company's Chief Executive Officer and Chairman of the board of directors, would retire as the Company's Chief Executive Officer effective June 30, 2005, but would continue as the Chairman of the Company's board of directors.

The Company's board of directors elected Robert C. Skaggs, Jr., the Company's President, to succeed Mr. Neale as Chief Executive Officer effective July 1, 2005. Mr. Skaggs, age 51, has served as President of the Company since October, 2004. Prior thereto, Mr. Skaggs served as the Company's Executive Vice President, Regulated Revenue from October 2003, as President of Columbia Gas of Ohio, Inc. from February 1997 to October 2003; President of Columbia Gas of Kentucky, Inc. from January 1997 to October 2003; President of Bay State Gas Company and Northern Utilities from November 2000 to October 2003; and President of Columbia Gas of Virginia, Inc., Columbia Gas of Maryland, Inc. and Columbia Gas of Pennsylvania, Inc. from December 2001 to October 2003.

As disclosed in the Company's Current Report on Form 8-K filed on February 9, 2005, Mr. Arthur J. Decio resigned from the board of directors of the Company for personal reasons effective at the Annual Meeting. Mr. Decio's term as a director was to expire at the annual meeting of stockholders of the Company in 2006. At the meeting of the board of directors following the Annual Meeting, the Company's board of directors appointed Mr. Roger A. Young to fill the vacancy created by Mr. Decio's resignation. Mr. Young served as a member of the Company's board of directors from 1999 until his term expired at the Annual Meeting.

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Mr. Young was Chairman, Bay State Gas Company ("BSG"), from 1996 until his retirement from the board BSG on October 1, 2003. BSG has been a subsidiary of the Company since 1999. Mr. Young also served as Chief Executive Officer of BSG from 1990 until his retirement in 1999. Mr. Young will serve on the Company's Audit Committee, Environmental, Health and Safety Committee and Corporate Governance Committee.

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

The Company's board of directors amended and restated the Company's bylaws effective as of July 1, 2005 (the "Amended and Restated Bylaws"). Under the Amended and Restated Bylaws, (i) the date of the annual meeting of stockholders as provided in Article IV, Section (b) has been changed from the third Tuesday in May to the second Tuesday in May, (ii) special meetings of the board of directors may now be called by either the Chief Executive Officer or the Chairman of the board, rather than only the Chief Executive Officer, (iii) the board of directors will elect a Chairman of the board on an annual basis from the members of the board, (iv) in the event the Chairman is absent at any stockholder or board meetings, the Lead Director will preside rather than the Vice Chairman, (v) Article VI, Section (c), which related to the merger with Columbia Energy Group, has been deleted as no longer relevant, (vi) the officer title of Chief Executive Officer has been added to Article VII, Section (a) as an authorized officer title of the Company, and (vii) the officer titles of Chairman and Vice Chairman have been deleted from Article VII and elsewhere in the bylaws and are no longer authorized officer titles.

A copy of the Company's Amended and Restated Bylaws, as amended May 10, 2005, is attached to this Current Report as exhibit 3.1 and is incorporated by reference into this Item 5.03.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Bylaws, as amended May 10, 2005.
10.1	First Amendment to the Company's Long-Term Incentive Plan.
10.2	Second Amendment to the Company's Long-Term Incentive Plan.
3	First Amendment to the Company's Employee Stock Purchase Plan.

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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.

Date: May 16, 2005

By:

NiSource Inc.

(Registrant)

/s/ Jeffrey W. Grossman

Jeffrey W. Grossman

Vice President and Controller

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EXHIBIT INDEX

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10.3	First Amendment to the Company's Employee Stock Purchase Plan.

**NISOURCE INC.**

**AMENDED AND RESTATED  
BY-LAWS**

**As Amended and Effective July 1, 2005**

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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

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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, given for 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.

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(c) Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by 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 called 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.

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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

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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 other securities 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). The Directors shall be divided into three classes, as nearly equal in number as possible, with the term of office of the first class to expire at the 2001 annual meeting of stockholders, the term of office of the second class to expire at the 2002 annual meeting of stockholders and the term of office of the third class to expire at the 2003 annual meeting of stockholders. Except as otherwise provided in the Corporation's Certificate of Incorporation, at each annual meeting of the stockholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of the stockholders after their election.

(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.

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(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 (a) pursuant to the provisions of Article IV of the Certificate of Incorporation the holders of Preferred Stock have the right, and have exercised such 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 for the remainder of the full term of the directors in which the new directorship was created or the vacancy occurred and 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.

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(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.

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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.

(d) 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.

(e) 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.

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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.

(f) 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

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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, the 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 THE NISOURCE INC.  
1994 LONG-TERM INCENTIVE PLAN**

**(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2004)**

**WHEREAS** , NiSource Inc. (the “Company”) maintains the NiSource Inc. Long-Term Incentive Plan, as amended and restated effective January 1, 2004 (the “Plan”); and

**WHEREAS** , pursuant to Paragraph 20 of the Plan, the Company deems it desirable to amend the Plan, subject to shareholder approval, to extend the duration of the Plan.

**NOW, THEREFORE** , Paragraph 23 of the Plan is hereby amended, effective January 1, 2005, as follows:

“ **23. Duration of the Plan.** The Plan shall remain in effect until all awards under the Plan have been satisfied by the issuance of Common Shares or the payment of cash, but no award shall be granted more than ten years after the date the First Amendment to the Plan, effective January 1, 2005, was approved by the shareholders at the Annual Meeting held in May 2005.”

**IN WITNESS WHEREOF**, the Company has caused this First Amendment to be executed on its behalf, by its officer duly authorized, this 29th day of December, 2004.

**NISOURCE INC.**

By: /s/ Michael W. O'Donnell  
Michael W. O'Donnell

**SECOND AMENDMENT TO THE NISOURCE INC.  
1994 LONG-TERM INCENTIVE PLAN**

**(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2004)**

**WHEREAS**, NiSource Inc. (the "Company") maintains the NiSource Inc. Long-Term Incentive Plan, as amended and restated effective January 1, 2004 and further amended effective January 1, 2005 (the "Plan"); and

**WHEREAS**, pursuant to Paragraph 20 of the Plan, the Company deems it desirable to amend the Plan, subject to stockholder approval, to increase the number of shares of common stock the Company available under the Plan.

**NOW, THEREFORE**, the aggregate number of shares reflected in the first sentence of Paragraph 3 of the Plan is hereby amended to be 43,000,000, subject to stockholder approval as described above.

**IN WITNESS WHEREOF**, the Company has caused this Second Amendment to be executed on its behalf, by its officer duly authorized, this 12<sup>th</sup> day of May, 2005.

**NISOURCE INC.**

By: /s/ S. LaNette Zimmerman  
S. LaNette Zimmerman

**FIRST AMENDMENT TO THE NISOURCE INC.  
EMPLOYEE STOCK PURCHASE PLAN**

**(AS AMENDED AND RESTATED EFFECTIVE DECEMBER 1, 2003)**

**WHEREAS**, NiSource Inc. (the "Company") maintains the NiSource Inc. Employee Stock Purchase Plan, as amended and restated effective December 1, 2003 (the "Plan"); and

**WHEREAS**, pursuant to Question and Answer 34 of the Plan, the Company deems it desirable to amend the Plan, subject to stockholder approval, to increase the number of shares of common stock of the Company available under the Plan.

**NOW, THEREFORE**, the first sentence of the answer to Question 12 of the Plan is hereby amended, subject to stockholder approval as described above, as follows:

"As of January 28, 2005, the maximum number of shares of Common Stock that may be purchased in the future under the Plan is 526,231 shares."

**IN WITNESS WHEREOF**, the Company has caused this First Amendment to be executed on its behalf, by its officer duly authorized, this 28<sup>th</sup> day of January, 2005.

**NISOURCE INC.**

By: /s/ S. LaNette Zimmerman  
S. LaNette Zimmerman

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**End of Filing**

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United States  
Securities and Exchange Commission  
Washington, DC 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): April 29, 2005

Commission file number 001-16189

**NiSource Inc.**

(Exact Name of Registrant as Specified in its Charter)

<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>35-2108964</u> (I.R.S. Employer Identification No.)
<u>801 East 86th Avenue</u> <u>Merrillville, Indiana</u> (Address of principal executive offices)	<u>46410</u> (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))
- 
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

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Press Release

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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

April 29, 2005, NiSource Inc. (the "Company") reported its financial results for the fiscal quarter ended March 31, 2005. The Company's press release, dated April 29, 2005, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated April 29, 2005, 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: April 29, 2005

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

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### EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated April 29, 2005, issued by NiSource Inc.

# NEWS



801 E. 86th Avenue  
Merrillville, IN 46410

## FOR IMMEDIATE RELEASE

April 29, 2005

### FOR ADDITIONAL INFORMATION

#### Media

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Vice President, Corporate Communications  
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#### Investors

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Rae Kozlowski  
Manager, Investor Relations  
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### **NiSource reports first-quarter earnings** *Company progresses on business plan*

**MERRILLVILLE, Ind.** – NiSource Inc. (NYSE: NI) today reported income from continuing operations for the three months ended March 31, 2005, of \$208.7 million, or 77 cents per share (all per-share amounts are basic), compared with income from continuing operations of \$216.6 million, or 83 cents per share, for the first quarter of 2004.

The quarterly difference was primarily due to a decline in revenue resulting from NiSource pipelines renegotiating long-term contracts with their largest customers, and lower gas distribution customer usage and warmer weather than the year-ago period. Partially offsetting these declines were increased revenues from regulatory initiatives and remarketing efforts within gas transmission and storage operations. The pipeline renegotiation process is now complete and the new contracts span an average of seven years with staggered expiration dates.

Two cents of the decline in earnings per share from continuing operations was the result of an increase of 8.0 million shares in the average number of shares outstanding at March 31, 2005, compared to the year earlier, due primarily to the NiSource Stock Appreciation Income Linked Securities (SAILS<sup>sm</sup>) conversion in November 2004.

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## NiSource Reports First-Quarter Earnings

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Net income was \$206.3 million, or 76 cents per share, for the first quarter of 2005. This compares to net income of \$213.5 million, or 81 cents per share, for the year-ago period.

"We have clearly made significant progress on our key initiatives for 2005 and on building a platform for long-term, sustainable growth in 2006 and beyond," said Gary L. Neale, NiSource chairman and chief executive officer. "We've stated previously that 2005 would be a base year, from which we will continue expanding the foundation to generate future growth and development, and our financial results for the first quarter are important steps in achieving NiSource's business plan for 2005."

### *Transformation continues*

Neale announced that NiSource has selected IBM as the business process service provider with whom NiSource will move forward into a period of exclusive negotiation toward a contract to outsource up to \$2 billion of business support activities over 10 years. Teams of employees from the areas under consideration for transformation have been working for three months through a disciplined process with Accenture and IBM – the two service providers that responded to an extensive request for proposals (RFP) from NiSource – to identify potential solutions and savings.

"Both Accenture and IBM have put forth outstanding efforts in responding to our RFP and developing proposals that could meet NiSource's business needs as well as our expectations for safety, reliability and delivering quality customer service. Both providers offered credible and workable solutions for our business," Neale said. "Based on our exploration and work with the providers to date, we anticipate the company will outsource a portion of our business support activities."

Neale noted that NiSource has not yet finalized which activities and processes will be outsourced or to what extent. Beginning immediately, a team from NiSource and IBM will continue to define the future relationship between the two companies. NiSource expects to make final decisions and conclude contract negotiations in June.

### *First-quarter results and key accomplishments demonstrate progress on business plan*

Operating income was \$437.7 million for the first quarter of 2005, compared with \$442.8 million for the same period in 2004. Significant items that affected the respective quarters were as follows:

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NiSource Reports First-Quarter Earnings  
 Page 3

	1st quarter 2005 (In millions)	1st quarter 2004 (In millions)
<b>Net Revenues:</b>		
Weather - (compared to normal)	\$ 8.7	\$ 10.5
Gas costs and other changes	(1.3)	(3.7)
<b>Total Impact - Net Revenues</b>	<b>\$ 7.4</b>	<b>\$ 6.8</b>
<b>Operating Expenses Operation and Maintenance Expenses:</b>		
Legal, accrual, and other changes	2.1	(0.6)
<b>Total Impact - Operation and Maintenance Expenses</b>	<b>\$ 2.1</b>	<b>\$ (0.6)</b>
<b>Gain/Loss on Sale of Assets</b>	<b>\$ 0.5</b>	<b>\$ (0.7)</b>
<b>Total Impact - Operating Expenses</b>	<b>\$ 2.6</b>	<b>\$ (1.3)</b>
<b>Total Impact - Operating Income</b>	<b>\$ 10.0</b>	<b>\$ 5.5</b>

Excluding the operation and maintenance expenses described above and the impact of regulatory trackers that allow for the recovery in rates of certain costs by several NiSource utility subsidiaries, operation and maintenance expenses were essentially flat when comparing the two periods. Interest expense also was relatively unchanged for the two quarters.

Neale and NiSource President Robert C. Skaggs, Jr., noted that accomplishments since the beginning of 2005 include the following:

- Northern Indiana Public Service Company (NIPSCO), NiSource's gas and electric subsidiary, and the Indiana Office of Utility Consumer Counselor signed a Memorandum of Understanding (MOU) that would allow NIPSCO to recover purchased power costs if certain conditions are met while at the same time securing safe, reliable and intermediate dispatchable supplies of power for its electric customers. The MOU also outlined a settlement agreement subject to an independent, third-party review.
- NIPSCO selected EnergyUSA<sup>®</sup>-TPC from bidders responding to a Request for Proposals issued in October 2004 to provide 230 megawatts of dispatchable power, utilizing the generation facilities of Whiting Clean Energy, pending regulatory approval. EnergyUSA-TPC and Whiting Clean Energy also are subsidiaries of NiSource.
- Whiting Clean Energy completed renegotiation of the terms of its agreement with BP's oil refinery in Whiting, Ind. Under the revised agreement, Whiting Clean Energy will continue to meet BP's need for steam, while reducing the power plant's required run time.

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## NiSource Reports First-Quarter Earnings

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- Bay State Gas Company filed a \$22.2 million, or 4.7 percent, base rate case in Massachusetts that, if approved, would go into effect Dec. 1, 2005. The rate case includes requests for a performance-based rate plan and cost recovery for a steel infrastructure replacement program.
- Columbia Gas of Kentucky received regulatory approval to renew its Customer Choice Program. The program, which began in 2000 as a pilot and was scheduled to end March 31, 2005, will now continue as a new pilot through March 31, 2009.
- Christopher Helms was named Pipeline Group President, a new NiSource officer position. He will be responsible for executing an aggressive growth strategy for NiSource's interstate natural gas pipeline and storage companies, while ensuring the continued operation of a reliable and safe system.
- Hardy Storage Company, LLC, filed its formal project application with the Federal Energy Regulatory Commission (FERC) to help meet increased market demand for natural gas in the eastern United States. Hardy Storage proposes to develop a natural gas storage field from a depleted natural gas production field in Hardy and Hampshire Counties, W. Va. Joint developers of the project are NiSource subsidiary Columbia Gas Transmission Corp. and a subsidiary of Piedmont Natural Gas.
- NiSource entered into a \$1.25 billion revolving credit agreement to fund future working capital requirements and other corporate needs. The new five-year agreement replaces existing agreements and is expected to reduce interest expense by approximately \$900,000 for the remainder of 2005 and by about \$1.2 million annually thereafter.

NiSource also continued to make strides in strengthening its balance sheet and reducing debt. The company's debt ratio has improved to 55 percent, compared to 60 percent at year-end 2003. The company's short-term cash investment position at the end of the first quarter of 2005 was \$553 million. In addition, there were no borrowings under the company's \$1.25 billion line of credit.

Neale and Skaggs added that they were pleased with these first-quarter accomplishments and results, and that the first quarter delivered significant progress toward NiSource's business plan for 2005 and 2006.

NiSource will host an analyst conference call at 8:30 a.m. EDT on Friday, April 29, 2005, to further discuss the company's first-quarter 2005 results. All interested parties may hear the conference call live on April 29 by logging on to the NiSource Web site at [www.nisource.com](http://www.nisource.com).

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## NiSource Reports First-Quarter Earnings

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### First Quarter 2005 Operating Income

NiSource's consolidated first quarter 2005 operating income was \$437.7 million compared with \$442.8 million for the same period in 2004. Operating income for NiSource's business segments for the quarter ended March 31, 2005, is discussed below.

**Gas Distribution** operations reported operating income of \$274.9 million, a decrease of \$10.1 million versus the first quarter of 2004. The decrease in operating income was primarily due to lower customer usage and warmer weather compared to the prior period.

Comparability of Gas Distribution line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. These trackers increase both operating expenses and net revenues and have essentially no impact on total operating income results. Approximately \$20 million of the increase in operation and maintenance expenses and other taxes was offset by the effect of these regulatory trackers with a corresponding increase to net revenues reflecting recovery of certain costs. Additionally, the expiration of the 1999 stipulation for Columbia Gas of Ohio resulted in the recognition of additional revenue partially offset by an increase in depreciation expense.

**Gas Transmission and Storage** operations reported operating income of \$109.5 million, a decrease of \$1.9 million versus the first quarter of 2004. Net revenues decreased \$8.7 million, reflecting the impact of the restructuring of firm transportation and storage contracts that expired October 31, 2004, net of remarketing activities. Operating expenses decreased \$6.8 million largely due to lower employee and administrative expenses.

**Electric** operations reported operating income of \$65.4 million, an increase of \$6.6 million from the comparable period last year primarily from higher net revenues from the environmental cost recovery tracker and increased industrial revenues.

The **Other** segment reported an operating loss of \$5.2 million in 2005, versus an operating loss of \$18.0 million in the first quarter of 2004, due to decreased losses associated with Whiting Clean Energy, a reversal of an accrued legal reserve in the current quarter, and lower operation and maintenance expenses. Additionally, a gain on sale of miscellaneous net assets of \$0.5 million was recorded during the first quarter of 2005. The comparable period in 2004 had a loss recorded on sale of an investment of \$0.7 million.

**Corporate** reported an operating loss of \$6.9 million compared to operating income of \$5.6 million during the first quarter of 2004. The first quarter of 2004 was favorably impacted by an \$8.7 million reduction in accrued liabilities primarily related to a legal settlement.

### **Other Items**

Interest expense was relatively flat as compared to the same quarter last year. Other, net was a loss of \$0.5 million for the current quarter compared to \$2.8 million of income for the comparable 2004 period due to costs associated with the sales of more accounts receivables compared to the previous period. Income taxes for the first quarter of 2005 were \$123.4 million, a \$2.3 million decrease from 2004 mainly resulting from lower pre-tax income.

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## NiSource Reports First-Quarter Earnings

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Basic average shares of common stock outstanding at March 31, 2005 were 270.3 million compared to 262.3 million at March 31, 2004. The increase was primarily due to the issuance during the fourth quarter of 2004 of 6.8 million shares of common stock upon the settlement of the forward stock purchase contracts comprising a component of NiSource's Stock Appreciation Income Linked Securities (SAILS<sup>sm</sup>). The increase in average shares outstanding caused a \$0.02 dilution of earnings-per-share during the first quarter of 2005 and will continue to impact future periods.

### 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](http://www.nisource.com).

### 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 scope, timing and effectiveness of any 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.

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NiSource Inc.  
Income Statement Data

Three Months Ended March 31, (in millions, except per share amounts)	2005	2004
<b>Net Revenues</b>		
Gas distribution	\$1,826.8	\$1,658.4
Gas transportation and storage	328.9	345.3
Electric	282.3	263.5
Other	243.5	205.1
Gross Revenues	2,681.5	2,472.3
Cost of sales	1,668.5	1,481.0
Total Net Revenues	1,013.0	991.3
<b>Operating Expenses</b>		
Operation and maintenance	337.6	322.4
Depreciation and amortization	135.1	125.4
Loss(Gain) on sale of assets	(0.5)	0.7
Other taxes	103.1	100.0
Total Operating Expenses	575.3	548.5
<b>Operating Income</b>	437.7	442.8
<b>Other Income (Deductions)</b>		
Interest expense, net	(104.0)	(102.2)
Preferred stock dividends of subsidiaries	(1.1)	(1.1)
Other, net	(0.5)	2.8
Total Other Income (Deductions)	(105.6)	(100.5)
<b>Income From Continuing Operations Before Income Taxes</b>	332.1	342.3
<b>Income Taxes</b>	123.4	125.7
<b>Income from Continuing Operations</b>	208.7	216.6
Loss from Discontinued Operations - net of taxes	(2.2)	(3.1)
Loss on Disposition of Discontinued Operations - net of taxes	(0.2)	—
<b>Net Income</b>	\$ 206.3	\$ 213.5
<b>Basic Earnings Per Share (\$)</b>		
Continuing operations	0.77	0.83
Discontinued operations	(0.01)	(0.02)
<b>Basic Earnings Per Share</b>	0.76	0.81
<b>Diluted Earnings Per Share (\$)</b>		
Continuing operations	0.77	0.82
Discontinued operations	(0.01)	(0.01)
<b>Diluted Earnings Per Share</b>	0.76	0.81
<b>Dividends Declared Per Common Share</b>	0.23	0.23
<b>Basic Average Common Shares Outstanding (millions)</b>	270.3	262.3
<b>Diluted Average Common Shares (millions)</b>	272.1	264.3



**NiSource Inc.**  
Summary of Financial and Operating Data

<b>Gas Distribution Operations</b> <i>(in millions)</i>	Three Months Ended March 31,	
	2005	2004
<b>Net Revenues</b>		
Sales Revenues	\$ 1,839.0	\$ 1,679.5
Less: Cost of gas sold	1,417.7	1,280.8
Net Sales Revenues	421.3	398.7
Transportation Revenues	176.8	181.8
Net Revenues	598.1	580.5
<b>Operating Expenses</b>		
Operation and maintenance	198.7	183.3
Depreciation and amortization	55.8	47.7
Other taxes	68.7	64.5
Total Operating Expenses	323.2	295.5
<b>Operating Income</b>	\$ 274.9	\$ 285.0
<b>Revenues (\$ in Millions)</b>		
Residential	1,261.7	1,115.1
Commercial	431.3	395.9
Industrial	74.6	80.7
Transportation	176.8	181.8
Off system sales	51.2	40.8
Other	20.2	47.0
Total	2,015.8	1,861.3
<b>Sales and Transportation (MMDth)</b>		
Residential sales	109.1	109.8
Commercial sales	39.5	41.4
Industrial sales	7.8	8.1
Transportation	174.7	187.2
Off system sales	7.2	7.0
Other	0.2	0.3
Total	338.5	353.8
<b>Heating Degree Days</b>	2,673	2,724
<b>Normal Heating Degree Days</b>	2,627	2,655
<b>% Colder than Normal</b>	2%	3%
<b>Customers</b>		
Residential	2,382,114	2,313,364
Commercial	215,719	215,178
Industrial	5,740	5,991
Transportation	749,831	784,219
Other	61	61
Total	3,353,465	3,318,813

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<b>Transmission and Storage Operations</b> <i>(in millions)</i>	Three Months Ended March 31,	
	2005	2004
<b>Operating Revenues</b>		
Transportation revenues	\$ 178.4	\$ 188.3
Storage revenues	45.2	45.2
Other revenues	6.1	3.3
<b>Total Operating Revenues</b>	<b>229.7</b>	<b>236.8</b>
Less: Cost of gas sold	5.5	3.9
<b>Net Revenues</b>	<b>224.2</b>	<b>232.9</b>
<b>Operating Expenses</b>		
Operation and maintenance	71.4	78.3
Depreciation and amortization	28.1	28.3
Other taxes	15.2	14.9
<b>Total Operating Expenses</b>	<b>114.7</b>	<b>121.5</b>
<b>Operating Income</b>	<b>\$ 109.5</b>	<b>\$ 111.4</b>
 <b>Throughput (MMDth)</b>		
<b>Columbia Transmission</b>		
Market Area	395.6	406.9
<b>Columbia Gulf</b>		
Mainline	138.7	160.0
Short-haul	18.2	27.0
Columbia Pipeline Deep Water	3.5	4.4
Crossroads Gas Pipeline	12.0	10.7
Granite State Pipeline	13.9	13.9
Segment eliminations	<b>(138.6)</b>	<b>(154.2)</b>
<b>Total</b>	<b>443.3</b>	<b>468.7</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<b>Electric Operations</b> <i>(in millions)</i>	Three Months Ended March 31,	
	2005	2004
<b>Net Revenues</b>		
Sales revenues	\$ 282.4	\$ 260.9
Less: Cost of sales	95.7	81.4
<b>Net Revenues</b>	<b>186.7</b>	<b>179.5</b>
<b>Operating Expenses</b>		
Operation and maintenance	61.1	60.3
Depreciation and amortization	45.5	44.1
Other taxes	14.7	16.3
<b>Total Operating Expenses</b>	<b>121.3</b>	<b>120.7</b>
<b>Operating Income</b>	<b>\$ 65.4</b>	<b>\$ 58.8</b>
<b>Revenues (\$ in millions)</b>		
Residential	73.4	71.2
Commercial	73.2	70.4
Industrial	112.4	101.3
Wholesale	7.5	11.4
Other	15.9	6.6
<b>Total</b>	<b>282.4</b>	<b>260.9</b>
<b>Sales (Gigawatt Hours)</b>		
Residential	767.0	754.5
Commercial	894.2	860.2
Industrial	2,328.3	2,338.1
Wholesale	161.2	269.9
Other	32.6	32.4
<b>Total</b>	<b>4,183.3</b>	<b>4,255.1</b>
<b>Electric Customers</b>		
Residential	392,527	388,520
Commercial	50,485	49,394
Industrial	2,531	2,531
Wholesale	28	24
Other	766	787
<b>Total</b>	<b>446,337</b>	<b>441,256</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<b>Other (includes assets held for sale)</b> <i>(in millions)</i>	Three Months Ended March 31,	
	2005	2004
<b>Net Revenues</b>		
Products and services revenue	\$ 229.5	\$ 188.0
Less: Cost of products purchased	224.1	188.5
<b>Net Revenues</b>	<b>5.4</b>	<b>(0.5)</b>
<b>Operating Expenses</b>		
Operation and maintenance	6.4	12.1
Depreciation and amortization	2.9	3.0
Loss(Gain) on sale of assets	(0.5)	0.7
Other taxes	1.8	1.7
<b>Total Operating Expenses</b>	<b>10.6</b>	<b>17.5</b>
<b>Operating Loss</b>	<b>\$ (5.2)</b>	<b>\$ (18.0)</b>
<b>Corporate</b> <i>(in millions)</i>	Three Months Ended March 31,	
	2005	2004
<b>Operating Income</b>	<b>\$ 6.9)</b>	<b>\$ 5.6</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<b>Other Information</b> <i>(in millions, except share amounts)</i>	<b>March 31,</b> <b>2005</b>	<b>December 31,</b> <b>2004</b>
<b>Total Common Stock Equity</b>	<b>\$ 4,943.0</b>	<b>\$ 4,787.1</b>
Shares Outstanding (thousands)	<b>271,665</b>	<b>270,625</b>
<b>Book Value of Common Shares</b>	<b>\$ 18.20</b>	<b>\$ 17.69</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<i>(in millions, except share amounts)</i>	March 31, 2005	December 31, 2004
	(unaudited)	
<b>ASSETS</b>		
<b>Property, Plant and Equipment</b>		
Utility Plant	\$16,270.9	\$ 16,194.1
Accumulated depreciation and amortization	(7,340.9)	(7,247.7)
Net utility plant	8,930.0	8,946.4
Other property, at cost, less accumulated depreciation	427.5	427.5
Net Property, Plant and Equipment	9,357.5	9,373.9
<b>Investments and Other Assets</b>		
Assets of discontinued operations and assets held for sale	40.8	38.6
Unconsolidated affiliates	97.8	104.8
Other investments	82.8	72.4
Total Investments	221.4	215.8
<b>Current Assets</b>		
Cash and cash equivalents	588.0	29.5
Restricted cash	30.1	56.3
Accounts receivable (less reserve of \$71.4 and \$44.7, respectively)	610.0	536.4
Unbilled revenue (less reserve of \$7.1 and \$10.9, respectively)	282.8	352.7
Gas inventory	70.1	452.9
Underrecovered gas and fuel costs	183.5	293.8
Materials and supplies, at average cost	72.5	70.6
Electric production fuel, at average cost	31.2	29.2
Price risk management assets	125.2	61.1
Exchange gas receivable	182.4	169.6
Regulatory Assets	143.8	136.2
Prepayments and other	84.7	96.1
Total Current Assets	2,404.3	2,284.4
<b>Other Assets</b>		
Price risk management assets	149.3	148.3
Regulatory assets	582.2	568.4
Goodwill	3,687.2	3,687.2
Intangible assets	516.2	520.3
Deferred charges and other	185.6	189.5
Total Other Assets	5,120.5	5,113.7
<b>Total Assets</b>	<b>\$17,103.7</b>	<b>\$ 16,987.8</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

<i>(in millions, except share amounts)</i>	March 31, 2005 (unaudited)	December 31, 2004
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization</b>		
Common stock equity		
Common stock - \$0.01 par value - 400,000,000 shares authorized, 271,665,136 and 270,625,370 shares issued and outstanding, respectively	\$ 2.7	\$ 2.7
Additional paid-in-capital	3,943.9	3,924.0
Retained earnings	1,006.8	925.4
Accumulated other comprehensive loss and other common stock equity	(10.4)	(65.0)
<b>Total common stock equity</b>	<b>4,943.0</b>	<b>4,787.1</b>
Preferred stocks—Series without mandatory redemption provisions	81.1	81.1
Long-term debt, excluding amounts due within one year	4,809.7	4,835.9
<b>Total Capitalization</b>	<b>9,833.8</b>	<b>9,704.1</b>
<b>Current Liabilities</b>		
Current portion of long-term debt	1,299.6	1,299.9
Short-term borrowings	—	307.6
Accounts payable	502.3	648.4
Dividends declared on common and preferred stocks	63.6	1.1
Customer deposits	95.3	92.2
Taxes accrued	376.8	160.9
Interest accrued	146.7	84.1
Overrecovered gas and fuel costs	44.5	15.5
Price risk management liabilities	28.4	46.9
Exchange gas payable	237.0	325.1
Current deferred revenue	26.8	31.5
Regulatory liabilities	40.5	30.2
Accrued liability for postretirement and pension benefits	86.7	85.5
Other accruals	597.1	478.2
<b>Total Current Liabilities</b>	<b>3,545.3</b>	<b>3,607.1</b>
<b>Other Liabilities and Deferred Credits</b>		
Price risk management liabilities	8.6	5.5
Deferred income taxes	1,695.7	1,665.9
Deferred investment tax credits	76.2	78.4
Deferred credits	63.3	74.0
Noncurrent deferred revenue	83.0	86.9
Accrued liability for postretirement and pension benefits	420.3	413.0
Preferred stock liabilities with mandatory redemption provisions	0.6	0.6
Regulatory liabilities and other removal costs	1,189.0	1,168.6
Other noncurrent liabilities	187.9	183.7
<b>Total Other</b>	<b>3,724.6</b>	<b>3,676.6</b>
<b>Commitments and Contingencies</b>	<b>—</b>	<b>—</b>
<b>Total Capitalization and Liabilities</b>	<b>\$17,103.7</b>	<b>\$ 16,987.8</b>

**NiSource Inc.**  
Summary of Financial and Operating Data (continued)

Three Months Ended March 31, (in millions)	2005	2004
<b>Operating Activities</b>		
Net income	\$ 206.3	\$ 213.5
Adjustments to reconcile net income to net cash from continuing operations:		
Depreciation and amortization	135.1	125.4
Net changes in price risk management activities	(31.2)	(6.4)
Deferred income taxes and investment tax credits	(29.8)	(13.4)
Deferred revenue	(8.6)	(8.5)
Amortization of unearned compensation	1.5	2.0
Loss (Gain) on sale of assets	(0.5)	0.7
Gain from unconsolidated affiliates	(2.0)	(1.1)
Loss from sale of discontinued operations	0.2	—
Loss from discontinued operations	2.2	3.1
Amortization of discount/premium on debt	4.8	5.0
Other	0.2	(0.7)
Changes in assets and liabilities, net of effect from acquisitions of businesses:		
Restricted cash	26.2	7.8
Accounts receivable and unbilled revenue	0.1	(177.8)
Inventories	615.5	498.6
Accounts payable	(141.4)	(67.4)
Customer deposits	3.1	2.8
Taxes accrued	218.0	177.2
Interest accrued	61.7	56.0
(Under) Overrecovered gas and fuel costs	139.4	61.1
Exchange gas receivable/payable	(80.7)	(5.6)
Other accruals	(102.9)	(125.2)
Prepayment and other current assets	11.4	3.6
Regulatory assets/liabilities	(4.1)	(6.2)
Postretirement and postemployment benefits	8.9	12.0
Deferred credits	(10.7)	(14.8)
Deferred charges and other noncurrent assets	1.4	3.0
Other noncurrent liabilities	(2.6)	27.8
Net Cash Flows from Continuing Operations	1,021.5	772.5
Net Cash Flows from Discontinued Operations	0.1	(0.1)
Net Cash Flows from Operating Activities	1,021.6	772.4
<b>Investing Activities</b>		
Capital expenditures	(104.1)	(110.3)
Proceeds from disposition of assets	5.8	—
Other investing activities	(11.9)	(3.2)
Net Cash Flows from Investing Activities	(110.2)	(113.5)
<b>Financing Activities</b>		
Retirement of long-term debt	(0.3)	(121.2)
Change in short-term debt	(307.6)	(462.9)
Issuance of common stock and capital contributed	18.7	7.3
Acquisition of treasury stock	(1.4)	(3.7)
Dividends paid - common shares	(62.3)	(61.2)
Net Cash Flows from Financing Activities	(352.9)	(641.7)
Increase (decrease) in cash and cash equivalents	558.5	17.2
Cash and cash equivalents at beginning of year	29.5	27.3
<b>Cash and cash equivalents at end of period</b>	<b>\$ 588.0</b>	<b>\$ 44.5</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	36.4	42.5
Interest capitalized	(0.2)	0.7
Cash paid (refund) for income taxes	(25.3)	3.3



**NiSource Inc.**  
Summary of Financial and Operating Data (continued)  
Significant Items That Impacted Operating Income

2005 (in millions)

	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
<b>Net Revenues:</b>						
Weather (compared to normal)	\$ 8.6	\$ —	\$ 0.1	\$ —	\$ —	\$ 8.7
Gas costs and other changes	—	—	(1.3)	—	—	(1.3)
<b>Total Impact - Net Revenues</b>	<b>8.6</b>	<b>—</b>	<b>(1.2)</b>	<b>—</b>	<b>—</b>	<b>7.4</b>
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Reserve changes	—	—	—	2.1	—	2.1
<b>Total Impact - O &amp; M Expenses</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2.1</b>	<b>—</b>	<b>2.1</b>
<b>Gain on Sale of Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.5</b>	<b>—</b>	<b>0.5</b>
<b>Total Impact - Operating Expenses</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2.6</b>	<b>—</b>	<b>2.6</b>
<b>Total Impact - Operating Income</b>	<b>\$ 8.6</b>	<b>\$ —</b>	<b>\$ (1.2)</b>	<b>\$ 2.6</b>	<b>\$ —</b>	<b>\$ 10.0</b>

2004 (in millions)

	Gas Distribution	Transmission and Storage	Electric	Other	Corporate	Total
<b>Net Revenues:</b>						
Weather (compared to normal)	\$ 10.3	\$ —	\$ 0.2	\$ —	\$ —	\$ 10.5
Gas costs and other changes	(1.5)	(2.2)	—	—	—	(3.7)
<b>Total Impact - Net Revenues</b>	<b>8.8</b>	<b>(2.2)</b>	<b>0.2</b>	<b>—</b>	<b>—</b>	<b>6.8</b>
<b>Operating Expenses</b>						
<b>Operation and Maintenance Expenses:</b>						
Legal and reserve changes	(4.7)	—	(3.3)	(1.3)	8.7	(0.6)
<b>Total Impact - O &amp; M Expenses</b>	<b>(4.7)</b>	<b>—</b>	<b>(3.3)</b>	<b>(1.3)</b>	<b>8.7</b>	<b>(0.6)</b>
<b>Loss on Sale of Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(0.7)</b>	<b>—</b>	<b>(0.7)</b>
<b>Total Impact - Operating Expenses</b>	<b>(4.7)</b>	<b>—</b>	<b>(3.3)</b>	<b>(2.0)</b>	<b>8.7</b>	<b>(1.3)</b>
<b>Total Impact - Operating Income</b>	<b>\$ 4.1</b>	<b>\$ (2.2)</b>	<b>\$ (3.1)</b>	<b>\$ (2.0)</b>	<b>\$ 8.7</b>	<b>\$ 5.5</b>

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United States  
Securities and Exchange Commission  
Washington, DC 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): April 26, 2005

Commission file number 001-16189

**NiSource Inc.**

(Exact Name of Registrant as Specified in its Charter)

<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>35-2108964</u> (I.R.S. Employer Identification No.)
<u>801 East 86th Avenue</u> <u>Merrillville, Indiana</u> (Address of principal executive offices)	<u>46410</u> (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))NiSource Inc.
- 
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ITEM 7.01. REGULATION FD DISCLOSURE

Source Inc. has received questions about its intentions with respect to future awards under its 1994 Long Term Incentive Plan, as currently proposed to be amended. After December 31, 2004, NiSource Inc. intends that, of the approximately 28 million shares that will be available for grant under the Plan if the currently proposed amendments are approved by the stockholders at the 2005 Annual Meeting of Stockholders, no more than 6 million shares will be awarded in the form of contingent or restricted stock, or performance units.

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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: April 26, 2005

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

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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): March 31, 2005

**NISOURCE INC.**

---

(Exact Name of Registrant as Specified in Charter)

Delaware

001-16189

35-2108964

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(State or Other  
Jurisdiction of  
Incorporation)

(Commission File  
Number)

(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))
- 
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ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

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Letter Agreement

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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

In connection with Samuel W. Miller's resignation (discussed in Item 5.02 of this Current Report), NiSource Inc. (the "Company") entered into a letter agreement with Mr. Miller pursuant to which Mr. Miller resigned as an officer of the Company effective March 31, 2005, and the Company agreed to pay Mr. Miller certain separation payments. A copy of the agreement is attached to this Current Report as exhibit 10.1 and is incorporated by reference into this Item 1.01.

ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

On March 31, 2005, Samuel W. Miller, the Company's Executive Vice President and Chief Operating Officer, resigned as an officer of the Company.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Letter Agreement between NiSource Corporate Services Company and Samuel W. Miller.

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SIGNATURES

In 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.

Date: April 5, 2005

\_\_\_\_\_  
NiSource Inc.  
(Registrant)

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

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EXHIBIT INDEX

Exhibit Number	Description
10.1	Letter Agreement between NiSource Corporate Services Company and Samuel W. Miller.

March 29, 2005

NOTICE TO EMPLOYEE: Samuel W. Miller

This Letter Agreement includes a release under the Federal Older Workers Benefit Protection Act. You are advised to consult an attorney prior to signing this Letter Agreement and you have 21 days in which to consider doing so. Moreover, upon signing this Letter Agreement, you have seven (7) days thereafter to revoke it. In order to exercise your right to revoke the Letter Agreement during the seven (7) day revocation period, you must provide written notice of revocation to LaNette Zimmerman.

Very truly yours,

/s/ LaNette Zimmerman  
LaNette Zimmerman  
EVP of Human Resources and Communications

- 1 -

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March 29, 2005

Samuel W. Miller  
3605 Rural Fox Drive  
St. Charles, Illinois 60174

Dear Sam:

This Letter Agreement confirms our decision concerning your employment status. As we discussed, your employment with NiSource Corporate Services Company will be terminated. If you sign this Letter Agreement, it will constitute the mutual agreement between you and NiSource Corporate Services Company ("the Company" which, as used herein, shall mean NiSource Inc. or any of its affiliates or subsidiaries, including NiSource Corporate Services Company; except in Exhibit 1, references to "NiSource" shall mean exclusively NiSource Inc.) regarding the terms of your resignation from employment.

1. Employment Status

Unless you are discharged for cause (which would include but not be limited to a breach of Paragraph 8 or 12 of this Letter Agreement), you will continue as an active employee of the Company through September 2, 2005 (Separation Date) for certain purposes, including participation in all Company employee benefit plans and for purposes of vesting any restricted or contingent stock in NiSource owned by you. Thereafter, you will be eligible to receive a severance payment as described in Paragraph 3 below, provided that you execute a release at that time in the form attached as Exhibit 1 hereto.

2. Business Transition

You will not be required to report to your Company office or perform your management duties after March 31, 2005 although you may be required to render services as requested to ensure a smooth business transition between March 31, 2005 and September 2, 2005. You will resign from your officer positions effective March 31, 2005 and will fulfill all reporting obligations through March 31, 2005. After your Separation Date, should the Company require further transition services, the Company will compensate you for your time at a rate of \$200.00 per hour, or a daily rate of \$1000 if you exceed 4 hours per day, and the Company agrees to reimburse you for any reasonable expenses incurred such as meals or travel in association therewith so long as the Company has approved them prior to being incurred. As part of your transition services before and after the Separation Date, you agree, at the request of the Company's counsel, to prepare for, and provide testimony at trial or deposition in any litigation in which the Company is involved. Your employment, retention and compensation under this Letter Agreement will not be dependent on the outcome of any litigation or

the content of any testimony that you provide therein (other than the truthfulness thereof).

3. Severance Payment

You will receive a lump sum payment in the amount of \$500,000, which equals 52 weeks of base salary at the rate in effect on the Separation Date. This lump sum payment will be subject to legally mandated deductions for Social Security and federal, state and local taxes. In addition, you will receive a lump sum payment equivalent to 130% of 52 weeks of COBRA (as described in Paragraph 5) continuation coverage premiums in lieu of any continued medical, dental, vision and other welfare benefits offered by the Company.

4. Vacation

You are eligible to receive a lump sum payment representing compensation for your accrued and unused vacation as of September 2, 2005. This payment will be subject to legally-mandated deductions for Social Security and federal, state and local taxes, as well as deductions for any contributory benefit plans in which you elect to continue participation.

5. COBRA Coverage

The termination of your employment is a qualifying event under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). The Company will notify you and/or your dependents of the insurance coverage which you may continue on a self-pay basis as provided by COBRA upon termination of your employment.

6. Long Term Incentive Plan and Restricted Stock Grant

You will continue to be treated as an active employee of the Company through September 2, 2005 for purposes of your Restricted Stock Agreement dated September 3, 2002 and the NiSource Inc. 1994 Long Term Incentive Plan, including the vesting of any contingent shares, restricted stock or stock options, which vest on or before September 2, 2005. You agree to forfeit any Restricted Shares awarded you as part of the current TARSAP and any other Restricted or Contingent Shares which have not vested as of September 2, 2005.

7. Outplacement Assistance

You will be eligible for a defined package of Company-paid outplacement assistance services for a maximum of twelve months through the consultant of the Company's choice.

8. Restrictive Covenants

Notwithstanding the restrictions in the NiSource Outsourcing RFP, the Company agrees that it will not unreasonably withhold its consent to waive those restrictions for you provided that: 1) you do not discuss employment with

Accenture, IBM or one of their affiliates until at least 60 days after your Separation Date; 2) you do not become an employee of, a consultant to or enter into any compensation arrangement with Accenture, IBM or one of their affiliates until at least one year after your Separation Date; and 3) you do not, in any future employment with Accenture or IBM or one of their affiliates, render services to NiSource or its affiliates or consult with any other employees of such companies who do render services or make proposals to render services to them, and you will not use any non-public information regarding NiSource in providing services to any other client/customer of Accenture or IBM or any of their affiliates. These obligations will be in addition to, and not in substitution for, your continuing legal obligation as a former executive officer of NiSource to protect all confidential information and trade secrets of NiSource. Any breach of this Paragraph 8 constitutes a material breach of this Agreement.

9. Indemnification

If appropriate, you will be entitled to indemnification by the Company pursuant to its by-laws in effect on March 31, 2005 notwithstanding any change made thereafter, except as such change may be required by law. If appropriate, you will also be entitled to coverage under the directors and officers liability insurance coverage maintained by the Company (as in effect from time to time) to the same extent as other former officers of the Company.

10. NiSource Re-Employment

If you seek re-employment with any NiSource Company and are subsequently rehired within twelve months of your Separation Date, as a condition of re-employment you must agree to repay your severance payment on a pro rata basis as of the rehire date. If you are rehired and your position is subsequently eliminated, the Company reserves the right to base any future severance payments on your rehire date.

11. Return of Property

You agree to return to the Company any and all of its property (except as provided below), including but not limited to, keys, employee identification or security access cards, telephones, PDA and credit cards on or before March 31, 2005. You will be permitted to retain ownership of the car which the Company provided to you during your employment and to retain ownership of the cell phone and laptop computer together with their accessories which the Company provided to you during your employment after you have returned the laptop computer to the Company for deletion of appropriate information.

12. Confidentiality

You acknowledge that preservation of a continuing business relationship between the Company and its respective customers, representatives, and employees is of critical importance to the continued business success of the Company and that it is

the active policy of the Company to guard as confidential certain information not available to the public and relating to the business affairs of the Company. In view of the foregoing, you agree that you shall not disclose to any person or entity any such confidential information that was obtained by you in the course of your employment by the Company without the prior written consent of the Company. It will not be considered a violation of this Paragraph 12 if you are required to disclose confidential information pursuant to a lawful subpoena, provided you give the Company notice that you have been served with such a subpoena immediately upon receiving service.

Moreover, you agree that upon termination of your employment, you will promptly deliver to the Company all documentation and other materials relating to the Company's business or the business of any NiSource company which are in your possession or under your control, including customer and potential customer lists, product lists, and marketing material, whether in written or electronic data form; and you will delete, destroy or discard all copies of such confidential information remaining in your possession.

You further acknowledge and agree that the Company's remedy in the form of monetary damages for any breach by you of any of the provisions of this Paragraph 12 or of Paragraph 8 may be inadequate and that, in addition to any monetary damages for such breach, the Company shall be entitled to institute and maintain any appropriate proceeding or proceedings, including an action for specific performance and/or injunction.

13. Release of Claims

In consideration of the payment and benefits described above, you, on behalf of yourself and your heirs, executors, and administrators, fully and finally settle, release, and waive any and all local, state (including but not limited to the Indiana Civil Rights Act and the Illinois Human Rights Act), and federal civil, common law, statutory (including, but not limited to, the **Age Discrimination in Employment Act of 1967**, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, and the Employee Retirement Income Security Act of 1974, as those Acts are amended), and equitable claims against the Company and all of its former and current directors, officers, employees, stockholders, attorneys, agents, predecessors, successors, representatives and assigns, in their personal and corporate capacities ("Released Parties") occurring or arising prior to you signing this Letter Agreement.

You acknowledge and agree that this release is being given only in exchange for consideration to which you are not otherwise entitled. The Company agrees that nothing in this Agreement waives or releases any claims you may have involving the enforcement of the terms and conditions of this Agreement.

14. Covenant Not To Assert Claims

You warrant that you have not initiated or filed any claims of any type against any Released Party with any court or governmental or administrative agency and covenant that you will not do so in the future with regard to any claim released herein nor will you voluntarily assist others in doing so. This is not intended to waive any unwaivable right you may have to participate in proceedings against the Released Parties, but you agree to waive any relief which may be obtained from such participation.

15. Outstanding Charges

You hereby agree to pay the Company any outstanding amounts owed to the Company, and further agree that by signing this agreement you hereby authorize the Company to deduct any outstanding charges from your severance payments.

16. Governing Law

This Letter Agreement shall be construed in accordance with the laws of Indiana.

17. Severability

In the event that one or more of the provisions contained in this Letter Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, the Company shall have the option to enforce the remainder of this Letter Agreement or to cancel it.

18. Non-Disclosure

Except to the extent that disclosure is required to enforce your rights under this Letter Agreement or otherwise is required by subpoena, order of court or other governmental or administrative directive, compliance with which is mandatory, you expressly agree to keep the terms of this Letter Agreement strictly confidential and that you will not disclose the terms of this Letter Agreement to anyone other than your spouse, your legal counsel or your tax advisor, provided that they each agree to preserve the confidentiality of the terms of this Letter Agreement.

You agree not to disparage or portray the Company in a negative light.

Nothing herein should be construed as a limitation on your ability to consult with your counsel or with an administrative agency.

19. Complete Agreement

You acknowledge that in accepting this Letter Agreement, you have not relied upon any representation or promise other than those expressly stated in this Letter Agreement.

This Letter Agreement and the documents specifically referred to herein constitute the complete understanding between you and the Company relating to your separation and supersede any and all prior agreements, promises, representations or inducements, no matter their form, concerning your employment with the Company. No promises or agreements made subsequent to the execution of this Agreement by these parties shall be binding unless reduced to writing and signed by authorized representatives of these parties.

**20. Important Information**

**You acknowledge that the Company has advised you take up to 21 days to consider the terms and conditions outlined above, and that the Company has also advised you to consult an attorney before signing this Letter Agreement. You also have the right to revoke your execution of this Letter Agreement within 7 days after execution in accordance with the Notice To Employee attached hereto.**

**If you accept the terms and conditions outlined above, including Paragraph 13, please sign both copies of this Letter Agreement in the space provided below to signify your acceptance, and return both copies to LaNette Zimmerman by April 19, 2005, on which date this offer will expire if not accepted. If you accept the terms and conditions outlined above, your acceptance is in lieu of any and all other severance programs offered by the Company and you knowingly and voluntarily waive participation in all other severance programs offered by the Company. You acknowledge that the Company's performance under this Agreement constitutes full and complete payment of all amounts due to you from the Company and constitutes additional consideration to which you are not otherwise entitled.**

Very truly yours,

/s/ LaNette Zimmerman  
LaNette Zimmerman  
EVP of Human Resources and Communications

Accepted:

/s/ Samuel W. Miller  
Samuel W. Miller

Date: April 1, 2005

tness:

/s/ Peter V. Fazio, Jr.  
Peter V. Fazio, Jr.

Date: April 1, 2005



**EXHIBIT 1**  
**GENERAL RELEASE**

**Attn: This General Release Should Not Be Signed Prior to Employee's Separation Date, September 2, 2005.**

In consideration of the payments and benefits set forth in the Letter Agreement attached hereto, the sufficiency of which consideration is hereby acknowledged, I, for myself and my heirs, executors and administrators, do hereby fully, finally and unconditionally release and forever discharge NiSource Inc., and all of its parent, sister and subsidiary corporations and all of its affiliates, as well as all of its former and current directors, officers, employees, stockholders, attorneys, agents, predecessors, successors, representatives and assigns, in their personal and corporate capacities (hereinafter "Released Parties"), from any and all liabilities, actions, causes of action, claims, rights, obligations, charges, damages, costs, attorneys' fees, suits, re-employment rights and demands of any and every kind, nature, and character, known and unknown, liquidated or unliquidated, absolute or contingent, in law or in equity, enforceable under and local, state, or federal statute or ordinance, or under the common laws of the United States, **from the beginning of time to the date of this General Release**, including but not limited to, all claims relating to **the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621 et seq.** and the specific statutes referred to in footnote 1<sup>1</sup>, any and all claims relative to any agreement relating to my employment with the Released Parties, including any claims under the doctrines of defamation, libel, slander, invasion of privacy, intentional infliction of emotional distress, interference with contractual relations, retaliatory discharge, whistleblowing, breach of contract, wrongful discharge, breach of implied contract or implied covenant of good faith or fair dealing, and any other statute, authority or law, providing a cause of action relating to my employment with or the termination of my employment with the Released Parties. I also agree not to sue the Released Parties with respect to the claims covered by the foregoing General Release.

I acknowledge that prior to entering into the Letter Agreement to which this General Release is attached and made a part of, I was advised in writing to consult with an attorney prior to executing the Letter Agreement and that I was given a period of at least twenty-one (21) days within which to consider the Letter Agreement, including the terms of this General Release. Moreover, I was advised in writing of my right, for seven days following my execution of the Letter Agreement, to revoke the Letter Agreement

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<sup>1</sup> Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e *et seq.*; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 *et seq.*; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 *et seq.*; the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 *et seq.*; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 *et seq.*; the Fair Labor Standards Act, as amended, 29 U.S.C. § 201 *et seq.*; the Civil Rights Act of 1866, 42 U.S.C. § 1981 *et seq.*; the Worker Adjustment Retraining Notification Act, 29 U.S.C. 2101 § *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.*; the Corporate and Criminal Fraud Accountability Act of 2002; the Illinois Human Rights Act and the Indiana Civil Rights Act.

and thereby decline to execute this General Release. I expressly represent that I did not revoke the Letter Agreement. Accordingly, I acknowledge and agree that the Letter Agreement is effective and enforceable.

I hereby represent that I have read and understand the terms of this General Release and represent that my execution of this General Release constitutes my knowing and voluntary act, made without coercion or intimidation. I understand that this General Release is applicable to any claims arising prior to the date of this General Release and is binding upon me, my heirs, executors and assigns.

\_\_\_\_\_  
Samuel W. Miller

Date: \_\_\_\_\_

\_\_\_\_\_  
Witness' Signature

Date: \_\_\_\_\_

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**End of Filing**

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United States  
Securities and Exchange Commission  
Washington, DC 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): **March 14, 2005**

Commission file number 001-16189

**NiSource Inc.**

(Exact Name of Registrant as Specified in its Charter)

**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

Effective March 14, 2005, the Officer Nomination and Compensation Committee of the NiSource Inc. Board of Directors approved the financial goals for the 2005 NiSource Inc. Corporate Incentive Plan. The measure used to determine the funding of an incentive pool will be basic earnings per share from continuing operations as of December 31, 2005, after accounting for the cost of the incentive pool.

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: March 16, 2005

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

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**End of Filing**

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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): March 11, 2005

**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.)

**NISOURCE FINANCE CORP.**

(Exact Name of Registrant as Specified in Charter)

Indiana  
(State or Other  
Jurisdiction of  
Incorporation)

333-107421-01  
(Commission File  
Number)

35-2105468  
(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 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On March 11, 2005, NiSource Finance Corp. entered into a new \$1.25 billion Revolving Credit Agreement with a syndicate of nineteen banks. Barclays Capital served as Lead Arranger and Sole Book Runner and Credit Suisse First Boston served as Co-Lead Arranger and Syndication Agent. J.P. Morgan Chase Bank, The Bank of Tokyo-Mitsubishi and Citicorp USA serve as Co-Documentation Agents. The purpose of the new Credit Facility is to fund the Company's ongoing working capital requirements and for general corporate purposes. The Facility replaces two existing credit facilities, as discussed under Item 1.02 below.

Under the new 62 month Revolving Credit Agreement \$500 million will be available for letters of credit and \$200 million will be available for swingline loans. Pricing under the new facility will be based upon a grid structure that is dependent upon the long-term senior unsecured credit ratings of NiSource Inc., Guarantor under the Agreement. Based upon NiSource Inc.'s current credit ratings, the "all-in fully drawn" pricing under the facility would be LIBOR plus 70 basis points. The Revolving Credit Agreement includes one financial covenant, a Maximum Debt-to-Capitalization covenant, set at 70%.

ITEM 1.02. TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

On March 11, 2005, NiSource Finance Corp. terminated both its \$500 million 364-day Revolving Credit Agreement and its \$750 million 3-Year Revolving Credit Agreement, which would have otherwise expired on March 16, 2005 and March 18, 2007, respectively. As discussed in Item 1.01 above, these facilities were replaced by the new \$1.25 billion Revolving Credit Facility entered into on the same date. With the exception of two lenders who chose not to participate in the new Revolving Credit Agreement, parties to the terminated agreements were identical to the parties to the new agreement. Pricing under both of the terminated credit agreements was higher than pricing under the new 5-year credit agreement. Both of the terminated credit agreements included two financial covenants, a Minimum Interest Coverage Ratio set at 1.75x, and a Maximum Debt-to Capitalization Ratio set at 70%.

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION

The information provided in Item 1.01 of this Current Report on Form 8-K is hereby incorporated into this Item 2.03 by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Revolving Credit Agreement

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SIGNATURES

In 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: March 17, 2005

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

NISOURCE FINANCE CORP.

(Registrant)

Date: March 17, 2005

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Revolving Credit Agreement

REVOLVING CREDIT AGREEMENT

among

NISOURCE FINANCE CORP.,  
as Borrower,

NISOURCE INC.,  
as Guarantor,

THE LEAD ARRANGERS  
and  
LENDERS  
Party Hereto,  
as Lenders,

CREDIT SUISSE FIRST BOSTON  
as Syndication Agent,

JPMORGAN CHASE BANK, N.A.,  
THE BANK OF TOKYO-MITSUBISHI, LTD., CHICAGO BRANCH  
and  
CITICORP USA, INC.,  
as Co-Documentation Agents

BARCLAYS BANK PLC,  
as Administrative Agent and LC Bank,

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BARCLAYS CAPITAL  
and  
CREDIT SUISSE FIRST BOSTON  
Lead Arrangers

BARCLAYS CAPITAL  
Sole Book Runner

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Dated as of March 11, 2005

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**REVOLVING CREDIT AGREEMENT**, dated as of March 11, 2005 (this "*Agreement*"), among **NISOURCE FINANCE CORP.**, an Indiana corporation, as Borrower (the "*Borrower*"), **NISOURCE INC.**, a Delaware corporation ("*NiSource*"), as Guarantor (the "*Guarantor*"), the Lead Arrangers and other Lenders from time to time party hereto, the Co-Documentation Agents party hereto, **CREDIT SUISSE FIRST BOSTON**, as Syndication Agent and **BARCLAYS BANK PLC**, as issuer of any Letters of Credit provided for hereunder (in such capacity, the "*LC Bank*") and as administrative agent for the Lenders hereunder (in such capacity, the "*Administrative Agent*").

**WITNESSETH:**

**WHEREAS**, the parties are willing to enter into this Revolving Credit 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:

"*ABR*", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"*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 \$1,250,000,000.

"*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

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determined based upon the Commitments most recently in effect, giving effect to any assignments.

“ **Applicable Rate** ” means, for any day, with respect to any ABR Loan or Eurodollar Revolving Loan, or with respect to the Facility Fees, the LC Risk Participation Fee and the Utilization Fee payable hereunder, as the case may be, the applicable rate *per annum* determined pursuant to the Pricing Grid.

“ **Arrangers** ” means each of Barclays and Credit Suisse First Boston.

“ **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.

“ **Availability Period** ” means the period from and including the Effective Date to but excluding the Termination Date.

“ **Barclays** ” means Barclays Bank PLC, an English banking corporation.

“ **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** ” means NiSource Finance Corp., Inc. an Indiana corporation.

“ **Borrowing** ” means Loans of the same Type and Class, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“ **Borrowing Request** ” means a request by the Borrower for a Revolving Borrowing 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; *provided* that, when used in connection with a Eurodollar Loan, the term “ **Business Day** ” shall also exclude 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, but not limited to, all common stock and preferred stock and partnership, membership and joint venture

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interests in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

“ **Cash Account** ” has the meaning set forth in Section 8.01.

“ **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.

“ **Class** ”, when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, Revolving Loans or Swingline Loans.

“ **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 Revolving Loans hereunder and to participate in Letters of Credit issued hereunder as set forth herein, as such commitment may be (a) reduced from time to time or terminated pursuant to Section 2.07 or Section 2.09 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

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Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

“ **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 Net Tangible Assets** ” means, at any time, the total amount of assets appearing on a consolidated balance sheet of the Guarantor and its Subsidiaries (other than Utility Subsidiaries), determined in accordance with GAAP and prepared as of the end of the fiscal quarter then most recently ended, less , without duplication, the following (other than those of Utility Subsidiaries):

(a) all current liabilities (excluding any thereof that are by their terms extendable or renewable at the sole option of the obligor thereon, without requiring the consent of the obligee, to a date more than 12 months after the date of determination);

(b) all reserves for depreciation and other asset valuation reserves (but excluding any reserves for deferred Federal income taxes, arising from accelerated amortization or otherwise);

(c) all intangible assets, such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense, carried as an asset on such balance sheet; and

(d) all appropriate adjustments on account of minority interests of other Persons holding common stock of any Subsidiary of the Guarantor.

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

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“ **Continuing Directors** ” means (a) all members of the board of directors of the Guarantor who have held office continually since the Effective Date, and (b) all members of the board of directors of the Guarantor who 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.

“ **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 Syndication Agent, the Co-Documentation Agents, the initial Lenders and the Swingline Lender, the LC Bank and the Administrative Agent.

“ **Environmental Laws** ” means any and all foreign, federal, state, local or municipal laws (including, without limitation, common laws), rules, orders, regulations,

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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.

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“**Eurodollar**”, when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the LIBO Rate.

“**Eurodollar Rate Reserve Percentage**” of any Lender for the Interest Period for any Eurodollar Loan means the reserve percentage applicable during such 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, without limitation, any emergency, supplemental or other marginal reserve requirement) for 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.

“**Exposure**” means, with respect to any Lender at any time, such Lender’s Outstanding Loans plus such Lender’s Applicable Percentage of the aggregate LC Outstandings at such time plus such Lender’s Applicable Percentage of the aggregate Unreimbursed LC Disbursements at such time.

“**Extension of Credit**” means (a) the making by any Lender of a Revolving Loan, (b) the making by the Swingline Lender of any Swingline Loan, (c) the issuance of a Letter of Credit by the LC Bank or (d) the amendment of any Letter of Credit having the effect of extending the stated termination date thereof, increasing the LC Outstandings, or otherwise altering any of the material terms or conditions thereof.

“**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

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<sup>1</sup> 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** ” means NiSource.

“ **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, without limitation, 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.

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“**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 Election Request**” means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.06.

“**Interest Payment Date**” means (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months’ duration, the day that is three months after the first day of such Interest Period, (c) with respect to any Swingline Loan, the date such Swingline Loan is required to be repaid and (d) with respect to any Loan, the Termination Date.

“**Interest Period**” means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; *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

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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 and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

**"LC Outstandings"** means, for any date of determination, the aggregate maximum amount available to be drawn under all Letters of Credit outstanding on such date (assuming the satisfaction of all conditions for drawing enumerated therein).

**"LC Risk Participation Fee"** has the meaning set forth in Section 2.12.

**"Lenders"** means (a) the Persons listed on Schedule 2.01, including any such Person identified thereon or in the signature pages hereto as a Lead 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, (b) the Swingline Lender in respect of the Swingline Loans made by it and (c) if and to the extent so provided in Section 2.04(c), the LC Bank.

**"Letter of Credit"** means a letter of credit issued by the LC Bank pursuant to the terms of this Agreement, together with the letters of credit deemed issued by the LC Bank hereunder pursuant to Section 2.04(h), in each case, as such letter of credit may from time to time be amended, modified or extended in accordance with the terms of this Agreement.

**"LIBO Rate"** means, with respect to any Eurodollar 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 Eurodollar 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, two Business Days prior to the commencement of such Interest Period.

**"Lien"** has the meaning set forth in Section 6.01(a).

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“**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.

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“ **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 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, without limitation, 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; *provided, however*, that for purposes of any calculation of the Outstanding Loans, any then outstanding Swingline Loans shall be deemed allocated among the Lenders (other than the Swingline Lender in its capacity as such) in accordance with their respective Applicable Percentages.

“ **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.

“ **Pricing Grid** ” means the pricing grid attached hereto as Annex A.

“ **Prime Rate** ” means the rate of interest *per annum* publicly announced from time to time by Barclays as its prime 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, without limitation, a thermal energy generation, transmission or

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distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, 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, without limitation, 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) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, 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.

“ **Request for Issuance** ” has the meaning set forth in Section 2.04.

“ **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.

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“*Revolving Loan*” means a Loan made pursuant to Section 2.02.

“*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.

“*Swingline Commitment*” means, for the Swingline Lender, the amount set forth as the Swingline Lender’s Swingline Commitment on Schedule 2.01 hereto.

“*Swingline Facility Amount*” has the meaning specified in Section 2.01(b).

“*Swingline Loan*” means a loan made by the Swingline Lender pursuant to the terms of this Agreement.

“*Swingline Lender*” means Barclays.

“*Swingline Rate*” means: (a) in the case of a Swingline Loan in an original principal amount of \$100,000 or more, a fixed rate of interest equal to the sum of (i) the Swingline Lender’s cost of funds as determined by the Swingline Lender in its sole discretion with reference to its funding sources on the date such Swingline Loan is made for a term equal to the period such Swingline Loan is to be outstanding plus (ii) the Applicable Rate then in effect for Eurodollar Revolving Loans or (b) in the case of a Swingline Loan in an original principal amount of less than \$100,000, a floating rate of interest equal to the sum of (i) the Alternate Base Rate plus (ii) the Applicable Rate then in effect for Alternate Base Rate Loans, in each case, as notified to the Borrower at the time such Swingline Loan is made. Any Swingline Rate determined in accordance with clause (a), above, shall be adjusted in each case from time to time to give effect to all applicable reserve requirements, including, without limitation, special, emergency or supplemental reserves.

“*Swingline Request*” means a request by the Borrower for the Swingline Lender to make a Swingline Loan, which shall contain the information in respect of such requested Swingline Loan specified in Section 2.03(b) and shall be delivered to the Swingline Lender and the Administrative Agent in writing, or by telephone, immediately confirmed in writing.

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“**Syndication Agent**” means Credit Suisse First Boston, in its capacity as syndication agent for the Lenders hereunder.

“**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.

“**Terminating Facilities**” means financing facilities described on Schedule 3.01 hereto.

“**Termination Date**” means the earliest of (a) May 11, 2010 and (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 plus the aggregate LC Outstandings plus the aggregate Unreimbursed LC Disbursements.

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

“**Type**”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

“**Unreimbursed LC Disbursement**” means the unpaid obligation (or, if the context so requires, the amount of such obligation) of the Borrower to reimburse the LC Bank for a payment made by the LC Bank under a Letter of Credit, but shall not include any portion of such obligation that has been repaid with the proceeds of, or converted to, Loans hereunder.

“**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.

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

“**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.

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**SECTION 1.02. Classification of Loans and Borrowings.** For purposes of this Agreement, Loans may be classified and referred to by Class ( e.g. , a “ **Revolving Loan** ”) or by Type ( e.g. , a “ **Eurodollar Loan** ”) or by Class and Type ( e.g. , a “ **Eurodollar Revolving Loan** ”). Borrowings also may be classified and referred to by Class ( e.g. , a “ **Revolving Borrowing** ”) or by Type ( e.g. , a “ **Eurodollar Borrowing** ”) or by Class and Type ( e.g. , a “ **Eurodollar Revolving Borrowing** ”).

**SECTION 1.03. 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 knowledge of, awareness of, or receipt of notice by, a Responsible Officer of such Credit Party. In the event the Public Utility Holding Company Act of 1935, as amended, shall cease to be of effect and not replaced, references herein to such Act shall cease to be of effect.

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**SECTION 1.04. 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 Revolving Loans to the Borrower from time to time during the Availability Period 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) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) the aggregate principal amount of all Swingline Loans made by the Swingline Lender then outstanding under this Agreement exceeding the Swingline Lender's Swingline Commitment, (ii) the aggregate principal amount of all Swingline Loans then outstanding under this Agreement exceeding \$200,000,000 (the "**Swingline Facility Amount**"), (iii) any Lender's Exposure exceeding such Lender's Commitment or (iv) the sum of the Exposures of all of the Lenders exceeding the Aggregate Commitments.

(c) Subject to the terms and conditions set forth herein, the LC Bank agrees to issue, extend or amend Letters of Credit and each Lender agrees to participate in such Letters of Credit, in each case as set forth herein, from time to time during the Availability Period in an aggregate amount that will not result in (i) the aggregate LC Outstandings under this Agreement exceeding \$500,000,000, (ii) any Lender's Exposure exceeding such Lender's Commitment or (iii) the sum of the Exposures of all of the Lenders exceeding the Aggregate Commitments.

(d) Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and Swingline Loans and request the issuance, extension or amendment of Letters of Credit.

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**SECTION 2.02. Revolving Loans and Revolving Borrowings; Requests for Borrowings.**

(a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving 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) Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar 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 Eurodollar Revolving 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. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000; provided that an ABR Revolving Borrowing may be to an aggregate amount that is equal to the entire unused balance of the Aggregate Commitments. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten Eurodollar Revolving Borrowings outstanding under this Agreement.

(d) To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on 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;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar

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involving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. 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.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Termination Date.

**SECTION 2.03. Swingline Loans.** (a) Each Swingline Loan to be made by the Swingline Lender shall be made on notice given by the Borrower to the Swingline Lender and the Administrative Agent via fax transmission in accordance with Section 11.01 hereof not later than 11:00 A.M. (New York City time) on the borrowing date of the proposed Swingline Loan (which shall be a Business Day) or such later time as the Swingline Lender and the Administrative Agent may agree. Each such notice (a "*Swingline Request*") shall specify the requested borrowing date of such Swingline Loan, the amount thereof and the maturity date thereof (which shall be a Business Day not later than five days from the date such Swingline Loan is to be made). Upon receipt of any Swingline Request, the Swingline Lender shall give to the Administrative Agent prompt notice thereof by fax transmission, and shall notify the Borrower and the Administrative Agent of the Swingline Rate to be applicable thereto. The Swingline Lender shall, before 2:00 P.M. (New York City time) on the borrowing date of such Swingline Loan, make such Swingline Loan available to the Administrative Agent, in same day funds, and, after the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower to an account within the United States of America specified in the relevant Swingline Request or, if not so specified, in accordance with Section 2.05.

(b) Each Swingline Loan shall bear interest at the Swingline Rate and shall mature on the first to occur of: (i) the date specified in the relevant Swingline Request, (ii) the date that is five days following the date such Swingline Loan was made and (iii) the Termination Date. At no time shall more than a total of five Swingline Loans be outstanding under this Agreement.

(c) At any time upon written demand by the Swingline Lender, with a copy of such demand to the Administrative Agent, and automatically upon the occurrence of an Event of Default, each other Lender shall purchase from the Swingline Lender, and the Swingline Lender shall sell and assign to each such other Lender, such other Lender's pro rata share (based on its Applicable Percentage) of the Swingline Loans of the Swingline Lender outstanding as of the date of such demand or occurrence, as the case may be, by making available to the Administrative Agent for the account of the Swingline Lender an amount in same day funds equal to the portion of the principal amount of each outstanding Swingline Loan to be purchased by such Lender. The Borrower hereby agrees to each such sale and assignment. Each Lender agrees to pay to the Administrative Agent for the account of the Swingline Lender its pro rata share (based on its Applicable Percentage) of each outstanding Swingline Loan purchased pursuant to this clause (c) on (i) the Business Day on which demand therefor is made by the Swingline Lender, *provided, that*, notice of such demand is received by such Lender not later than 11:00 A.M. (New York City time) on such Business Day, (ii) the first Business Day next succeeding such demand, if notice of such demand is received after such time or (iii) the first

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Business Day next succeeding the date such Lender has actual knowledge of the occurrence of such Event of Default. Upon any such assignment by the Swingline Lender to any other Lender of a portion of any Swingline Loan, the Swingline Lender represents and warrants to such other Lender that the Swingline Lender is the legal and beneficial owner of the interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swingline Loan, the Credit Documents or the Borrower. If and to the extent that any Lender shall not have so made its participated portion of such Swingline Loan or portion thereof available to the Administrative Agent for the account of the Swingline Lender, such Lender agrees to pay to the Swingline Lender forthwith on demand such amount together with interest thereon for each day from the date of demand by the Swingline Lender until the date such amount is paid to the Swingline Lender, at the Federal Funds Effective Rate. If such Lender shall pay such amount to the Swingline Lender on any Business Day, such amount so paid in respect of principal shall constitute an ABR Revolving Loan made by such Lender on such Business Day for all purposes of this Agreement, and the outstanding principal amount of the relevant Swingline Loan(s) shall be reduced accordingly by such amount on such Business Day. The obligation of each other Lender to purchase its pro rata share of the Swingline Lender's Swingline Loans in accordance with this subsection shall be absolute and unconditional, notwithstanding the occurrence of any circumstances, including, without limitation any Event of Default or any setoff, deduction or other defense asserted by the Borrower or any other Person, *except* that any Lender shall have the right to bring suit against the Swingline Lender, and the Swingline Lender shall be liable to such Lender, to the extent of any direct, as opposed to consequential, damages suffered by such Lender which such Lender proves were caused by the Swingline Lender's wilful misconduct or gross negligence.

#### **SECTION 2.04. Letters of Credit**

(a) *LC Bank.* Subject to the terms and conditions hereof, the Borrower may from time to time request Barclays, as LC Bank, to issue, extend or amend one or more Letters of Credit hereunder. Any such request by the Borrower shall be notified to the Administrative Agent at least five Business Days prior to the date upon which the Borrower proposes that the LC Bank issue, extend or amend such Letter of Credit. At no time shall (i) the aggregate LC Outstandings exceed the sum of the Commitments or (ii) the sum of the aggregate LC Outstandings under this Agreement exceed \$500,000,000.

(b) *Letters of Credit.* Each Letter of Credit shall be issued (or the stated maturity thereof extended or terms thereof modified or amended) on not less than five Business Days' prior written notice thereof to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders) and the LC Bank. Each such notice (a "*Request for Issuance*") shall specify (i) the date (which shall be a Business Day) of issuance of such Letter of Credit (or the date of effectiveness of such extension, modification or amendment) and the stated expiry date thereof (which shall be not later than the Termination Date), (ii) the proposed stated amount of such Letter of Credit and (iii) such other information as shall demonstrate compliance of such Letter of Credit with the requirements specified therefor in this Agreement. Each Request for Issuance shall be irrevocable unless modified or rescinded by the Borrower not less than two days prior to the proposed date of issuance (or effectiveness) specified therein. If the LC Bank shall have approved the form of such Letter of Credit (or such extension, modification or amendment thereof), the LC Bank shall not later than 11:00 A.M. (New York City time) on the proposed date

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specified in such Request for Issuance, and upon fulfillment of the applicable conditions precedent and the other requirements set forth herein and as otherwise agreed to between the LC Bank and the Borrower, issue (or extend, amend or modify) such Letter of Credit and provide notice and a copy thereof to the Administrative Agent. The Administrative Agent shall furnish (x) to each Lender, a copy of such notice and (y) to each Lender that may so request, a copy of such Letter of Credit.

(c) *Reimbursement on Demand*. Subject to the provisions of Section 2.04(d) hereof, the Borrower hereby agrees to pay (whether with the proceeds of Loans made pursuant to this Agreement or otherwise) to the LC Bank on demand (i) on and after each date on which the LC Bank shall pay any amount under any Letter of Credit a sum equal to such amount so paid (which sum shall constitute a demand loan from the LC Bank to the Borrower from the date of such payment by the LC Bank until so paid by the Borrower), plus (ii) interest on any amount remaining unpaid by the Borrower to the LC Bank under clause (i), above, from the date such sum becomes payable on demand until payment in full, at a rate *per annum* which is equal to 2% plus the then applicable Alternate Base Rate until paid in full.

(d) *Loans for Unreimbursed LC Disbursements*. If the LC Bank shall make any payment under any Letter of Credit and if the conditions precedent set forth in Section 3.02 of this Agreement have been satisfied as of the date of such honor, then, each Lender's payment made to the LC Bank pursuant to paragraph (e) of this Section 2.04 in respect of such Unreimbursed LC Disbursement shall be deemed to constitute an ABR Loan made for the account of the Borrower by such Lender. Each such ABR Loan shall mature and be due and payable on the earlier of (i) the first March 31, June 30, September 30 or December 31 to occur following the date such ABR Loan is made and (ii) the Termination Date.

(e) *Participation; Reimbursement of LC Bank*.

(i) Upon the issuance of any Letter of Credit by the LC Bank (and, in the case of the Letters of Credit identified on Schedule 2.04, on the Effective Date), the LC Bank hereby sells and transfers to each Lender, and each Lender hereby acquires from the LC Bank, an undivided interest and participation to the extent of such Lender's Applicable Percentage in and to such Letter of Credit, including the obligations of the LC Bank under and in respect thereof and the Borrower's reimbursement and other obligations in respect thereof, whether now existing or hereafter arising.

(ii) If the LC Bank shall not have been reimbursed in full for any payment made by the LC Bank under any Letter of Credit on the date of such payment, the LC Bank shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender of such non-reimbursement and the amount thereof. Upon receipt of such notice from the Administrative Agent, each Lender shall pay to the Administrative Agent for the account of the LC Bank an amount equal to such Lender's Applicable Percentage of such Unreimbursed LC Disbursement, plus interest on such amount at a rate per annum equal to the Federal Funds Rate from the date of such payment by the LC Bank to the date of payment to the LC Bank by such Lender. All such payments by each Lender shall be made in United States dollars and in same day funds not later than 3:00 P.M. (New York City time) on the later to occur of (A) the

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Business Day immediately following the date of such payment by the LC Bank and (B) the Business Day on which such Lender shall have received notice of such non-reimbursement; *provided, however*, that if such notice is received by such Lender later than 11:00 A.M. (New York City time) on such Business Day, such payment shall be payable on the next Business Day. Each Lender agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. If a Lender shall have paid to the LC Bank its ratable portion of any Unreimbursed LC Disbursement, together with all interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of all interest paid by the Borrower in respect of such Unreimbursed LC Disbursement. If such Lender shall have made such payment to the LC Bank, but without all such interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of the interest paid by the Borrower in respect of such Unreimbursed LC Disbursement only from the date it shall have paid all interest required by the second sentence of this subparagraph (ii).

(iii) The failure of any Lender to make any payment to the LC Bank in accordance with subparagraph (ii) above, shall not relieve any other Lender of its obligation to make payment, but neither the LC Bank nor any Lender shall be responsible for the failure of any other Lender to make such payment. If any Lender shall fail to make any payment to the LC Bank in accordance with subparagraph (ii) above, then such Lender shall pay to the LC Bank forthwith on demand such corresponding amount together with interest thereon, for each day until the date such amount is repaid to the LC Bank at the Federal Funds Rate. Nothing herein shall in any way limit, waive or otherwise reduce any claims that any party hereto may have against any non-performing Lender.

(iv) If any Lender shall fail to make any payment to the LC Bank in accordance with subparagraph (ii), above, then, in addition to other rights and remedies which the LC Bank may have, the Administrative Agent is hereby authorized, at the request of the LC Bank, to withhold and to apply to the payment of such amounts owing by such Lender to the LC Bank and any related interest, that portion of any payment received by the Administrative Agent that would otherwise be payable to such Lender. In furtherance of the foregoing, if any Lender shall fail to make any payment to the LC Bank in accordance with subparagraph (ii), above, and such failure shall continue for five Business Days following written notice of such failure from the LC Bank to such Lender, the LC Bank may acquire, or transfer to a third party in exchange for the sum or sums due from such Lender, such Lender's interest in the related Unreimbursed LC Disbursement and all other rights of such Lender hereunder in respect thereof, without, however, relieving such Lender from any liability for damages, costs and expenses suffered by the LC Bank as a result of such failure, and prior to such transfer, the LC Bank shall be deemed, for purposes of Section 2.18 and Article VIII hereof, to be a Lender hereunder owed a Loan in an amount equal to the outstanding principal amount due and payable by such Lender to the Administrative Agent for the account of such LC Bank pursuant to subparagraph (ii), above. The purchaser of any such interest shall be deemed to have acquired an interest senior to the interest of such Lender and shall be

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, entitled to receive all subsequent payments which the LC Bank or the Administrative Agent would otherwise have made hereunder to such Lender in respect of such interest.

(f) *Obligations Absolute.* The payment obligations of each Lender under Section 2.04(e) and of the Borrower under Section 2.04(c) of this Agreement in respect of any payment under any Letter of Credit and any Loan made under Section 2.04(d) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of any Credit Document or any other agreement or instrument relating thereto or to such Letter of Credit;

(ii) any amendment or waiver of, or any consent to departure from, all or any of the Credit Documents;

(iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), the LC Bank, or any other Person, whether in connection with this Agreement, the transactions contemplated herein or by such Letter of Credit, or any unrelated transaction;

(iv) any statement or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment in good faith by the LC Bank under the Letter of Credit issued by the LC Bank against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(g) *Liability of LC Bank and the Lenders.* The Borrower assumes all risks of the acts and omissions of any beneficiary or transferee of any Letter of Credit. Neither the LC Bank, the Lenders nor any of their respective officers, directors, employees, agents or Affiliates shall be liable or responsible for (i) the use that may be made of such Letter of Credit or any acts or omissions of any beneficiary or transferee thereof in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the LC Bank against presentation of documents that do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (iv) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit, *except* that the Borrower or any Lender shall have the right to bring suit against the LC Bank, and the LC Bank shall be liable to the Borrower and any Lender, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower or such Lender which the Borrower or such Lender proves were caused by the LC Bank's wilful misconduct or gross negligence, including the LC Bank's wilful or grossly

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gligent failure to make timely payment under such Letter of Credit following the presentation to it by the beneficiary thereof of a draft and accompanying certificate(s) which strictly comply with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, the LC Bank may accept sight drafts and accompanying certificates presented under the Letter of Credit issued by the LC Bank that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, no Lender shall be obligated to indemnify the Borrower for damages caused by the LC Bank's wilful misconduct or gross negligence, and the obligation of the Borrower to reimburse the Lenders hereunder shall be absolute and unconditional, notwithstanding the gross negligence or wilful misconduct of the LC Bank.

(h) *Transitional Provision* . Schedule 2.04 contains a schedule of certain letters of credit issued for the account of the Borrower prior to the Effective Date. Subject to the satisfaction of the conditions contained in Sections 3.01 and 3.02, from and after the Effective Date such letters of credit shall be deemed to be Letters of Credit issued pursuant to this Section 2.04.

***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 ABR Loans. 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. Interest Elections.***

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower

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ly elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.02 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and

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unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

***SECTION 2.07. Mandatory Termination or Reduction of Commitments.***

Unless previously terminated, the Commitments shall terminate on the 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 (including, without limitation, as a result of any reduction in the Aggregate Commitments pursuant to Section 2.09), 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 Revolving Loans shall be applied ratably to the Loans so prepaid.

***SECTION 2.09. Optional Reduction of Commitments.***

(a) The Borrower may at any time terminate, or from time to time reduce, the Commitments; *provided* that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$10,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Total Outstanding Principal would exceed the Aggregate Commitments thereafter in effect.

(b) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.09(a) at least five Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; *provided* that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent.

(c) Each reduction of the Commitments pursuant to this Section 2.09 shall be made ratably among the Lenders in accordance with their respective Commitments immediately preceding such reduction.

***SECTION 2.10. Repayment of Loans; Evidence of Debt.***

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent (i) for the account of each Lender the then unpaid principal amount of each Revolving Loan on the

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mination Date, (ii) for the account of each Lender the then unpaid principal amount of each ABR Loan deemed to be made pursuant to Section 2.04(d) on the maturity date therefor as determined pursuant to Section 2.04(d) and (iii) for the account of the Swingline Lender the then unpaid principal amount of each Swingline Loan on the maturity date therefor as determined pursuant to Section 2.03.

(b) Each Lender (including the Swingline 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 (including each Swingline 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, the Class and Type thereof and the Interest Period applicable thereto, (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 (including the Swingline Lender) 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 (including the Swingline 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.***

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing (including any Swingline Borrowing) in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date

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If the principal amount of each Borrowing or portion thereof to be prepaid; *provided* that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02, and each partial prepayment of a Swingline Borrowing shall be in an amount not less than \$100,000 or any integral multiple thereof, it being understood that the foregoing minimums shall not apply to the prepayment in whole of the outstanding Revolving Loans of all Lenders or to the prepayment in whole of the outstanding Swingline Loans of the Swingline Lender. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Revolving Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and by any amounts payable under Section 2.16 in connection with such prepayment.

#### **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 Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; *provided* that, if such Lender continues to have any Outstanding Loans after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender’s Outstanding Loans from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Outstanding Loans. Accrued Facility Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. 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 each Lender a letter of credit risk participation fee (each a “**LC Risk Participation Fee**”), which shall accrue at the Applicable Rate on the average daily amount of the LC Outstandings during the period from and including the Effective Date to but excluding the Termination Date or such later date as on which there shall cease to be any LC Outstandings. Accrued LC Risk Participation Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any LC Risk Participation Fees accruing after the date on which the Commitments terminate shall be payable on demand. All LC Risk Participation 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). The Borrower shall also pay to the LC Bank for its own account (x) a fronting fee, which fronting fee shall accrue at a per annum rate agreed upon between the Borrower and the LC Bank on the average daily amount of the LC Outstanding during the period such Letter of Credit shall be

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standing, which fronting fee shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which such Letter of Credit terminates, and (y) documentary and processing charges in connection with the issuance, or modification, cancellation, negotiation, or transfer of, and draws under Letters of Credit in accordance with the LC Bank's standard schedule for such charges as in effect from time to time.

(c) The Borrower agrees to pay to the Administrative Agent, for its own account and for the account of the other Persons entitled thereto, the fees provided for in that certain fee letter dated March 11, 2005, executed and delivered with respect to the credit facility provided for herein, in each case, in the amounts and at the times set forth therein and in immediately available funds.

(d) If at any time the Total Outstanding Principal exceeds 50% of the Aggregate Commitments, the Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in proportion to their respective Applicable Percentages, a utilization fee (the "**Utilization Fee**") calculated for each day with respect to the Total Outstanding Principal on such day at the rate for such day determined in accordance with the Pricing Grid. The accrued Utilization Fee shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any Utilization Fee accruing after the date on which the Commitments terminate shall be payable on demand. The Utilization Fee 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).

(e) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (for distribution, in the case of Facility Fees, LC Risk Participation Fees and any Utilization Fee, to the Lenders). Fees due and paid shall not be refundable under any circumstances.

### **SECTION 2.13. Interest.**

(a) The Loans comprising each ABR Borrowing shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Each Swingline Loan shall bear interest at a rate *per annum* equal to the Swingline Rate, as determined for such Swingline Loan and notified by the Swingline Lender to the Borrower in accordance with Section 2.03(a).

(d) 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 rate applicable to ABR Loans as provided above.

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(e) 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 (d) 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, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), 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 Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

**SECTION 2.14. Alternate Rate of Interest.** If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or teletype as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing.

**SECTION 2.15. Increased Costs.** 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 or the LC Bank (except any such reserve requirement described in paragraph (e) of this Section); or

(ii) impose on any Lender or the LC Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein or Unreimbursed LC Disbursements or Letters of Credit and participations therein;

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If the result of any of the foregoing shall be to increase the cost to such Lender or the LC Bank of making or maintaining any Eurodollar Loan or Unreimbursed LC Disbursement or issuing or maintaining Letters of Credit and participation interests therein (or of maintaining its obligation to make any such Loan or issue or participate in such Letter of Credit) or to reduce the amount of any sum received or receivable by such Lender or the LC Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or the LC Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the LC Bank for such additional costs incurred or reduction suffered.

(b) If any Lender or the LC Bank 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 or the LC Bank'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 the LC Bank 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 or the LC Bank, 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 or the LC Bank, 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 or the LC Bank 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 or the LC Bank 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 Eurodollar 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.

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**SECTION 2.16. Break Funding Payments.** In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.11(b) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar 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 Eurodollar 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, conversion, 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, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) 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, LC Bank 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, the LC Bank 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, the LC Bank 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

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posed 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 the LC Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the LC Bank, 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 200 Park Avenue, 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

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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 Revolving 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 Revolving 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 affected 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 Section 2.03(c), 2.04(e), 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.

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**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, without limitation, 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 and the LC Bank, which consent, in the case of the Administrative Agent, shall not unreasonably be withheld and, in the case of the LC Bank, may be given or withheld in the sole discretion of the LC Bank, (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.

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### 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 or to that certain fee letter dated March 11, 2005, executed and delivered with respect to the credit facility provided for herein, 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 a 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.

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(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 (a) Schiff Hardin LLP, counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B-1 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request and (b) Thelen Reid & Priest LLP, special counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B-2 hereto as to certain matters under the Public Utility Holding Company Act of 1935, as amended.

(h) The Administrative Agent shall have received such evidence as it and its counsel may reasonably require of the termination and payment in full of the Terminating Facilities and the release by the holders thereof of any collateral security securing such facilities.

**SECTION 3.02. Conditions Precedent to Each Extension of Credit.** The obligation of each Lender to make any Extension of Credit and of the LC Bank to issue, extend (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amend any Letter of Credit (including the initial Extension of Credit but excluding any conversion or continuation of 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 Extension of Credit, 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 (A) such Extension of Credit, together with all other Extensions of Credit to be made contemporaneously therewith, and (B) the repayment of any Loans or Unreimbursed LC Disbursements that are to be contemporaneously repaid at the time such Loan is made, such Extension of Credit will not result in the sum of the then Total Outstanding Principal exceeding the Aggregate Commitments.

(c) Such Extension of Credit will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01, 2.02, 2.03 and 2.04, as applicable.

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

(e) In the case of a Revolving Loan, the Administrative Agent shall have timely received a Borrowing Request; and, in the case of a Letter of Credit issuance, extension (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amendment, a Request for Issuance.

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Each Extension of Credit 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 (including, without limitation, the Public Utility Holding Company Act of 1935, as amended), 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, 2004, 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.

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(f) Since December 31, 2003, 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 or Letter of Credit 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 2003 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 "public utility holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, registered in compliance therewith.

(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.

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(p) Each Credit Party and its Subsidiaries are and have been in compliance with all laws (including, without limitation, 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.

## 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, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, 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, without limitation, 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; without limiting the foregoing, each of the Credit Parties will obtain and maintain in full force and effect all orders required under the Public Utility Holding Company Act of 1935, as amended, to be obtained and maintained for consummation of the Transactions and the performance of their respective obligations hereunder (including the borrowing and repayment of funds, the issuance of Letters of Credit and the guaranty of all obligations relating thereto).

(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

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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

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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 Borrower'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 and filings under the Public Utility Holding Company Act of 1935, as amended) 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;

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(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 and the Letters of Credit hereunder for working capital and other general corporate poses, 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, Unreimbursed LC Disbursement, interest

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fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, 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 Unreimbursed LC Disbursements 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

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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, without limitation, 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 5% of Consolidated Net Tangible Assets.

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

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(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,

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(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 September 30, 2004.

(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), (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

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ancing 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, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, 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 or Unreimbursed LC Disbursement 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 Section 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

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(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, without limitation, 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, without limitation, 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 its other Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (j) 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

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ch 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, the obligation of the Swingline Lender to make or maintain Swingline Loans and the obligation of the LC Bank to issue or maintain Letters of Credit 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,

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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, the obligation of the Swingline Lender to make or maintain Swingline Loans and the obligation of the LC Bank to issue or maintain Letters of Credit 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.

Notwithstanding anything to the contrary contained herein, no notice given or declaration made by the Administrative Agent pursuant to this Section 8.01 shall affect (i) the obligation of the LC Bank to make any payment under any outstanding Letter of Credit in accordance with the terms of such Letter of Credit, (ii) the obligations of each Lender in respect of each such Letter of Credit or (iii) the obligation of each Lender to purchase its pro rata share of any Swingline Loans; *provided, however*, that upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, upon notice to the Borrower, require the Borrower to deposit with the Administrative Agent an amount in the cash account (the "*Cash Account*") described below equal to the then current LC Outstandings. Such Cash Account shall at all times be free and clear of all rights or claims of third parties. The Cash Account shall be maintained with the Administrative Agent in the name of, and under the sole dominion and control of, the Administrative Agent, and amounts deposited in the Cash Account shall bear interest at a rate equal to the rate generally offered by Barclays for deposits equal to the amount deposited by the Borrower in the Cash Account pursuant to this Section 8.01, for a term to be agreed to between the Borrower and the Administrative Agent. If any drawings under any Letter of Credit then outstanding or thereafter made are not reimbursed in full immediately upon demand or, in the case of subsequent drawings, upon being made, then, in any such event, the Administrative Agent may apply the amounts then on deposit in the Cash Account, in such priority as the Administrative Agent shall elect, toward the payment in full of any or all of the Borrower's obligations hereunder as and when such obligations shall become due and payable. Upon payment in full, after the termination of the Letters of Credit, of all such obligations, the Administrative Agent will repay to the Borrower any cash then on deposit in the Cash Account.

## ARTICLE IX THE ADMINISTRATIVE AGENT

### *SECTION 9.01. The Administrative Agent.*

(a) Each of the Lenders and the LC Bank 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

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ch 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.

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(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", "Co-Documentation Agent" or "Syndication Agent", or that is given any other title hereunder other than "LC Bank", "Swingline Lender" or "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", "Co-Documentation Agent" or "Syndication Agent" 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

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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 and Letters of Credit 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 other 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

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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 Section 10 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 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,

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wers 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 86<sup>th</sup> Avenue  
Merrillville, Indiana 46410  
Attention: Treasurer  
Telecopier: (219) 647-6180;

with a copy to such Credit Party at:

801 East 86<sup>th</sup> Avenue  
Merrillville, Indiana 46410  
Attention: Director Corporate Finance and Treasury  
Telecopier: (219) 647-6180;

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(b) if to the Administrative Agent or the LC Bank, to Barclays Bank PLC at:

200 Park Avenue  
New York, New York 10166  
Attn: Sydney G. Dennis, Power and Utilities Group  
Telecopier: (212) 412-6709

with a copy to such party at:

200 Cedar Knolls Road  
Whippany, New Jersey 07981  
Attn: May Wong, Customer Service Unit  
Telephone: (973) 576-3251  
Telecopier: (973) 576-3014

(c) if to any Lender or the Swingline 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, the LC Bank 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, the LC Bank 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 Extension of Credit shall be construed as a waiver of any Default, regardless of whether the Administrative Agent, the LC Bank 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 no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or any Unreimbursed LC Disbursement or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder,*

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without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, any Unreimbursed LC Disbursement 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, (vii) issue any Letter of Credit with an expiry date, or extend the expiry date of any Letter of Credit to a date, that is later than the Termination Date without the written consent of each Lender, or (viii) 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 or the LC Bank hereunder without the prior written consent of the Administrative Agent or the LC Bank, as the case may be.

**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 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), (ii) all reasonable out-of-pocket expenses incurred by the LC Bank, including the reasonable fees, charges and disbursements of counsel for the LC Bank, in connection with the execution, delivery, administration, modification and amendment of any Letters of Credit to be issued by it hereunder, and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the LC Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, the LC Bank 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 and Letters of Credit issued hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, each Co-Documentation Agent, the LC Bank, each Lender and the Swingline 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 Letter of Credit or the use of the proceeds

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from, (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 or the LC Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or the LC Bank 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 or the LC Bank 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)(iii)(C), no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and the LC Bank (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, the LC Bank 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

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orrower, shall not unreasonably be withheld and, in the case of the LC Bank, may be given or withheld in the sole discretion of the LC Bank), (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

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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

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y 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 on different counterparts), each of which

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all 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 the LC Bank or any Affiliate of either 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 or the LC Bank, irrespective of whether or not such Lender or the LC Bank shall have made any demand under this Agreement and although such Obligations may be unmatured. The rights of each Lender and the LC Bank 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

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y 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, any 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,

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*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.

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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the 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 J. Vajda  
Name: David J. Vajda  
Title: Vice President and Treasurer

Federal Tax Identification Number: 35-2108964

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BARCLAYS BANK PLC, as a Lead Arranger and Lender,  
as Swingline Lender, as LC Bank and as Administrative  
Agent

By: /s/ Gary B. Winslow

Name: Gary B. Winslow

Title: Associate Director

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CREDIT SUISSE FIRST BOSTON, ACTING THROUGH  
ITS CAYMAN ISLANDS BRANCH, as a Lead Arranger  
and Lender and as Syndication Agent

By: /s/ S. William Fox

Name: S. WILLIAM FOX

Title: DIRECTOR

By: /s/ David Dood

Name: DAVID DOOD

Title: VICE PRESIDENT

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THE BANK OF TOKYO-MITSUBISHI, LTD.,  
CHICAGO BRANCH, as a Lender and as a Co-  
Documentation Agent

By: /s/ Shinichiro Munechika

Name: Shinichiro Munechika

Title: Deputy General Manager

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CITICORP USA, INC., as a Lender and as a Co-Documentation Agent

By: /s/ Richard Evans

Name: Richard Evans

Title: Vice President

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JPMORGAN CHASE BANK, N.A., as a Lender and as a  
Co-Documentation Agent

By: /s/ Michael J. DeForge

Name: Michael J. DeForge

Title: Vice President

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BANK OF AMERICA, N.A., as a Lender

By: /s/ Daryl G. Patterson

Name: Daryl G. Patterson

Title: Senior Vice President

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BNP PARIBAS, as a Lender

By: /s/ Mark Renaud  
Name: Mark Renaud  
Title: Managing Director

By: /s/ Francis De Laney  
Name: Francis De Laney  
Title: Managing Director

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COMMERZBANK AG NEW YORK AND GRAND  
CAYMAN BRANCHES, as a Lender

By: /s/ Andrew Campbell

Name: Andrew Campbell

Title: Senior Vice President

By: /s/ Barbara Stacks

Name: Barbara Stacks

Title: Assistant Treasurer

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DEUTSCHE BANK AG NEW YORK BRANCH, as a  
Lender

By: /s/ Richard Henshall

Name: Richard Henshall

Title: Director

By: /s/ Joel Makowsky

Name: Joel Makowsky

Title: Director

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DRESDNER BANK AG, NEWYORK AND GRAND  
CAYMAN BRANCHES, as a Lender

By: /s/ Thomas R. Brady  
Name: Thomas R. Brady  
Title: Director

By: /s/ Brian Smith  
Name: Brian Smith  
Title: Managing Director

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HARRIS NESBITT FINANCING, INC., as a Lender

By: /s/ Cahal B. Carmody

Name: Cahal B. Carmody

Title: Vice President

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