

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED

MAY 07 2007

PUBLIC SERVICE
COMMISSION

May 7, 2007

RE: CASE NO. 2007-00008

An Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc.

Dear Ms. O'Donnell,

On April 24, 2007, Columbia Gas of Kentucky, Inc., ("Columbia") filed its responses to the Commission's Order of April 10, 2007, and to the Requests for Information by the Attorney General and Lexington-Fayette Urban County Government. Subsequently, several omissions have been identified that should have been included in response to certain requests of the Attorney General. The specific requests and replacements attached hereto are identified below. An original and seven (7) copies are attached to supplement Columbia's filing of April 24, 2007 in response to the Request of the Attorney General Set 1. A copy is also being provided to all parties of record.

AG 1-008 - One page of the Attachment was inadvertently omitted from the filing. The additional page contains Plant Account information and should be added to the previous response.

AG1-046 - A hole was punched in the first column of the response to part b. The complete response is enclosed and may be used to replace the previous response.

AG1-056 - The request test year amount was omitted in the initial response. The complete response is enclosed and may be used to replace the previous response.

AG1-057 - A part of the response to part c., was omitted. The complete response is enclosed and may be used to replace the previous response.

AG1-058 - A supplement response is enclosed based on a clarification of the request. The complete response is enclosed and may be used to replace the previous response.

AG1-092 - The complete response is enclosed and may be used to replace the previous response.

AG1-096 - The complete response is enclosed and may be used to replace the previous response.

The CD provided with the initial response inadvertently had the Attachment to AG1-93 as the response to AG1-105 and the response to AG1-105 was missing on the CD. A new CD is enclosed as a complete replacement for the previous CD.

Please do not hesitate to contact me if there are any questions.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing responses of Columbia Gas of Kentucky, Inc. were served via either personal hand delivery, First Class U.S. Mail postage prepaid or overnight mail on the following parties, all on this 7th day of May, 2007.

Hon. Dennis G. Howard, II
Hon. Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General
Utility and Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Matthew Malone
Hurt, Crosbie & May PLLC
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
Attorney for Interstate Gas Supply, Inc.

Hon. David J. Barberie
Hon. Leslye M. Bowman
Lexington-Fayette Urban
County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507

Hon. David F. Boehm
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Attorney for Kentucky Industrial Utility Customers



Mark R. Kempic, Esq.
Attorney for Columbia Gas of Kentucky, Inc.

Columbia Gas of Kentucky, Inc.
Case No. 2007-00008
Depreciation Expense Annualized - 2006 Depreciation Accrual Rates &
Depreciation Expense by Plant Account
Ended September 30, 2006

Line No.	Description	Gas Plant Account (1)	Accum Depr Base (2) \$	Accrual Rate (3) %	Projected Expense (4) \$
<u>INTANGIBLE PLANT</u>					
1	ORGANIZATION COSTS	301.10	521	Amort.	0
2	MISCELLANEOUS INTANGIBLE PLANT	303.00	149,443	Amort.	5,884
3	MISC INTANGIBLE PLANT-DIS SOFTWARE	303.10	0	Amort.	109
4	MISC INTANGIBLE PLANT-FARA SOFTWARE	303.20	0	Amort.	0
5	MISC INTANGIBLE PLANT-OTHER SOFTWARE	303.30	1,260,242	Amort.	217,401
<u>PRODUCTION PLANT</u>					
6	Structures and Improvements	305.00	0	0.00	0
7	Liquefied Petroleum Gas Equipment	311.00	0	0.00	0
<u>DISTRIBUTION PLANT</u>					
8	LAND RIGHTS-OTHER DISTR SYSTEMS	374.40	476,253	1.53	7,287
9	RIGHTS OF WAY	374.50	2,668,347	1.22	32,554
10	STRUC & IMPROV-CITY GATE M & R	375.20	5,249	1.96	103
11	STRUC & IMPROV-GENERAL M & R	375.30	10,848	1.96	213
12	STRUC & IMPROV-REGULATING	375.40	562,596	1.96	11,027
13	STRUC & IMPROV-DISTR. IND. M & R	375.60	88,210	1.96	1,729
14	STRUC & IMPROV-OTHER DISTR. SYSTEMS	375.70	7,169,454	2.00	143,389
15	STRUC & IMPROV-OTHER DISTR SYS-ILP	375.71	74,308	AMORT.	10,156
16	STRUC & IMPROV-COMMUNICATIONS	375.80	33,261	5.32	1,769
17	MAINS	376.00	122,498,185	1.57	1,923,222
18	M & R STATION EQUIP-GENERAL	378.10	251,745	2.35	5,916
19	M & R STA EQUIP-GENERAL-REGULATING	378.20	4,288,594	2.35	100,782
20	M & R STA EQUIP-GEN-LOCAL GAS PURCH	378.30	45,006	2.35	1,058
21	M & R STA EQUIP-CITY GATE CHECK STA	379.10	257,909	2.27	5,855
22	SERVICES	380.00	74,275,672	2.59	1,923,740
23	METERS	381.00	11,091,529	2.59	287,271
24	METER INSTALLATIONS	382.00	7,538,571	2.39	180,172
25	HOUSE REGULATORS	383.00	2,782,287	1.39	38,674
26	HOUSE REGULATOR INSTALLATIONS	384.00	2,364,403	1.10	26,008
27	INDUSTRIAL M & R STATION EQUIPMENT	385.00	2,580,210	2.09	53,926
28	OTHER EQUIP-ODORIZATION	387.20	186,974	4.22	7,890
29	OTHER EQUIP-TELEPHONE	387.41	711,146	2.34	16,641
30	OTHER EQUIPMENT-RADIO	387.42	891,834	2.34	20,869
31	OTHER EQUIP-OTHER COMMUNICATION	387.44	126,460	2.34	2,959
32	OTHER EQUIP-TELEMETERING	387.45	1,111,983	2.34	26,020
33	OTHER EQUIP-CUST INFO SERVICE	387.46	127,355	2.34	2,980
<u>GENERAL PLANT</u>					
Office Furniture and Equipment:					
34	OFFICE FURN & EQUIP-UNSPECIFIED	391.10	1,258,848	AMORT.	62,982
35	OFFICE FURN & EQUIP-DATA HANDLING	391.11	38,508	AMORT.	2,691
36	OFFICE FURN & EQUIP-INFO SYSTEMS	391.12	665,848	AMORT.	133,392
37	TRANS EQUIP-TRAILERS OVER \$1,000	392.20	129,060	6.34	8,182
38	TRANS EQUIP-TRAILERS \$1,000 or LESS	392.21	3,399	6.34	215
39	STORES EQUIPMENT	393.00	0	AMORT.	0
40	TOOLS,SHOP, & GAR EQ-GARAGE & SERV	394.10	26,580	AMORT.	1,109
41	TOOLS,SHOP, & GAR EQ-CNG STATIONARY	394.11	335,308	13.77	46,172
42	TOOLS,SHOP, & GAR EQ-UND TANK CLEANUP	394.13	0	AMORT.	0
43	TOOLS,SHOP, & GAR EQ-SHOP EQUIP	394.20	1,374	AMORT.	55
44	TOOLS,SHOP, & GAR EQ-TOOLS & OTHER	394.30	1,827,958	AMORT.	73,112
45	LABORATORY	395.00	10,308	AMORT.	515
46	POWER OPERATED EQUIP-GENERAL TOOLS	396.00	681,429	0.00	0
47	Miscellaneous Equipment	398.00	99,854	AMORT.	6,675
48	Annualized Depreciation on Year End Utility Plant		<u>248,707,071</u>		<u>5,390,700</u>

Columbia Gas of Kentucky Respondents: **Kelly L. Humrichouse, Susan M. Taylor**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
 PSC CASE NO. 2007-00008
 INFORMATION REQUESTED BY THE ATTORNEY GENERAL
 DATED APRIL 10, 2007**

Question No. 46

NiSource's 2005 Form 10-K, page 84, paragraph 3 ("Restructuring Activities") states that a result of the 10-year service and outsourcing agreement with IBM ... "a total reduction of approximately 1,000 positions is expected through the transition period. In this regard, please provide the following information:

- a. Is the annualized cost savings impact of the 1000 employee reduction fully reflected in the proposed pro forma test year NCSC cost allocation to Columbia Gas of \$10,275,013? If so, explain how this is so. If not, explain why not.
- b. At which exact dates in 2005 and 2006 did NiSource start experiencing and booking the cost savings from this employee reduction initiative associated with the IBM contract?
- c. Do the pro forma adjusted test year results include any expenses (e.g., amortizations of deferred one-time implementation and restructuring costs) associated with the IBM contract? If so, (1) quantify how much of these expenses are included in the NCSC costs allocated to Columbia Gas shown on Schedule D-2.8; (2) indicated on which line items in Schedule D-2.8 these expenses are included; (3) indicate whether the deferral and amortization of these expenses was authorized by the KPSC; and (4) indicate the expiration date of these amortization expenses.

Response of Columbia Gas of Kentucky:

- a. Please refer to response provided for Attorney General Data Request Set 1 Question No 47 part a.
- b. This employee reduction was in conjunction with implementation of the IBM agreement and not an "employee reduction initiative". The table below provides the number of employees leaving NiSource as well as the months in which they left. Payroll reductions pertaining to these employees have been recognized each month after the exit dates noted in this table.

07/05	08/05	09/05	10/05	11/05	12/05	01/06	02/06	03/06	04/06	05/06	06/06	07/06	08/06	09/06	10/06
486	23	62	42	78	30	124	14	3	17	20	5	1	1	8	1

Columbia Gas of Kentucky Respondents: **Kelly L. Humrichouse, Susan M. Taylor**

- c. Yes, the pro forma adjusted test year results include amortization of one-time implementation costs associated with the IBM contract. \$769,363 of the \$1,111,186 shown on line 8 of Schedule D-2.8 Sheet 1 of 2 is NCSC costs charged to Columbia and associated with the IBM contract. This represents 1/3 or one of a proposed three year amortization of \$2,308,090 as shown on D-2.8 sheet 2 of 2. These costs were not deferred. Authorization for deferral of these costs is being sought in this case by witness Kelly L. Humrichouse on page 16 lines 6 through 11 of her testimony.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 56

Please provide the actual Injury and Damages expenses booked by the Company for each of the years 1997 through 2005 and for the test year ended September 2006.

Response of Columbia Gas of Kentucky:

Listed below is the actual injury and damage expense charged to account 925 for the years 1997 through September 2006.

1997	\$348,944
1998	\$115,959
1999	\$110,735
2000	\$658,496
2001	\$215,967
2002	(\$220,563)
2003	\$269,256
2004	(\$14,060)
2005	(\$41,574)
9/30/06	\$154,771

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 57

With regard to professional services expenses, please provide the following information:

- a. In the same format and detail as per filing requirement Schedule F-5, provide a breakout of the professional services expenses (e.g., legal, engineering, accounting, other) included in the pro forma adjusted test year results. [Note: while the Company claims that this filing requirement information is not a requirement of an historic test period filing, the AG is seeking this same information through this request for information].
- b. Provide a detailed listing and dollar breakout of all of the components making up each of the professional service expense categories to be provided in the response to part a above.
- c. Equivalent actual professional service expenses (by the categories identified in part a above) booked in 2003, 2004 and 2005.

Response of Columbia Gas of Kentucky:

- a. Please refer to 2007-00008 AG Set 1-057a Attachment 1 for the requested information. The breakout of expense by function in this attachment differs slightly from the totals filed in 2007-00008 PSC Set 1-028 Format 28. The total has not changed. In summarizing the vendor listing for this response several items were re-categorized to other functions. Columbia Gas of Kentucky receives professional services in two primary ways – through direct engagement and charging (via Columbia Gas of Kentucky) and through NiSource Corporate Services Company. The professional services identified in this response are those engaged by and charged directly to Columbia Gas of Kentucky.
- b. Please refer to 2007-00008 AG Set 1-078 Attachment 1, pages 1, 2, and 3 of 5 for the requested information.
- c. Please refer to 2007-00008 AG Set 1-057c Attachment 1 for the requested information.

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2007-00008
PROFESSIONAL SERVICE EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006

Line No.	Description	Expense Breakdown			Total Company		Jurisdictional %	Base Period		Forecasted Period	
		Rate Case	Annual Audit	Other	Unadjusted	Adjusted		Jurisdictional	Adjusted	Jurisdictional	Adjusted
1.	Legal			1,050		1,050	100%		1,050		1,050
2.	Engineering			10,153,275		10,153,275	100%		10,153,275		10,153,275
3.	Accounting			262,630		262,630	100%		262,630		262,630
4.	Other					973,442	100%		973,442		973,442
	Contract Meter Reading					249,383	100%		249,383		249,383
	Building and Office Equip. Maintenance					52,897	100%		52,897		52,897
	CAP Administration Costs					52,547	100%		52,547		52,547
	One Call System					17,253	100%		17,253		17,253
	Printing/Video Expenses					3,823	100%		3,823		3,823
	Environmental Costs					6,656	100%		6,656		6,656
	Courier Services					1,338	100%		1,338		1,338
	External Computing Services					23,056	100%		23,056		23,056
	Miscellaneous Employee Expenses					5,593	100%		5,593		5,593
	Miscellaneous Auto Expenses										
5.	TOTAL			11,802,943		11,802,943	100%		11,802,943	0	11,802,943

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2007-00008
PROFESSIONAL SERVICE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Line No.	Description	Expense Breakdown			Total Company Unadjusted	Jurisdictional %	Base Period Jurisdictional		Forecasted Period Jurisdictional	
		Rate Case	Annual Audit	Other			Adjusted	Adjusted	Adjusted	Adjusted
		\$ \$ \$ \$					\$ \$		\$ \$	
1.	Legal			3,108	3,108	100%	3,108	3,108		3,108
2.	Engineering			6,051,477	6,051,477	100%	6,051,477	6,051,477		6,051,477
3.	Accounting			588,546	588,546	100%	588,546	588,546		588,546
4.	Other									
	Contract Meter Reading			781,394	781,394	100%	781,394	781,394		781,394
	Building and Office Equip. Maintenance			401,106	401,106	100%	401,106	401,106		401,106
	CAP Administration Costs			58,248	58,248	100%	58,248	58,248		58,248
	One Call System			20,775	20,775	100%	20,775	20,775		20,775
	Printing/Video Expenses			14,661	14,661	100%	14,661	14,661		14,661
	Environmental Costs			28,295	28,295	100%	28,295	28,295		28,295
	Courier Services			9,412	9,412	100%	9,412	9,412		9,412
	External Computing Services			36,209	36,209	100%	36,209	36,209		36,209
	Miscellaneous Employee Expenses			35,291	35,291	100%	35,291	35,291		35,291
	Miscellaneous Auto Expenses			5,595	5,595	100%	5,595	5,595		5,595
5.	TOTAL			8,034,117	8,034,117	100%	8,034,117	8,034,117	0	8,034,117

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2007-00008
PROFESSIONAL SERVICE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004

Line No.	Description	Expense Breakdown			Total Company	Jurisdictional %	Base Period		Forecasted Period	
		Rate Case	Annual Audit	Other			Unadjusted	Adjusted	Jurisdictional	Adjusted
					\$		\$	\$	\$	\$
1.	Legal		0	0	0	100%	0	0		0
2.	Engineering	4,623,731			4,623,731	100%	4,623,731			4,623,731
3.	Accounting	590,391			590,391	100%	590,391			590,391
4.	Other									
	Contract Meter Reading	742,761			742,761	100%	742,761			742,761
	Building and Office Equip. Maintenance	464,301			464,301	100%	464,301			464,301
	CAP Administration Costs	52,348			52,348	100%	52,348			52,348
	One Call System	40,523			40,523	100%	40,523			40,523
	Printing/Video Expenses	15,555			15,555	100%	15,555			15,555
	Environmental Costs	3,370			3,370	100%	3,370			3,370
	Courier Services	14,682			14,682	100%	14,682			14,682
	External Computing Services	28,028			28,028	100%	28,028			28,028
	Miscellaneous Employee Expenses	31,278			31,278	100%	31,278			31,278
	Miscellaneous Auto Expenses	4,696			4,696	100%	4,696			4,696
5.	TOTAL	6,611,665			6,611,665	100%	6,611,665	0		6,611,665

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2007-00008
PROFESSIONAL SERVICE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Line No.	Description	Expense Breakdown			Total Company Unadjusted	Jurisdictional %	Base Period Jurisdictional		Forecasted Period Jurisdictional	
		Rate Case	Annual Audit	Other			Adjusted	Adjusted	Adjusted	Adjusted
1.	Legal			0	0	100%				0
2.	Engineering	5,803,071			5,803,071	100%	5,803,071			5,803,071
3.	Accounting	406,642			406,642	100%	406,642			406,642
4.	Other									
	Contract Meter Reading	799,925			799,925	100%	799,925			799,925
	Building and Office Equip. Maintenance	341,171			341,171	100%	341,171			341,171
	CAP Administration Costs	60,280			60,280	100%	60,280			60,280
	One Call System	64,070			64,070	100%	64,070			64,070
	Printing/Video Expenses	6,976			6,976	100%	6,976			6,976
	Environmental Costs	2,233			2,233	100%	2,233			2,233
	Courier Services	8,470			8,470	100%	8,470			8,470
	External Computing Services	1,424			1,424	100%	1,424			1,424
	Miscellaneous Employee Expenses	20,973			20,973	100%	20,973			20,973
	Miscellaneous Auto Expenses	4,685			4,685	100%	4,685			4,685
5.	TOTAL	7,519,919			7,519,919	100%	7,519,919			7,519,919

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
ORDER DATED APRIL 10, 2007**

Question No. 58

Please provide a dollar breakout, listing and description of each of the following expense accounts:

- a. Account 903 – Customer Records & Collections – Utility Services
- b. Account 905 – Miscellaneous Customer Account expenses
- c. Account 908 – Customer Assistance expenses
- d. Account 910 – Miscellaneous Customer Account expenses
- e. Account 921 – Office Supplies and Expenses
- f. Account 930 – Miscellaneous General expenses.

Response of Columbia Gas of Kentucky:

Schedule C-2-1, page 2 of 2 presents the test year level on lines 58, 60, 67, 69, 82, and 91 respectively. Schedule C-2-2, pages 8 through 11 lists the monthly amounts for the test year, the same month previous year and the net change. The annual percentage change is listed below the annual change. The account descriptions which are consistent with the Federal Energy Regulatory Commission chart of accounts are listed below.

- a. Account 903, Customer Records & Collections – Utility Services, includes the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigation, billing and accounting, collections and complaints.
- b. Account 905, Miscellaneous Customer Account expenses, includes the cost of labor, materials used and expenses incurred not provided for in other accounts.
- c. Account 908, Customer Assistance expenses, includes cost of labor, material used, and expenses incurred in providing instructions or assistance to customers, the object of which is to promote safe, efficient and economical use of gas utility service.
- d. Account 910, Miscellaneous Customer Account expenses, includes cost of labor, material used, and expenses incurred in connection with customer

Attorney General Data Request Set 1
Question No. 58 (Cont'd)
Columbia Gas of Kentucky Respondent: Kelly L. Humrichouse

- e. service and informational activities which are not includible in other customer information expense accounts.
- f. Account 921, Office Supplies and Expenses, includes office supplies and expenses incurred in connection with the general administrative of the Company's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts.
- g. Account 930 – Miscellaneous General expenses, shall include the cost of labor and expense incurred in connection with the general management of the Company not provided for elsewhere.

Supplemental Clarifying Request:

The Attorney General provided a clarification of this request to Columbia after the Company filed its response. The clarification stated "The Company misunderstood the data response AG-1-58. The Company gave a general description of each of the account numbers listed in AG-1-58a through f. This was not requested. What was requested was a detailed dollar breakout and description of all expense items making up the total account for each of the accounts numbers listed. For example, the Company did this already for Account 930 - Miscellaneous General expenses in its response to AG-1-79. We requested and need similar itemized expense breakouts for the expense components making up Accounts 903, 905, 908, 910 and 921. Could you relay these comments to the Company?"

Supplemental Response of Columbia Gas of Kentucky:

Please find 2007-0008 AG Set 1-058 Supplemental Attachment containing a detailed breakout and description of costs included in the identified accounts for the test year. The expense levels are the "per book" amounts and tie to Schedules C-2-1 and C-2-2 as noted in the original response. The information is summarized by activity, by cost element. Individual charges can be reviewed from the trial balance information provided in response to data request PSC Set 1, No. 10.

<u>Gen</u>	<u>Activity</u>	<u>Activity Description</u>	<u>Cost Element</u>	<u>Cost Element Description</u>	<u>Amount</u> \$
Account 903 - Customer Records & Collections - Utility Services					
903	04241	Customer Orders and Requests	2031	Materials & Supplies - Sales Tax (CK)	2
903	04241	Customer Orders and Requests	8990	Other Expenses - General	6
903	04341	Teller Operations	1010	Labor	164,332
903	04341	Teller Operations	2070	Office Supplies	1,903
903	04341	Teller Operations	5025	Meals, Meetings and Entertainment	17
903	04341	Teller Operations	8983	Cash Drawer	(61)
903	04341	Teller Operations	3A21	Armored Car Service	4,532
903	04341	Teller Operations	3F01	Printing	1,827
903	04342	Contract Collectors	3A01	Current Collection Fees	623
903	04342	Contract Collectors	3A03	Delinquent Collection Fees	26,454
903	04343	Bank Service Charges	3A10	Lockbox Service Charges	112,020
903	04343	Bank Service Charges	3A11	Other Service Charges	845
903	04344	Check free	3A02	Check free Service Charge	17,908
903	04411	Collections - on Premise - Expense	1010	Labor	150,596
903	04411	Collections - on Premise - Expense	2020	Materials & Supplies - General	21,122
903	04411	Collections - on Premise - Expense	2031	Materials & Supplies - Sales Tax (CK)	0
903	04411	Collections - on Premise - Expense	5015	Travel and Expenses	121
903	04411	Collections - on Premise - Expense	5025	Meals, Meetings and Entertainment	99
903	04411	Collections - on Premise - Expense	5026	Overtime Meals	89
903	04411	Collections - on Premise - Expense	5027	Meal Reimbursement	16
903	04411	Collections - on Premise - Expense	9541	Auto Costs Cleared	2,345
903	04411	Collections - on Premise - Expense	9542	Truck Costs Cleared	33,036
903	04411	Collections - on Premise - Expense	9550	General Tool Costs Cleared	22
903	04411	Collections - on Premise - Expense	3E30	Short Term Temporary Employees	7,722
903	04411	Collections - on Premise - Expense	3E33	Contract Employee Services	69,825
903	04412	Collections - on Non Pay - Expense	1010	Labor	171,493
903	04412	Collections - on Non Pay - Expense	2020	Materials & Supplies - General	904
903	04412	Collections - on Non Pay - Expense	5015	Travel and Expenses	119
903	04412	Collections - on Non Pay - Expense	5025	Meals, Meetings and Entertainment	99
903	04412	Collections - on Non Pay - Expense	5026	Overtime Meals	2,558
903	04412	Collections - on Non Pay - Expense	9541	Auto Costs Cleared	2,243
903	04412	Collections - on Non Pay - Expense	9542	Truck Costs Cleared	37,464
903	04412	Collections - on Non Pay - Expense	9550	General Tool Costs Cleared	53
903	04415	Collections - Dormant Account Survey	1010	Labor	570
903	04415	Collections - Dormant Account Survey	9542	Truck Costs Cleared	164
903	04441	Collections - Office - Company	1010	Labor	20,053
903	04441	Collections - Office - Company	2020	Materials & Supplies - General	20
903	04441	Collections - Office - Company	3E30	Short Term Temporary Employees	18,302
903	04441	Collections - Office - Company	3E33	Contract Employee Services	5,971
903	04442	Collections - Office - Contract	3A03	Delinquent Collection Fees	26,483
903	04444	Theft of Service	8810	Management Services	(1,876)
903	04641	Customer Billing and Accounting	1010	Labor	47,233
903	04642	Rendering Bills	2060	Postage	702
903	04642	Rendering Bills	2081	Xerox Duplication	100
903	04642	Rendering Bills	8010	Management Services	1,083
903	04643	Mainframe Printing	8010	Management Services	3,324
903	04741	Training General	1010	Labor	1,106
903	04801	Customer Service	1010	Labor	251,568
903	04801	Customer Service	2020	Materials & Supplies - General	2,940
903	04801	Customer Service	2060	Postage	2,368
903	04801	Customer Service	2070	Office Supplies	1,434
903	04801	Customer Service	5015	Travel and Expenses	400
903	04801	Customer Service	5017	Employee Recognition	1,698
903	04801	Customer Service	5025	Meals, Meetings and Entertainment	392
903	04801	Customer Service	8990	Other Expenses - General	1,527
903	04801	Customer Service	3E30	Short Term Temporary Employees	16,933
903	04801	Customer Service	3A20	Courier Service (UPS, FedEx, etc.)	28
903	04801	Customer Service	3F01	Printing	169
903	04801	Customer Service	3F10	Film, Video and Audio Services	749
903	04801	Customer Service	3K03	Communication Tower Maintenance	98
903	04801	Customer Service	3K30	EDP Maintenance Agreements	1,080

<u>Gen</u>	<u>Activity</u>	<u>Activity Description</u>	<u>Cost Element</u>	<u>Cost Element Description</u>	<u>Amount</u>
					\$
903	04804	Manager and Staff	1010	Labor	124,491
903	04804	Manager and Staff	2020	Materials & Supplies - General	76
903	04804	Manager and Staff	2070	Office Supplies	(10)
903	04804	Manager and Staff	2081	Xerox Duplication	32
903	04804	Manager and Staff	5015	Travel and Expenses	31
903	04804	Manager and Staff	5019	Company Use of Personal Vehicle	251
903	04804	Manager and Staff	5025	Meals, Meetings and Entertainment	926
903	07404	Customer Relations	1010	Labor	31,035
903	07424	CAP Administration	1010	Labor	35,912
903	07424	CAP Administration	5025	Meals, Meetings and Entertainment	17
903	08190	Miscellaneous General Expenses	8010	Management Services	11
Total Account 903					<u>1,427,727</u>

Account 905 - Miscellaneous Customer Account Expenses

905	00042	District, Supervision/Engineering	8941	Symbolic Atonement	710
905	00441	Telephone (include PBX)	6040	Telephone	1,848
905	00443	Switchboard Labor	1010	Labor	349
905	00447	Telephone - Leased Lines	6040	Telephone	436
905	00448	Toll Charges	6040	Telephone	(3)
905	00991	Administrative - Other	5015	Travel and Expenses	403
905	04991	Other - Other	1010	Labor	866
905	04991	Other - Other	3A30	Destruction of Company Records	1,953
Total Account 905					<u>6,561</u>

Account 908 - Customer Assistance Expenses

908	OR200	CKY Builder/Developer Multi Family	3A20	Courier Service (UPS, FedEx, etc.)	14
908	00100	CKY Community Relations	3K32	Office Machines Maintenance Agreements	80
908	05000	Sales & Service	1010	Labor	79,604
908	05000	Sales & Service	2020	Materials & Supplies - General	5,400
908	05000	Sales & Service	3F02	Graphic Design	975
908	05000	Sales & Service	5015	Travel and Expenses	2,173
908	05000	Sales & Service	5016	Meeting/Seminar Registration Fees	300
908	05000	Sales & Service	5020	Donations to Charitable Organizations	1,000
908	05000	Sales & Service	5025	Meals, Meetings and Entertainment	9,123
908	05000	Sales & Service	5050	Dues, Professional & Civic Organizations	500
908	05000	Sales & Service	8960	Marketing Fees (Rebates, Promotional)	4,000
908	05000	Sales & Service	9541	Auto Costs Cleared	77
908	05900	Inside Sales/Marketing	1010	Labor	2,722
Total Account 908					<u>105,967</u>

Account 910 - Miscellaneous Customer Account Expense

910	00441	Telephone (include PBX)	6040	Telephone	54
910	00443	Switchboard Labor	1010	Labor	111
Total Account 910					<u>165</u>

<u>Gen</u>	<u>Activity</u>	<u>Activity Description</u>	<u>Cost Element</u>	<u>Cost Element Description</u>	<u>Amount</u> \$
Account 921 - Office Supplies and Expenses					
921	00144	Customer Accounting	6010	Natural Gas/Propane	522
921	00145	Marketing, Gas Utilization	6010	Natural Gas/Propane	7,173
921	05900	Inside Sales/Marketing	2020	Materials & Supplies - General	716
921	05900	Inside Sales/Marketing	2070	Office Supplies	58
921	05900	Inside Sales/Marketing	2080	Office Equipment	12
921	05900	Inside Sales/Marketing	2081	Xerox Duplication	587
921	05900	Inside Sales/Marketing	5015	Travel and Expenses	258
921	05900	Inside Sales/Marketing	5019	Company Use of Personal Vehicle	69
921	05900	Inside Sales/Marketing	5025	Meals, Meetings and Entertainment	359
921	05900	Inside Sales/Marketing	8990	Other Expenses - General	2
921	05900	Inside Sales/Marketing	9370	Ad Agency Fees	(115)
921	06900	Telecommunications	4091	Dedicated Telephone Lines - Monthly	92,703
921	06900	Telecommunications	6040	Telephone	1,461
921	06901	Telephone	6040	Telephone	31,926
921	06912	Facsimile	6040	Telephone	358
921	06950	EMC Unassigned	6040	Telephone	154
921	07100	Finance	5015	Travel and Expenses	34
921	07131	General Accounting	8990	Other Expenses - General	473
921	07185	Shoes, Uniforms, Glasses	2020	Materials & Supplies - General	460
921	07220	Regulatory Policy & Planning/Gov't Affairs	2020	Materials & Supplies - General	1,037
921	07220	Regulatory Policy & Planning/Gov't Affairs	2070	Office Supplies	123
921	07220	Regulatory Policy & Planning/Gov't Affairs	5015	Travel and Expenses	6,183
921	07220	Regulatory Policy & Planning/Gov't Affairs	5016	Meeting/Seminar Registration Fees	1,275
921	07220	Regulatory Policy & Planning/Gov't Affairs	5019	Company Use of Personal Vehicle	2,235
921	07220	Regulatory Policy & Planning/Gov't Affairs	5025	Meals, Meetings and Entertainment	2,783
921	07400	Governmental Affairs	2020	Materials & Supplies - General	1,419
921	07400	Governmental Affairs	2070	Office Supplies	1,394
921	07400	Governmental Affairs	5015	Travel and Expenses	6,645
921	07400	Governmental Affairs	5016	Meeting/Seminar Registration Fees	4,126
921	07400	Governmental Affairs	5019	Company Use of Personal Vehicle	3,091
921	07400	Governmental Affairs	5025	Meals, Meetings and Entertainment	8,663
921	07600	Communications	2020	Materials & Supplies - General	1,079
921	07600	Communications	2070	Office Supplies	33
921	07600	Communications	5015	Travel and Expenses	1,464
921	07600	Communications	5016	Meeting/Seminar Registration Fees	105
921	07600	Communications	5019	Company Use of Personal Vehicle	57
921	07600	Communications	5025	Meals, Meetings and Entertainment	200
921	07600	Communications	8960	Marketing Fees (Rebates, Promotional)	550
921	07600	Communications	8990	Other Expenses - General	1,799
921	07720	Health and Safety	2031	Materials & Supplies - Sales Tax (CK)	22
921	07720	Health and Safety	5016	Meeting/Seminar Registration Fees	150
921	07856	Gas Transportation Service	8960	Marketing Fees (Rebates, Promotional)	(50)
921	08190	Miscellaneous General Expenses	5510	Industry Associations	1,000
921	08190	Miscellaneous General Expenses	8990	Other Expenses - General	28
921	08198	Incentive and Special Payouts	5028	Taxable Employee Cash Awards	66,018
Total Account 921					248,640

Account 930 Miscellaneous General Expense

930	08190	Miscellaneous General Expenses	5510	Industry Associations	41,541
930	08190	Miscellaneous General Expenses	8990	Other Expenses - General	143
Total Account 930					41,684

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 92

The questions in this section refer to the testimony of Paul R. Moul:

With reference to pages 29-34, and Attachments PRM-7, PRM-8, and PRM9, please provide the individual company data and copies of the source documents used in developing the historic and forecasted growth rate data for the gas group. Please provide the data in both hard copy and electronic formats, with all data and formulas intact.

Response of Columbia Gas of Kentucky:

An electronic copy of the dividend yields shown on Attachment PRM-7 was provided as an attachment to the response to AG 90 (2). The electronic work papers for Attachment PRM-8 and PRM-9 are attached. The source documents for IBES/First Call, Zacks, and Reuters are attached. The Value Line pages were provided as an Attachment to AG 89.



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	45	\$34.80
	50	\$50.90

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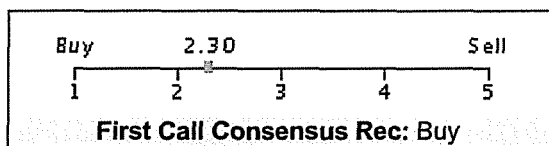
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AGL RESOURCES INC (ATG)

Sector: Public Utilities

Industry: Gas Utilities

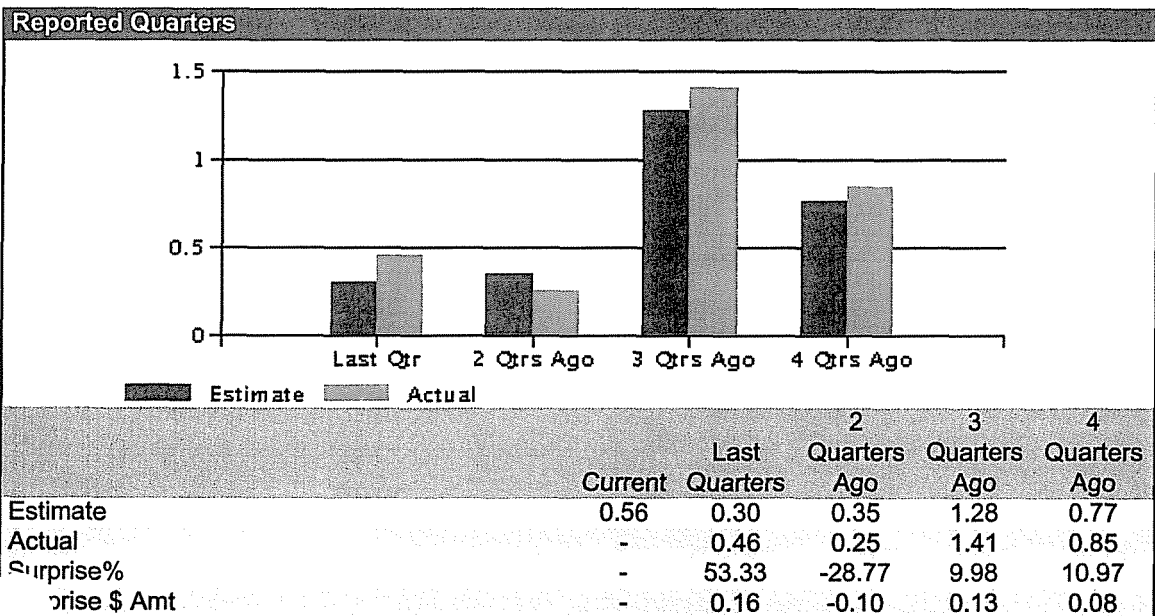
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The Analyst Company Sentiment is **NEUTRAL**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

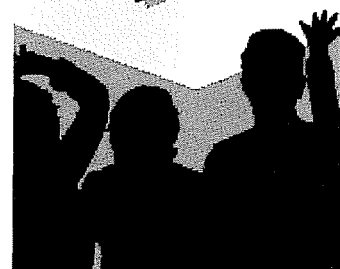
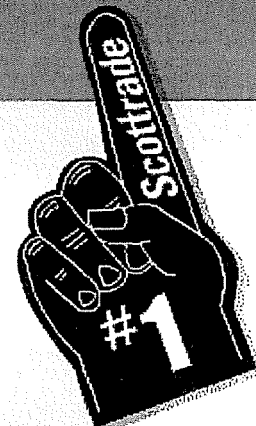
Overview			
Exchange	New York Stock Exchange	5 Year Growth	13.61
52 Week Range	33.74 - 40.00	5 Year Stability	67.49
Current PE	14.34	Annual Dividend	1.48
Beta	0.83	*All prices displayed in local currency	



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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
	Dec 06	8	0.56	0.67	0.52	0.54
	Mar 07	4	1.31	1.43	1.20	1.30
Q3	Jun 07	4	0.38	0.41	0.35	0.39
Q4	Sep 07	4	0.32	0.39	0.25	0.32
FY1	Dec 06	10	2.64	2.68	2.57	2.65
FY2	Dec 07	11	2.70	2.83	2.54	2.70
LTG	-	6	4.21	5.00	3.00	4.13

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	2/ 5	2/ 1	2/ 0	2/ 1
Current Mean Estimate	0.56	1.31	0.38	0.32
Mean 1 Month Ago	0.66	1.31	0.35	0.31
Mean 3 Months Ago	0.70	1.31	0.37	0.31

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	40	\$21.75
	45	\$34.80
	50	\$50.90

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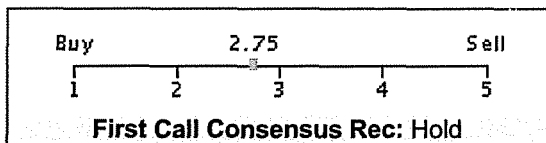
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ATMOS ENERGY CORPORATION (ATO)

Sector: Public Utilities

Industry: Gas Utilities

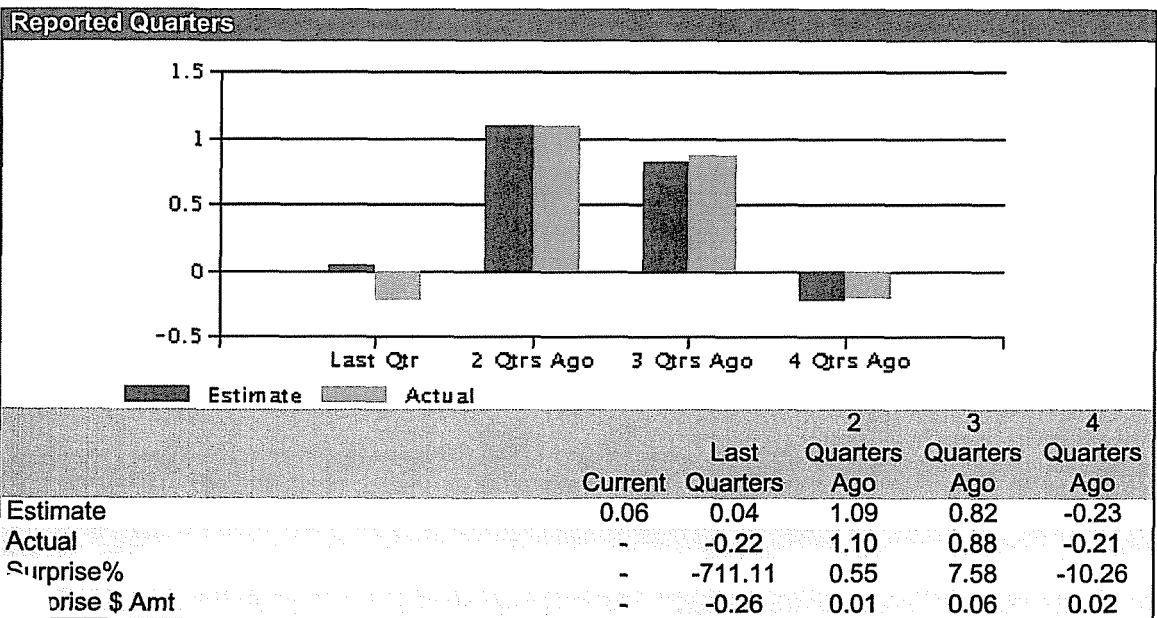
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The Analyst Company Sentiment is NEUTRAL

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	5.60
52 Week Range	25.55 - 31.79	5 Year Stability	159.12
Current PE	17.53	Annual Dividend	1.28
Beta	0.75	*All prices displayed in local currency	



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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
-	Sep 06	4	0.06	0.07	0.04	0.06
-	Dec 06	5	0.92	0.99	0.88	0.92
Q3	Mar 07	5	1.13	1.25	1.03	1.13
Q4	Jun 07	5	0.01	0.08	-0.09	0.01
FY1	Sep 06	5	1.82	1.83	1.80	1.82
FY2	Sep 07	8	1.96	2.03	1.90	1.96
LTG	-	3	5.17	7.00	3.00	5.50

Earnings Momentum				
	09/2006	12/2006	03/2007	06/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 1	0/ 1
# Estimates Up/Down - 1 Month	0/ 0	0/ 0	0/ 1	0/ 1
Current Mean Estimate	0.06	0.92	1.13	0.01
Mean 1 Month Ago	0.00	0.92	1.14	0.06
Mean 3 Months Ago	-0.17	0.89	1.15	0.07

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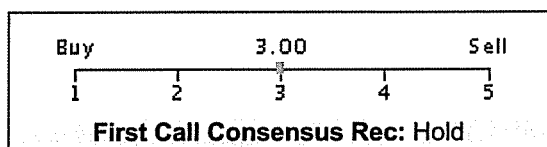
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LACLEDE GROUP INC (LG)

Sector: Public Utilities

Industry: Gas Utilities

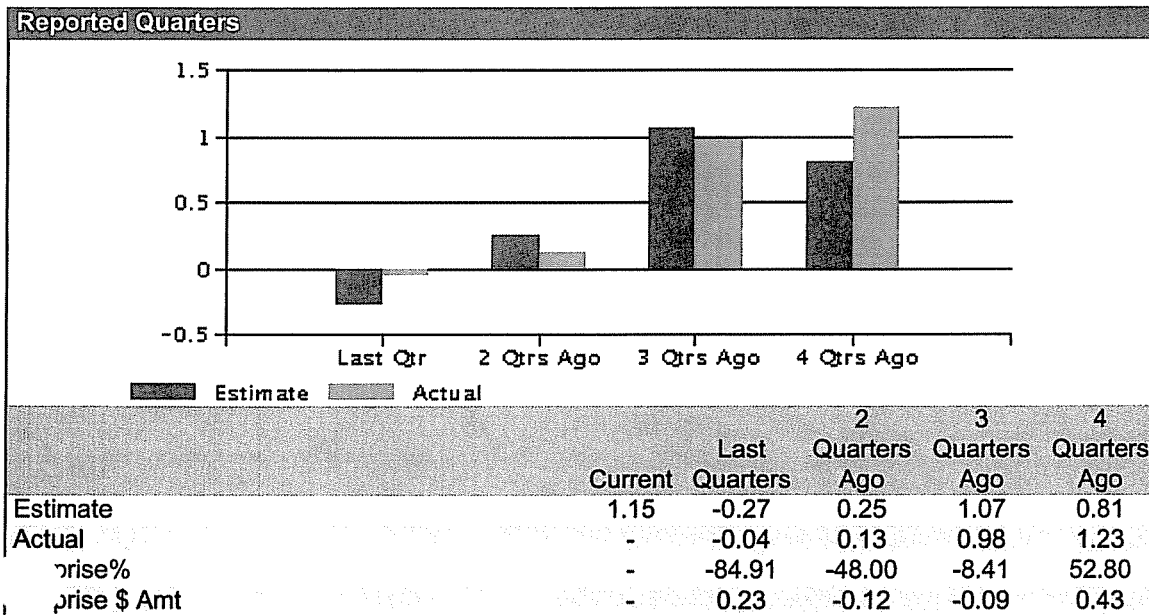
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The Analyst Company Sentiment is NEUTRAL

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	-5.96
52 Week Range	28.84 - 36.74	5 Year Stability	102.76
Current PE	16.77	Annual Dividend	1.42
Beta	1.09	*All prices displayed in local currency	



Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
	Dec 06	1	1.15	1.15	1.15	1.15
	Mar 07	1	1.00	1.00	1.00	1.00
Q3	Jun 07	1	0.15	0.15	0.15	0.15
Q4	Sep 07	1	-0.20	-0.20	-0.20	-0.20
FY1	Sep 07	2	2.13	2.15	2.10	2.13

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	0/ 0	0/ 0	0/ 0	0/ 0
Current Mean Estimate	1.15	1.00	0.15	-0.20
Mean 1 Month Ago	1.15	1.00	0.15	-0.20
Mean 3 Months Ago	1.00	1.10	0.27	-0.27

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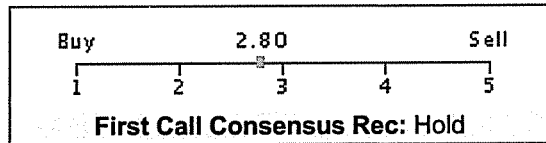
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NEW JERSEY RESOURCES CORP (NJR)

Sector: Public Utilities

Industry: Gas Utilities

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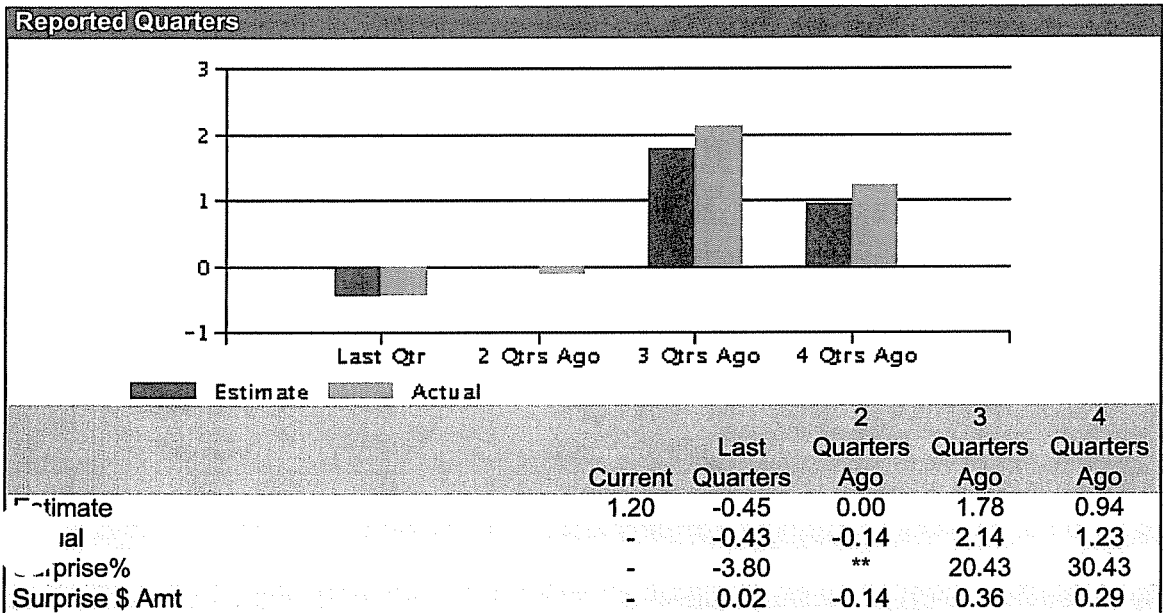


The Analyst Company Sentiment is NO RATING

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors:

Analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	16.45
52 Week Range	41.49 - 52.62	5 Year Stability	202.11
Current PE	17.68	Annual Dividend	1.52
Beta	0.81	*All prices displayed in local currency	



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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	2	1.20	1.25	1.15	1.20
Q2	Mar 07	2	2.09	2.18	2.00	2.09
Q3	Jun 07	2	-0.06	0.00	-0.12	-0.06
Q4	Sep 07	2	-0.36	-0.30	-0.41	-0.36
FY1	Sep 07	5	2.89	2.91	2.85	2.90
FY2	Sep 08	3	2.97	2.99	2.95	2.97
LTG	-	4	5.25	7.00	4.00	5.00

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/0	0/0	0/0	0/0
# Estimates Up/Down - 1 Month	0/0	1/0	0/1	1/0
Current Mean Estimate	1.20	2.09	-0.06	-0.36
Mean 1 Month Ago	1.20	2.08	0.00	-0.40
Mean 3 Months Ago	1.20	2.08	0.00	-0.43

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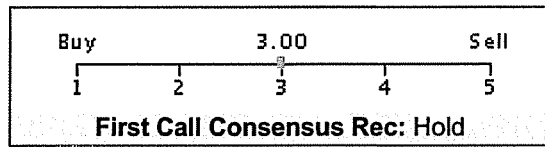
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NICOR INC (GAS)

Sector: Public Utilities

Industry: Gas Utilities

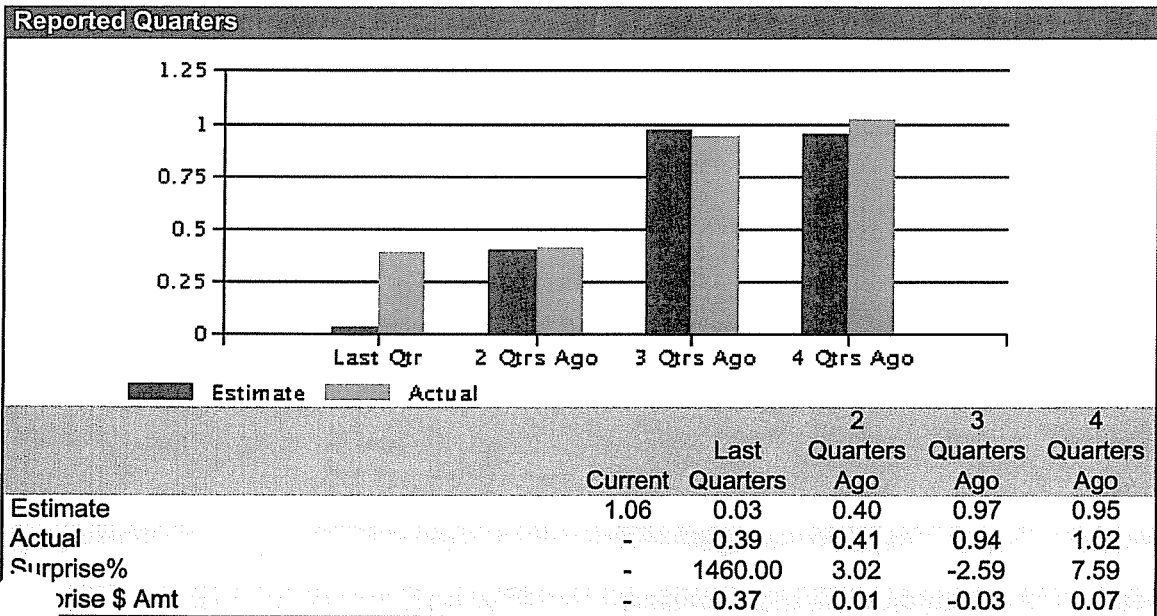
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The Analyst Company Sentiment is NEGATIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	-3.44
52 Week Range	38.72 - 48.79	5 Year Stability	48.96
Current PE	18.43	Annual Dividend	1.86
Beta	0.75	*All prices displayed in local currency	



Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	4	1.06	1.20	0.95	1.04
Q2	Mar 07	1	0.97	0.97	0.97	0.97
Q3	Jun 07	1	0.43	0.43	0.43	0.43
Q4	Sep 07	1	-0.05	-0.05	-0.05	-0.05
FY1	Dec 06	4	2.62	2.72	2.40	2.67
FY2	Dec 07	5	2.62	2.75	2.36	2.75
LTG	-	3	2.67	3.50	1.50	3.00

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/0	0/0	0/0	0/0
# Estimates Up/Down - 1 Month	1/1	0/0	0/0	0/0
Current Mean Estimate	1.06	0.97	0.43	-0.05
Mean 1 Month Ago	1.10	0.97	0.43	-0.05
Mean 3 Months Ago	1.11	0.99	0.40	-0.09

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	40	\$21.75
	45	\$34.80
	50	\$50.90

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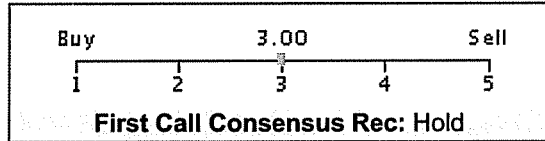
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NORTHWEST NAT GAS CO (NWN)

Sector: Public Utilities

Industry: Gas Utilities

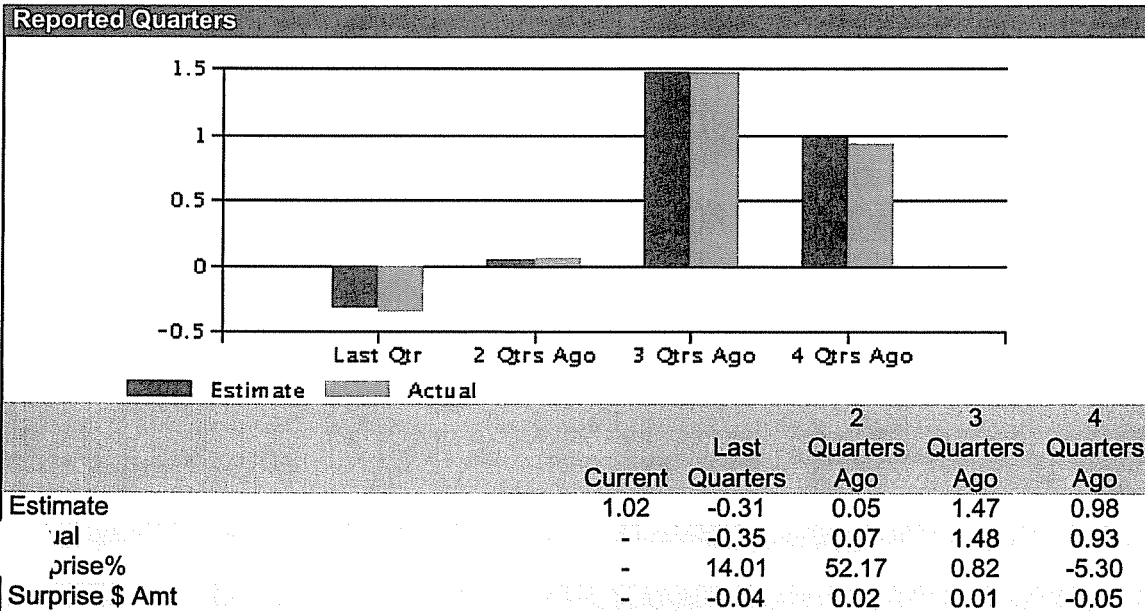
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The Analyst Company Sentiment is POSITIVE

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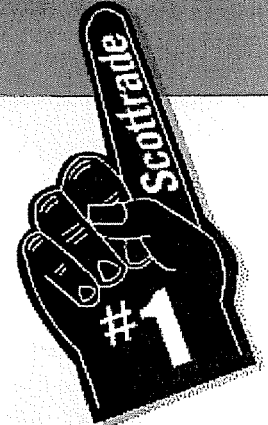
Overview			
Exchange	New York Stock Exchange	5 Year Growth	-14.74
52 Week Range	32.83 - 41.94	5 Year Stability	172.70
Current PE	18.03	Annual Dividend	1.42
Beta	0.92	*All prices displayed in local currency	



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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
	Dec 06	5	1.02	1.05	0.97	1.04
	Mar 07	4	1.53	1.58	1.50	1.52
Q3	Jun 07	4	0.07	0.09	0.06	0.07
Q4	Sep 07	4	-0.30	-0.28	-0.30	-0.30
FY1	Dec 06	7	2.21	2.26	2.15	2.24
FY2	Dec 07	5	2.37	2.39	2.35	2.37
LTG	-	4	4.88	6.00	3.50	5.00

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	1/ 1	1/ 1	0/ 0	1/ 1
# Estimates Up/Down - 1 Month	1/ 1	1/ 1	0/ 0	1/ 1
Current Mean Estimate	1.02	1.53	0.07	-0.30
Mean 1 Month Ago	1.02	1.53	0.07	-0.30
Mean 3 Months Ago	1.03	1.53	0.07	-0.29

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[Following a Surprise](#) | [Peer and Industry Comparisons](#)

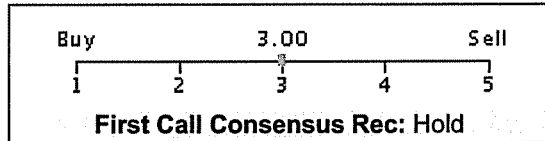
► **Earnings Estimates**

PIEDMONT NATURAL GAS CO (PNY)

Sector: Public Utilities

Industry: Gas Utilities

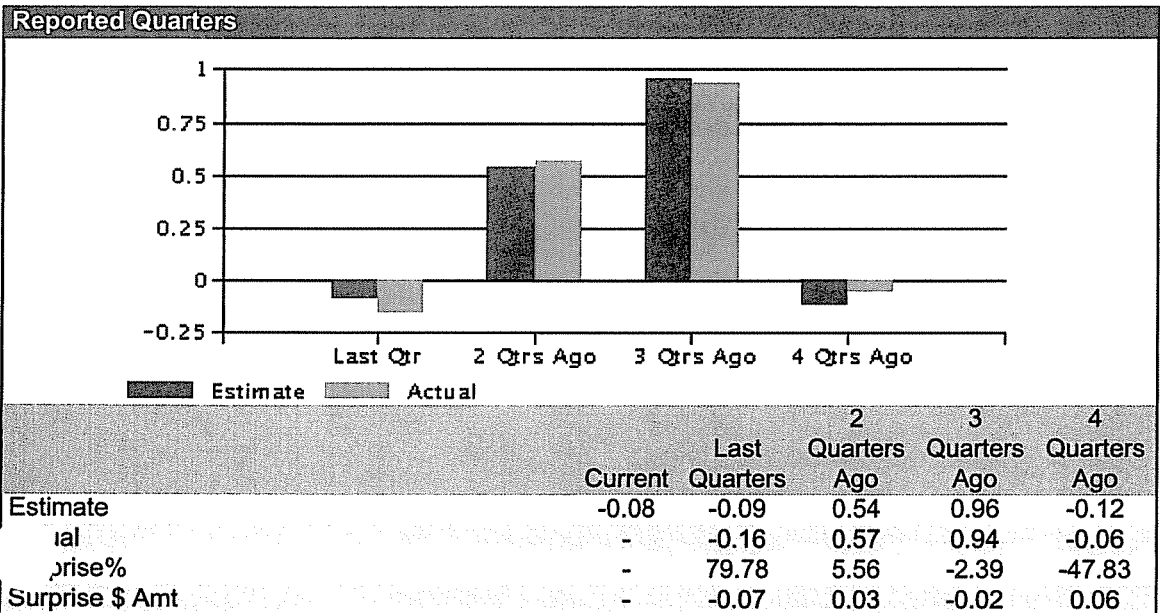
Last Updated: November 11, 2006



The Analyst Company Sentiment is NEUTRAL

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

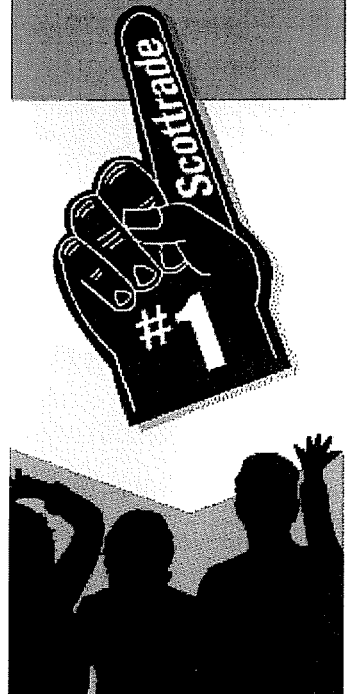
Overview			
Exchange	New York Stock Exchange	5 Year Growth	8.01
52 Week Range	22.01 - 27.27	5 Year Stability	4.29
Current PE	20.83	Annual Dividend	0.96
Beta	0.81	*All prices displayed in local currency	



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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
-	Oct 06	7	-0.08	-0.05	-0.10	-0.10
-	Jan 07	3	0.97	0.98	0.97	0.97
Q3	Apr 07	3	0.59	0.61	0.58	0.59
Q4	Jul 07	3	-0.08	-0.07	-0.08	-0.08
FY1	Oct 06	5	1.29	1.30	1.25	1.30
FY2	Oct 07	8	1.42	1.45	1.38	1.42
LTG	-	2	4.00	4.00	4.00	4.00

Earnings Momentum				
	10/2006	01/2007	04/2007	07/2007
# Estimates Up/Down - 1 Week	0/0	0/0	0/0	0/0
# Estimates Up/Down - 1 Month	0/0	0/0	0/0	0/0
Current Mean Estimate	-0.08	0.97	0.59	-0.08
Mean 1 Month Ago	-0.08	0.97	0.59	-0.08
Mean 3 Months Ago	-0.11	0.98	0.59	-0.08

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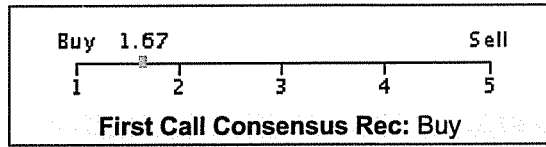
► **Earnings Estimates**

SOUTH JERSEY INDUSTRIES (SJI)

Sector: Public Utilities

Industry: Gas Utilities

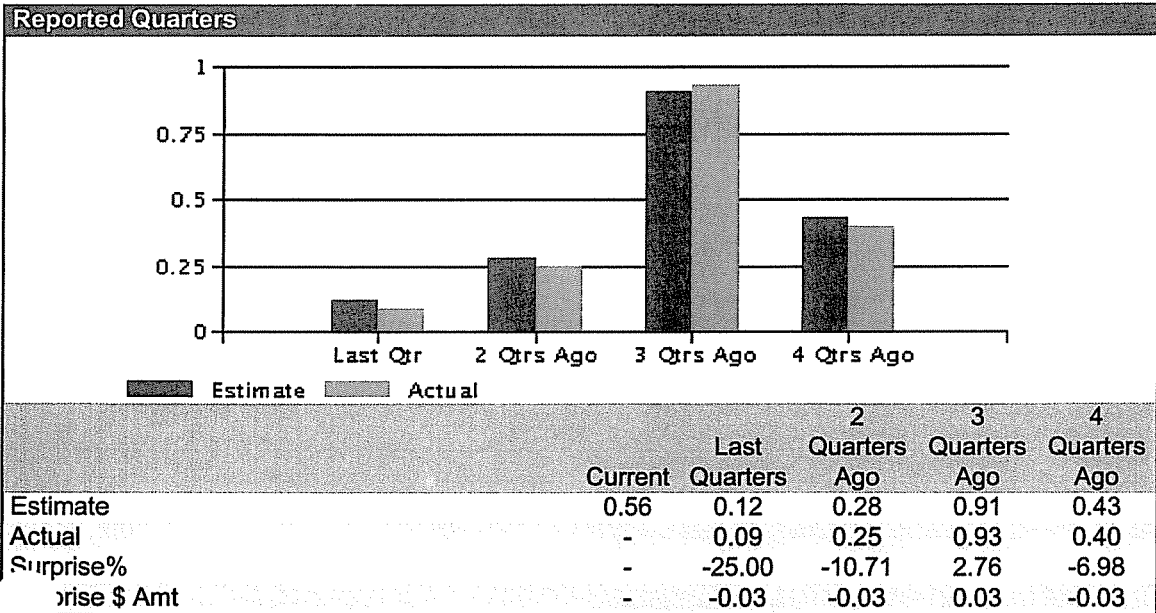
Last Updated: November 11, 2006



The Analyst Company Sentiment is POSITIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	3.03
52 Week Range	25.63 - 31.94	5 Year Stability	213.15
Current PE	17.29	Annual Dividend	0.90
Beta	1.25	*All prices displayed in local currency	



Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	2	0.56	0.58	0.53	0.56
Q2	Mar 07	2	0.98	0.98	0.98	0.98
Q3	Jun 07	2	0.28	0.29	0.27	0.28
Q4	Sep 07	2	0.13	0.13	0.12	0.13
FY1	Dec 06	3	1.83	1.85	1.82	1.83
FY2	Dec 07	3	1.97	1.98	1.95	1.97
LTG	-	3	6.00	6.00	6.00	6.00

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	1/ 0	0/ 0	0/ 1	0/ 1
# Estimates Up/Down - 1 Month	1/ 0	0/ 0	0/ 1	0/ 1
Current Mean Estimate	0.56	0.98	0.28	0.13
Mean 1 Month Ago	0.54	0.98	0.29	0.13
Mean 3 Months Ago	0.54	0.98	0.29	0.13

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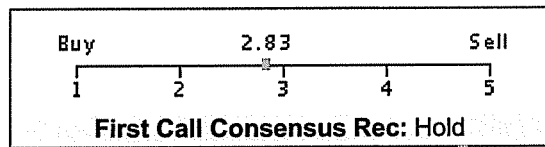
► Earnings Estimates

WGL HOLDING INC (WGL)

Sector: Public Utilities

Industry: Gas Utilities

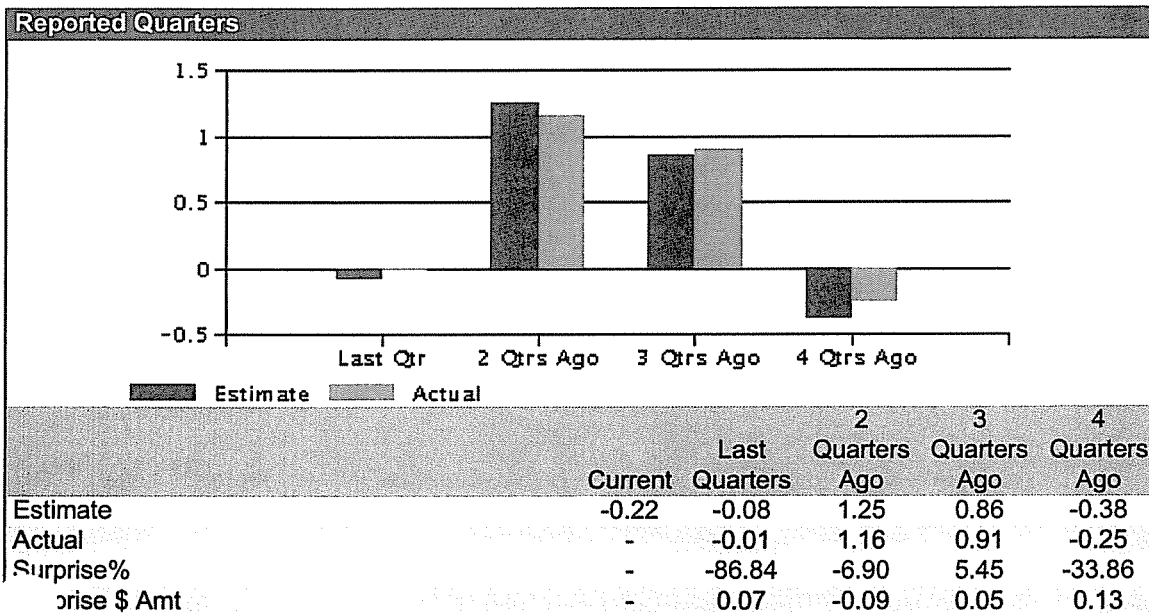
Last Updated: November 11, 2006



The Analyst Company Sentiment is POSITIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	2.76
52 Week Range	27.04 - 33.02	5 Year Stability	16.95
Current PE	17.48	Annual Dividend	1.35
Beta	0.93	*All prices displayed in local currency	



Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
	Sep 06	6	-0.22	-0.19	-0.26	-0.22
	Dec 06	2	0.94	0.95	0.93	0.94
Q3	Mar 07	2	1.21	1.21	1.20	1.21
Q4	Jun 07	2	-0.02	-0.02	-0.02	-0.02
FY1	Sep 06	5	1.84	1.88	1.80	1.85
FY2	Sep 07	5	1.94	1.98	1.90	1.93
LTG	-	4	3.50	4.00	3.00	3.50

Earnings Momentum				
	09/2006	12/2006	03/2007	06/2007
# Estimates Up/Down - 1 Week	0/0	0/0	0/0	0/0
# Estimates Up/Down - 1 Month	0/0	0/0	0/0	0/0
Current Mean Estimate	-0.22	0.94	1.21	-0.02
Mean 1 Month Ago	-0.22	0.94	1.21	-0.02
Mean 3 Months Ago	-0.22	0.93	1.22	-0.06

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s.com Quotes and Research

AGL RES INC (NYSE)ATG 37.93 Δ 0.02 (0.05%) Vol. 107,900

Scottrade 57 Online Stock Trades

10:53 CST

AGL Resources principal business is the distribution of natural gas to customers in central, northwest, northeast and southeast Georgia and the Chattanooga, Tennessee area through its natural gas distribution subsidiary. AGL's major service area is the ten county metropolitan Atlanta area.

General Information

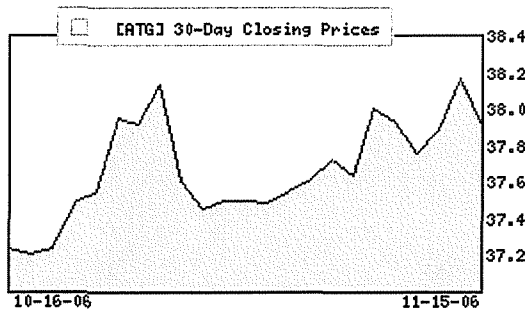
AGL RESOURCES
Ten Peachtree Place NE
Atlanta, GA 30309
Phone: 404 584-4000
Fax: 404 584-3580
Web: www.aglresources.com
Email: scave@aglresources.com

Industry UTIL-GAS DISTR
Sector: Utilities

Fiscal Year End December
Last Reported 09/30/06
Quarter
Next EPS Date 01/25/2007

Price and Volume Information

Zacks Rank ***2***
Yesterday's Close 37.91
Week High 39.70
2 Week Low 33.75
Beta 0.38
20 Day Moving Average 427,270.00
Target Price 40.38
Consensus



% Price Change		% Price Change Relative to S&P 500	
4 Week	1.72	4 Week	0.59
12 Week	6.46	12 Week	-0.22
YTD	8.82	YTD	-1.97

Share Information

Shares Outstanding (millions) 77.88
Market Capitalization (millions) 2,950.06
Short Ratio 5.85
Last Split Date 12/04/1995

Dividend Information

Dividend Yield 3.91%
Annual Dividend \$1.48
Payout Ratio 0.50
Change in Payout Ratio 0.00
Last Dividend Payout / Amount 08/16/2006 / \$0.37

EPS Information

Current Quarter EPS Consensus Estimate 0.61
Current Year EPS Consensus Estimate 2.66
Estimated Long-Term EPS Growth Rate 4.50
EPS Report Date 01/25/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell) 2.38
30 Days Ago 2.38
60 Days Ago 2.38
90 Days Ago 2.38

Fundamental Ratios

P/E	EPS Growth		Sales Growth		
Current FY Estimate:	14.25	vs. Previous Year	142.11%	vs. Previous Year	10.43%
iling 12 Months:	12.75	vs. Previous Quarter	84.00%	vs. Previous Quarter:	-0.46%
3 Ratio	3.17				
Price Ratios	ROE		ROA		
Price/Book	1.87	09/30/06	14.81	09/30/06	3.91
Price/Cash Flow	9.02	06/30/06	13.75	06/30/06	3.52
Price / Sales	1.01	03/31/06	14.35	03/31/06	3.66
Current Ratio	Quick Ratio		Operating Margin		
09/30/06	1.15	09/30/06	0.67	09/30/06	7.94
06/30/06	1.12	06/30/06	0.64	06/30/06	7.32
03/31/06	1.00	03/31/06	0.70	03/31/06	7.51
Net Margin	Pre-Tax Margin		Book Value		
09/30/06	12.72	09/30/06	12.72	09/30/06	20.30
06/30/06	11.75	06/30/06	11.75	06/30/06	20.18
03/31/06	12.01	03/31/06	12.01	03/31/06	20.33
Inventory Turnover	Debt-to-Equity		Debt to Captial		
09/30/06	3.07	09/30/06	1.03	09/30/06	51.38
06/30/06	3.23	06/30/06	1.04	06/30/06	51.44
03/31/06	3.65	03/31/06	0.92	03/31/06	48.47



s.com Quotes and Research

ATMOS ENERGY CORP (NYSE)ATO 32.61 \pm 0.03 (0.09%) Vol. 45,300

Scottrade \$7 Online Stock Trades

10:51 CST

Atmos Energy Corporation distributes and sells natural gas to residential, commercial, industrial, agricultural and other customers. Atmos operates through five divisions in cities, towns and communities in service areas located in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas and Virginia. The Company has entered into an agreement to sell all of its natural gas utility operations in South Carolina. The Company also transports natural gas for others through its distribution system.

General Information

ATMOS ENERGY CP

Three Lincoln Centre, 5430 Lbj Freeway

Suite 1800

Dallas, TX 75240

Phone: 972 934-9227

Fax: -

Web: www.atmosenergy.com

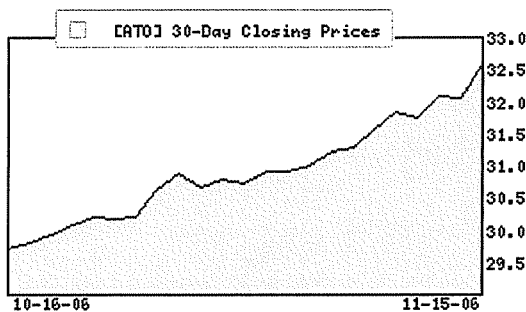
Email: InvestorRelations@atmosenergy.com

Industry UTIL-GAS DISTR
Sector: Utilities

Fiscal Year End September
Last Reported 09/30/06
Quarter
Next EPS Date 02/06/2007

Price and Volume Information

ks Rank 
Yesterday's Close 32.58
52 Week High 32.08
52 Week Low 25.92
Beta 0.33
20 Day Moving Average 220,000.00
Target Price 33.3
Consensus

**% Price Change**

4 Week 7.94
12 Week 11.39
YTD 22.63

% Price Change Relative to S&P 500

4 Week 6.74
12 Week 4.40
YTD 9.68

Share Information

Shares Outstanding (millions) 81.60
Market Capitalization (millions) 2,617.60
Short Ratio 6.75
Last Split Date 05/17/1994

Dividend Information

Dividend Yield 3.93%
Annual Dividend \$1.26
Payout Ratio 0.56
Change in Payout Ratio 0.00
Last Dividend Payout / Amount 08/23/2006 / \$0.31

EPS Information

urrent Quarter EPS Consensus Estimate 0.94
urrent Year EPS Consensus Estimate 1.96
Estimated Long-Term EPS Growth Rate 5.50
Next EPS Report Date 02/06/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell) 2.57
30 Days Ago 2.57
60 Days Ago 2.50
90 Days Ago 2.50

Fundamental Ratios

P/E	EPS Growth		Sales Growth		
Current FY Estimate:	16.38	vs. Previous Year	219.05%	vs. Previous Year	-3.30%
Trailing 12 Months:	14.13	vs. Previous Quarter	525.00%	vs. Previous Quarter:	12.54%
PEG Ratio	2.98				
Price Ratios	ROE		ROA		
Price/Book	1.56	09/30/06	11.00	09/30/06	3.02
Price/Cash Flow	8.22	06/30/06	8.84	06/30/06	2.45
Price / Sales	0.43	03/31/06	8.99	03/31/06	2.53
Current Ratio	Quick Ratio		Operating Margin		
09/30/06	-	09/30/06	-	09/30/06	2.98
06/30/06	1.03	06/30/06	0.60	06/30/06	2.36
03/31/06	1.10	03/31/06	0.78	03/31/06	2.37
Net Margin	Pre-Tax Margin		Book Value		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	3.25	06/30/06	3.25	06/30/06	20.51
03/31/06	3.82	03/31/06	3.82	03/31/06	21.08
Inventory Turnover	Debt-to-Equity		Debt to Capital		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	10.53	06/30/06	1.31	06/30/06	56.71
03/31/06	11.18	03/31/06	1.28	03/31/06	56.11



s.com Quotes and Research

LACLEDE GROUP INC (NYSE)

LG 37.01 ▲ 0.06 (0.16%) Vol. 9,000

Scottrade S7 Online Stock Trades

10:53 CST

The Laclede Group, Inc. is a public utility engaged in the retail distribution and transportation of natural gas. The Company, which is subject to the jurisdiction of the Missouri Public Service Commission, serves the City of St. Louis, St. Louis County, the City of St. Charles, St. Charles County, the town of Arnold, and parts of Franklin, Jefferson, St. Francois, Ste. Genevieve, Iron, Madison and Butler Counties, all in Missouri.

General Information

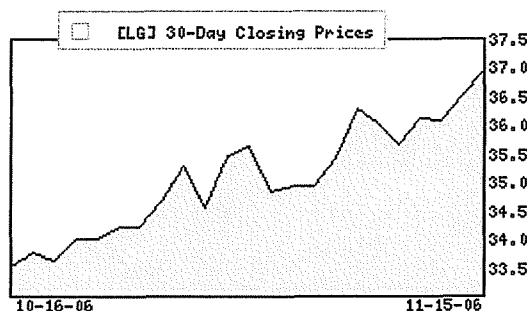
LACLEDE GRP INC
720 Olive Street
St. Louis, MO 63101
Phone: 314-342-0500
Fax: -
Web: www.thelacledegroupp.com
Email: investorservices@lacledegas.com

Industry UTIL-GAS DISTR
Sector Utilities

Fiscal Year End September
Last Reported 09/30/06
Quarter
Next EPS Date 01/25/2007

Price and Volume Information

Zacks Rank **1B**
Yesterday's Close 36.95
Week High 36.30
52 Week Low 29.02
Beta 0.48
20 Day Moving Average 79,160.00
Target Price N/A
Consensus



% Price Change		% Price Change Relative to S&P 500	
4 Week	7.61	4 Week	6.41
12 Week	12.90	12 Week	5.81
YTD	23.49	YTD	11.75

Share Information

Shares Outstanding (millions) 21.36
Market Capitalization (millions) 770.35
Short Ratio 17.04
Last Split Date 03/08/1994

Dividend Information

Dividend Yield 3.94%
Annual Dividend \$1.42
Payout Ratio 0.60
Change in Payout Ratio 0.00
Last Dividend Payout / Amount 09/07/2006 / \$0.35

EPS Information

Current Quarter EPS Consensus Estimate N/A
Current Year EPS Consensus Estimate 2.13
Estimated Long-Term EPS Growth Rate -
Next EPS Report Date 01/25/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell) 3.00
30 Days Ago 3.00
60 Days Ago 3.00
90 Days Ago 3.00

Fundamental Ratios

P/E	EPS Growth		Sales Growth		
Current FY Estimate:	16.91	vs. Previous Year	83.33%	vs. Previous Year	0.87%
Trailing 12 Months:	15.22	vs. Previous Quarter	-130.77%	vs. Previous Quarter:	-18.62%
Debt Ratio	-				
Price Ratios	ROE		ROA		
Price/Book	1.89	09/30/06	12.53	09/30/06	3.29
Price/Cash Flow	11.42	06/30/06	11.74	06/30/06	3.09
Price / Sales	0.39	03/31/06	12.78	03/31/06	3.43
Current Ratio	Quick Ratio		Operating Margin		
09/30/06	-	09/30/06	-	09/30/06	2.53
06/30/06	1.15	06/30/06	0.88	06/30/06	2.32
03/31/06	1.01	03/31/06	0.88	03/31/06	2.51
Net Margin	Pre-Tax Margin		Book Value		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	3.34	06/30/06	3.34	06/30/06	19.08
03/31/06	3.63	03/31/06	3.63	03/31/06	19.28
Inventory Turnover	Debt-to-Equity		Debt to Capital		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	13.28	06/30/06	0.97	06/30/06	49.24
03/31/06	13.19	03/31/06	0.83	03/31/06	45.30



.com Quotes and Research

NEW JERSEY RES (NYSE)

NJR 52.55 N/A (N/A%)

Vol. 24,200

Scottrade S7 Online Stock Trades

10:55 CST

NJ RESOURCES is an exempt energy svcs holding company providing retail & wholesale natural gas & related energy services to customers from the Gulf Coast to New England. Subsidiaries include: (1) N J Natural Gas Co, a natural gas distribution company that provides regulated energy & appliance services to residential, commercial & industrial customers in central & northern N J. (2) NJR Energy Holdings Corp formerly NJR Energy Svcs Corp & (3) NJR Development Corp, a sub-holding company of NJR, which includes the Company's remaining unregulated operating subsidiaries.

General Information

NJ RESOURCES

1415 Wyckoff Road

Wall, NJ 07719

Phone: 732 938-1480

Fax: -


Web: www2.njresources.com

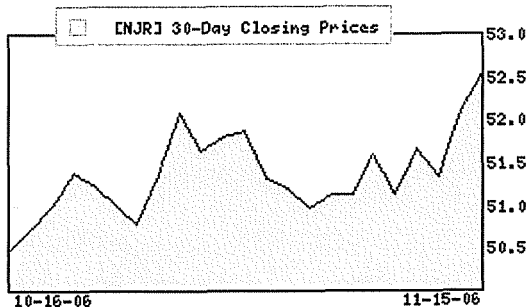
Email: investcont@njresources.com

Industry UTIL-GAS DISTR
Sector: Utilities

Fiscal Year End September
Last Reported 09/30/06
Quarter
Next EPS Date 02/05/2007

Price and Volume Information

Zacks Rank 
Yesterday's Close 52.55
52 Week High 52.08
52 Week Low 41.77
Beta 0.06
20 Day Moving Average 121,415.00
Target Price 46.5
Consensus

**% Price Change**

4 Week 1.70
12 Week 5.57
YTD 22.53

% Price Change Relative to S&P 500

4 Week 0.57
12 Week -1.05
YTD 11.50

Share Information

Shares Outstanding (millions) 28.08
Market Capitalization (millions) 1,441.35
Short Ratio 13.78
Last Split Date 03/04/2002

Dividend Information

Dividend Yield 2.81%
Annual Dividend \$1.44
Payout Ratio 0.51
Change in Payout Ratio 0.00
Last Dividend Payout / Amount 09/13/2006 / \$0.36

EPS Information

Current Quarter EPS Consensus Estimate 1.20
Next Year EPS Consensus Estimate 2.89
Estimated Long-Term EPS Growth Rate 6.00
Next EPS Report Date 02/05/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell) 2.33
30 Days Ago 2.33
60 Days Ago 2.33
90 Days Ago 2.33

Fundamental Ratios

P/E	EPS Growth		Sales Growth		
Current FY Estimate:	17.78	vs. Previous Year	-152.94%	vs. Previous Year	-21.96%
Trailing 12 Months:	18.33	vs. Previous Quarter	-207.14%	vs. Previous Quarter:	-0.30%
PEG Ratio	2.96				
Price Ratios	ROE		ROA		
Price/Book	2.42	09/30/06	13.54	09/30/06	3.57
Price/Cash Flow	12.87	06/30/06	15.73	06/30/06	3.88
Price / Sales	0.44	03/31/06	17.41	03/31/06	4.28
Current Ratio	Quick Ratio		Operating Margin		
09/30/06	-	09/30/06	-	09/30/06	2.38
06/30/06	1.15	06/30/06	0.54	06/30/06	2.48
03/31/06	1.24	03/31/06	0.83	03/31/06	2.64
Net Margin	Pre-Tax Margin		Book Value		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	3.97	06/30/06	3.97	06/30/06	21.25
03/31/06	4.23	03/31/06	4.23	03/31/06	22.36
Inventory Turnover	Debt-to-Equity		Debt to Capital		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	12.61	06/30/06	0.56	06/30/06	35.92
03/31/06	16.01	03/31/06	0.54	03/31/06	35.13



s.com Quotes and Research

NICOR INC (NYSE)

GAS 49.36 ▲ 0.05 (0.10%) Vol. 51,200

Scottrade S7 Online Stock Trades

10:57 CST

NICOR Inc. is a holding company. Its principal subsidiaries are Northern Illinois Gas Company, one of the nation's largest distributors of natural gas, and Tropical Shipping, one of the leading transporters of containerized freight in the Caribbean. Gas distribution is Nicor's primary business, representing the majority of consolidated operating income and assets. Nicor also owns several energy-related subsidiaries and is a partner in Nicor Energy, a provider of unregulated energy products and services.


General Information**NICOR INC**

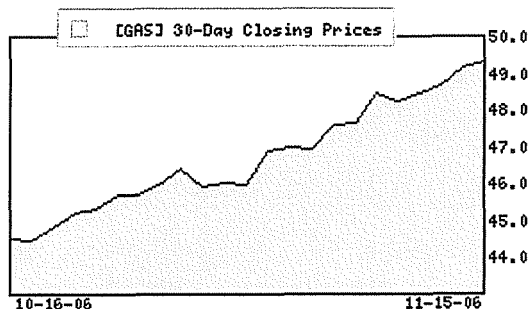
1844 Ferry Road
Naperville, IL 60563-9600
Phone: 630 305-9500
Fax: 630 983-9328
Web: www.nicor.com
Email: None

Industry UTIL-GAS DISTR
Sector: Utilities

Fiscal Year End December
Last Reported 09/30/06
Quarter
Next EPS Date 02/23/2007

Price and Volume Information

Stocks Rank 
Yesterday's Close 49.31
52 Week High 48.68
52 Week Low 38.91
Beta 0.81
20 Day Moving Average 351,240.00
Target Price 44
Consensus

**% Price Change**

4 Week 9.37
12 Week 12.45
YTD 23.84

% Price Change Relative to S&P 500

4 Week 8.15
12 Week 5.39
YTD 11.41

Share Information

Shares Outstanding (millions) 44.54
Market Capitalization (millions) 2,168.06
Short Ratio 19.47
Last Split Date 04/27/1993

Dividend Information

Dividend Yield 3.82%
Annual Dividend \$1.86
Payout Ratio 0.70
Change in Payout Ratio 0.00
Last Dividend Payout / Amount 09/27/2006 / \$0.47

EPS Information

Current Quarter EPS Consensus Estimate 1.02
Current Year EPS Consensus Estimate 2.64
Estimated Long-Term EPS Growth Rate 2.50
Next EPS Report Date 02/23/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell) 3.00
30 Days Ago 3.00
60 Days Ago 3.00
90 Days Ago 3.00

Fundamental Ratios

	EPS Growth		Sales Growth		
Current FY Estimate:	18.46	vs. Previous Year	566.67%	vs. Previous Year	4.49%
Trailing 12 Months:	18.37	vs. Previous Quarter	-31.71%	vs. Previous Quarter:	-22.20%
PEG Ratio	7.39				
Price Ratios		ROE		ROA	
Price/Book	2.62	09/30/06	14.21	09/30/06	2.95
Price/Cash Flow	7.86	06/30/06	12.56	06/30/06	2.55
Price / Sales	0.62	03/31/06	12.36	03/31/06	2.49
Current Ratio		Quick Ratio		Operating Margin	
09/30/06	0.69	09/30/06	0.49	09/30/06	3.38
06/30/06	0.71	06/30/06	0.67	06/30/06	2.95
03/31/06	0.77	03/31/06	0.75	03/31/06	2.84
Net Margin		Pre-Tax Margin		Book Value	
09/30/06	4.52	09/30/06	4.52	09/30/06	18.60
06/30/06	3.65	06/30/06	3.65	06/30/06	18.66
03/31/06	4.72	03/31/06	4.72	03/31/06	18.97
Inventory Turnover		Debt-to-Equity		Debt to Capital	
09/30/06	21.86	09/30/06	0.55	09/30/06	35.67
06/30/06	16.93	06/30/06	0.57	06/30/06	36.22
03/31/06	16.33	03/31/06	0.57	03/31/06	36.42



s.com Quotes and Research

NORTHWEST NAT GAS CO (NYSE)NWN 41.07 Δ 0.17 (0.42%) Vol. 27,100

Scottrade 57 Online Stock Trades

10:57 CST

NW Natural is principally engaged in the distribution of natural gas. The Oregon Public Utility Commission (OPUC) has allocated to NW Natural as its exclusive service area a major portion of western Oregon, including the Portland metropolitan area, most of the fertile Willamette Valley and the coastal area from Astoria to Coos Bay. NW Natural also holds certificates from the Washington Utilities and Transportation Commission (WUTC) granting it exclusive rights to serve portions of three Washington counties bordering the Columbia River.

General Information

NORTHWEST NAT G

220 N.W. Second Avenue

Portland, OR 97209

Phone: 503 226-4211

Fax: 503 273-4824

Web: www.nwnatural.com

Email: investorinformation@nwnatural.com

Industry UTIL-GAS DISTR
Sector: Utilities

Fiscal Year End December

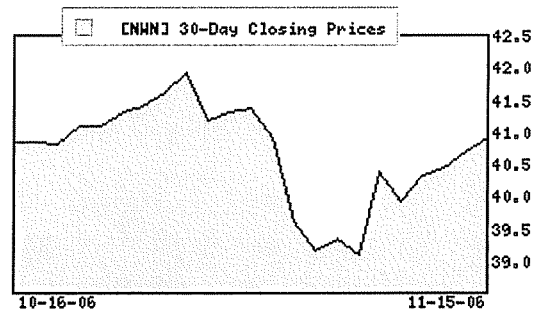
Last Reported 09/30/06

Quarter

Next EPS Date 02/15/2007

Price and Volume Information

Stocks Rank	B
Yesterday's Close	40.90
52 Week High	41.93
52 Week Low	33.27
Beta	0.14
20 Day Moving Average	118,250.00
Target Price	41.33
Consensus	

**% Price Change**

4 Week	-1.00
12 Week	6.25
YTD	18.29

% Price Change Relative to S&P 500

4 Week	-2.10
12 Week	-0.41
YTD	6.64

Share Information

Shares Outstanding (millions)	27.55
Market Capitalization (millions)	1,113.77
Short Ratio	13.54
Last Split Date	09/09/1996

Dividend Information

Dividend Yield	3.51%
Annual Dividend	\$1.42
Payout Ratio	0.65
Change in Payout Ratio	0.00
Last Dividend Payout / Amount	10/27/2006 / \$0.35

EPS Information

Current Quarter EPS Consensus Estimate	1.02
Next Year EPS Consensus Estimate	2.22
Estimated Long-Term EPS Growth Rate	4.90
Next EPS Report Date	02/15/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell)	2.86
30 Days Ago	2.57
60 Days Ago	2.57
90 Days Ago	2.57

Fundamental Ratios

P/E	EPS Growth		Sales Growth		
Current FY Estimate:	18.22	vs. Previous Year	-12.90%	vs. Previous Year	158.61%
Trailing 12 Months:	18.98	vs. Previous Quarter	-600.00%	vs. Previous Quarter:	-32.79%
PEG Ratio	3.72				
Price Ratios	ROE		ROA		
Price/Book	1.88	09/30/06	9.81	09/30/06	3.15
Price/Cash Flow	9.30	06/30/06	10.06	06/30/06	3.10
Price / Sales	2.16	03/31/06	10.00	03/31/06	3.08
Current Ratio	Quick Ratio		Operating Margin		
09/30/06	0.84	09/30/06	0.43	09/30/06	11.46
06/30/06	0.92	06/30/06	0.52	06/30/06	13.49
03/31/06	1.02	03/31/06	0.84	03/31/06	13.83
Net Margin	Pre-Tax Margin		Book Value		
09/30/06	17.94	09/30/06	17.94	09/30/06	21.51
06/30/06	21.10	06/30/06	21.10	06/30/06	22.15
03/31/06	21.63	03/31/06	21.63	03/31/06	22.43
Inventory Turnover	Debt-to-Equity		Debt to Capital		
09/30/06	8.60	09/30/06	0.83	09/30/06	45.37
06/30/06	8.61	06/30/06	0.81	06/30/06	44.61
03/31/06	9.69	03/31/06	0.81	03/31/06	44.76



Zacks.com Quotes and Research

PIEDMONT NAT GAS INC (NYSE)PNY 28.10 Δ 0.15 (0.54%) Vol. 37,900

Scottrade S7 Online Stock Trades

10:57 CST

Piedmont Natural Gas Co, Inc., is an energy and services company engaged in the transportation and sale of natural gas and the sale of propane to residential, commercial and industrial customers in North Carolina, South Carolina and Tennessee. The Company is the second-largest natural gas utility in the southeast. The Company and its non-utility subsidiaries and divisions are also engaged in acquiring, marketing and arranging for the transportation and storage of natural gas for large-volume purchasers, and in the sale of propane to customers in the Company's three-state service area.

General Information

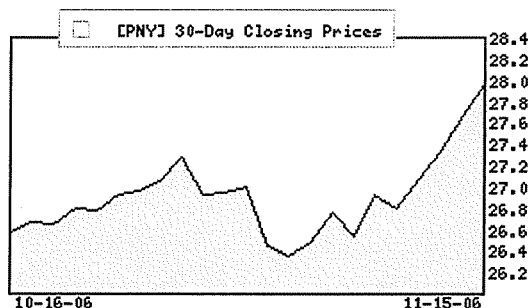
PIEDMONT NAT GA
4720 Piedmont Row Drive
Charlotte, NC 28210
Phone: 704 364-3120
Fax: 704 364-1395
Web: www.piedmontng.com
Email: headen.thomas@piedmontng.com

Industry UTIL-GAS DISTR
Sector Utilities

Fiscal Year End October
Last Reported 10/31/06
Quarter
Next EPS Date 12/08/2006

Price and Volume Information

Zacks Rank
Yesterday's Close 27.95
52 Week High 27.33
52 Week Low 22.53
Beta 0.35
20 Day Moving Average 171,175.00
Target Price 27
Consensus

**% Price Change**

4 Week 2.86
12 Week 5.93
YTD 13.12

% Price Change Relative to S&P 500

4 Week 1.72
12 Week -0.72
YTD 1.28

Share Information

Shares Outstanding (millions) 75.33
Market Capitalization (millions) 2,058.69
Short Ratio 26.65
Last Split Date 04/01/1993

Dividend Information

Dividend Yield 3.51%
Annual Dividend \$0.96
Payout Ratio 0.00
Change in Payout Ratio 0.00
Last Dividend Payout / Amount 09/20/2006 / \$0.24

EPS Information

Current Quarter EPS Consensus Estimate -0.08
Current Year EPS Consensus Estimate 1.31
Estimated Long-Term EPS Growth Rate 5.60
Next EPS Report Date 12/08/2006

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell) 2.89
30 Days Ago 2.89
60 Days Ago 2.89
90 Days Ago 2.63

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	19.31	vs. Previous Year	-166.67%	vs. Previous Year	2.13%
Trailing 12 Months:	21.19	vs. Previous Quarter	-128.07%	vs. Previous Quarter:	-50.77%
PEG Ratio	3.45				
Price Ratios		ROE		ROA	
Price/Book	2.28	10/31/06	-	10/31/06	-
Price/Cash Flow	10.88	07/31/06	10.76	07/31/06	3.67
Price / Sales	-	04/30/06	11.60	04/30/06	4.04
Current Ratio		Quick Ratio		Operating Margin	
10/31/06	-	10/31/06	-	10/31/06	-
07/31/06	1.41	07/31/06	0.94	07/31/06	4.96
04/30/06	0.93	04/30/06	0.71	04/30/06	5.37
Net Margin		Pre-Tax Margin		Book Value	
10/31/06	-	10/31/06	-	10/31/06	-
07/31/06	8.12	07/31/06	8.12	07/31/06	11.98
04/30/06	8.80	04/30/06	8.80	04/30/06	12.19
Inventory Turnover		Debt-to-Equity		Debt to Capital	
10/31/06	-	10/31/06	-	10/31/06	-
07/31/06	9.96	07/31/06	0.91	07/31/06	47.77
04/30/06	10.45	04/30/06	0.67	04/30/06	40.18



s.com Quotes and Research

SOUTH JERSEY INDS INC (NYSE)

SJI 32.89 ▲ 0.05 (0.15%) Vol. 15,200

Scottrade S7 Online Stock Trades

10:59 CST

South Jersey Inds Inc. is engaged in the business of operating, through subsidiaries, various business enterprises. The company's most significant subsidiary is South Jersey Gas Company (SJG). SJG is a public utility company engaged in the purchase, transmission and sale of natural gas for residential, commercial and industrial use. SJG also makes off-system sales of natural gas on a wholesale basis to various customers on the interstate pipeline system and transports natural gas.


General Information**SOUTH JERSEY IN**

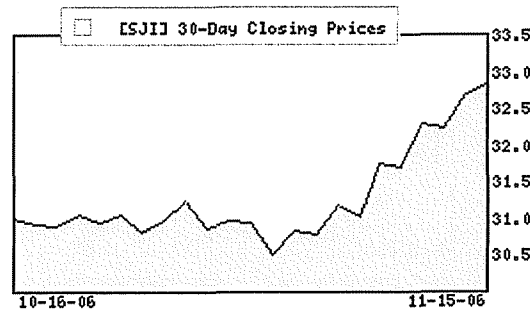
1 South Jersey Plaza
Folsom, NJ 08037
Phone: 609 561-9000
Fax: 609-704-1608
Web: www.sjindustries.com
Email: investorrelations@sjindustries.com

Industry UTIL-GAS DISTR
Sector Utilities

Fiscal Year End December
Last Reported 09/30/06
Quarter
Next EPS Date 03/05/2007

Price and Volume Information

Zacks Rank 
Yesterday's Close 32.84
Week High 32.29
52 Week Low 26.00
Beta 0.28
20 Day Moving Average 94,530.00
Target Price 34
Consensus

**% Price Change**

4 Week 4.00
12 Week 12.30
YTD 10.64

% Price Change Relative to S&P 500

4 Week 2.85
12 Week 5.25
YTD 0.17

Share Information

Shares Outstanding (millions) 29.23
Market Capitalization (millions) 942.47
Short Ratio 14.57
Last Split Date 03/04/1993

Dividend Information

Dividend Yield 2.79%
Annual Dividend \$0.90
Payout Ratio 0.54
Change in Payout Ratio 0.00
Last Dividend Payout / Amount 09/07/2006 / \$0.22

EPS Information

Current Quarter EPS Consensus Estimate 0.56
Current Year EPS Consensus Estimate 1.83
Estimated Long-Term EPS Growth Rate 6.00
Next EPS Report Date 03/05/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell) 1.33
30 Days Ago 1.33
60 Days Ago 1.33
90 Days Ago 1.75

Fundamental Ratios

P/E	EPS Growth		Sales Growth		
Current FY Estimate:	17.58	vs. Previous Year	0.00%	vs. Previous Year	-15.23%
Trailing 12 Months:	19.31	vs. Previous Quarter	-64.00%	vs. Previous Quarter:	-14.45%
G Ratio	2.93				
Price Ratios	ROE		ROA		
Price/Book	2.22	09/30/06	11.73	09/30/06	3.39
Price/Cash Flow	12.27	06/30/06	12.09	06/30/06	3.47
Price / Sales	1.01	03/31/06	12.61	03/31/06	3.65
Current Ratio	Quick Ratio		Operating Margin		
09/30/06	-	09/30/06	-	09/30/06	5.16
06/30/06	0.90	06/30/06	0.50	06/30/06	5.05
03/31/06	0.94	03/31/06	0.73	03/31/06	5.09
Net Margin	Pre-Tax Margin		Book Value		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	8.37	06/30/06	8.37	06/30/06	14.53
03/31/06	8.45	03/31/06	8.45	03/31/06	14.46
Inventory Turnover	Debt-to-Equity		Debt to Capital		
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	6.67	06/30/06	0.85	06/30/06	45.83
03/31/06	7.60	03/31/06	0.80	03/31/06	44.46



s.com Quotes and Research

WGL HLDGS INC (NYSE)

WGL 33.22 ▼-0.03 (-0.09%) Vol. 54,100

Scottrade S7 Online Stock Trades

10:59 CST

WASHINGTON GAS LIGHT CO is a public utility that delivers and sells natural gas to metropolitan Washington, D.C. and adjoining areas in Maryland and Virginia. A distribution subsidiary serves portions of Virginia and West Virginia. The Company has four wholly-owned active subsidiaries that include: Shenandoah Gas Company (Shenandoah) is engaged in the delivery and sale of natural gas at retail in the Shenandoah Valley, including Winchester, Middletown, Strasburg, Stephens City and New Market, Virginia, and Martinsburg, West Virginia.

General Information

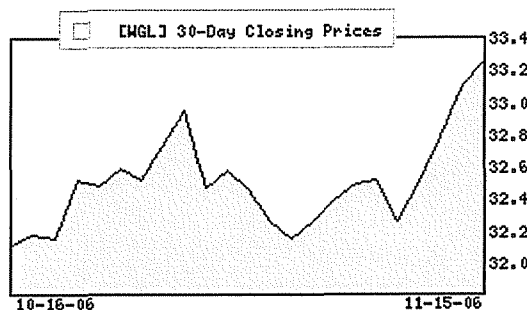
WGL HLDGS INC
101 Constitution Ave, N.W
Washington, DC 20080
Phone: 703 750-2000
Fax: -
Web: www.wglholdings.com
Email: apennix@washgas.com

Industry UTIL-GAS DISTR
Sector Utilities

Fiscal Year End September
Last Reported 09/30/06
Quarter
Next EPS Date 02/06/2007

Price and Volume Information

Zacks Rank	B
Yesterday's Close	33.25
52 Week High	32.94
52 Week Low	27.38
Beta	0.27
20 Day Moving Average	169,810.00
Target Price Consensus	32

**% Price Change**

4 Week	2.09
12 Week	7.86
YTD	9.05

% Price Change Relative to S&P 500

4 Week	0.95
12 Week	1.09
YTD	-2.27

Share Information

Shares Outstanding (millions)	48.77
Market Capitalization (millions)	1,598.81
Short Ratio	23.85
Last Split Date	05/02/1995

Dividend Information

Dividend Yield	4.12%
Annual Dividend	\$1.35
Payout Ratio	0.72
Change in Payout Ratio	0.00
Last Dividend Payout / Amount	10/05/2006 / \$0.34

EPS Information

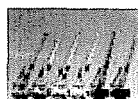
Current Quarter EPS Consensus Estimate	0.89
Next Year EPS Consensus Estimate	1.89
Estimated Long-Term EPS Growth Rate	3.30
Next EPS Report Date	02/06/2007

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell)	2.67
30 Days Ago	2.33
60 Days Ago	2.20
90 Days Ago	2.60

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	17.39	vs. Previous Year	28.00%	vs. Previous Year	48.87%
Trailing 12 Months:	17.44	vs. Previous Quarter	-1,700.00%	vs. Previous Quarter:	30.63%
PEG Ratio	5.22				
Price Ratios		ROE		ROA	
Price/Book	1.69	09/30/06	9.73	09/30/06	3.11
Price/Cash Flow	8.30	06/30/06	9.48	06/30/06	3.08
Price / Sales	1.27	03/31/06	8.72	03/31/06	2.87
Current Ratio		Quick Ratio		Operating Margin	
09/30/06	-	09/30/06	-	09/30/06	7.28
06/30/06	1.17	06/30/06	0.71	06/30/06	7.64
03/31/06	1.15	03/31/06	0.88	03/31/06	6.43
Net Margin		Pre-Tax Margin		Book Value	
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	9.88	06/30/06	9.88	06/30/06	19.41
03/31/06	8.19	03/31/06	8.19	03/31/06	19.76
Inventory Turnover		Debt-to-Equity		Debt to Capital	
09/30/06	-	09/30/06	-	09/30/06	-
06/30/06	3.29	06/30/06	0.61	06/30/06	37.38
03/31/06	3.63	03/31/06	0.60	03/31/06	36.96



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Estimates

AGL Resources Inc ATG (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:25 AM EST Price Change **\$37.94 USD** $\Delta 0.03$ Percent Change $\Delta 0.08\%$

See Risk Alerts for ATG.



Independent Research Profile Report

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CONSENSUS ESTIMATES ANALYSIS

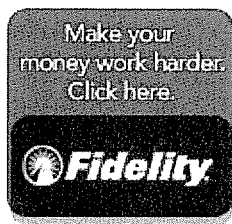
In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q4: 12/2006	--	--	--	--	--
Q1: 03/2007	--	--	--	--	--
FY: 2006	3	2,610.97	2,656.90	2,546.00	47.23
FY: 2007	3	2,606.30	2,645.90	2,563.00	33.94
EPS					
Q4: 12/2006	6	0.54	0.56	0.52	0.01
Q1: 03/2007	4	1.31	1.43	1.20	0.09
FY: 2006	10	2.62	2.68	2.42	0.07
FY: 2007	9	2.70	2.82	2.54	0.08
LT Growth Rate (%)	8	4.66	7.00	3.00	1.10

[Learn about EPS Estimates](#)

HISTORICAL SURPRISES

Estimates vs. Actual

In US Dollars	Estimates	Actual
Revenue (in Millions)		
Q3: 09/2006	373.83	434.00
Q1: 03/2006	935.22	1,047.00
Q4: 12/2005	569.80	993.00
Q3: 09/2005	270.22	393.00
Q2: 06/2005	341.00	431.00
EPS		
Q3: 09/2006	0.29	0.46
Q1: 03/2006	1.29	1.41
Q4: 12/2005	0.77	0.85



Q3: 09/2005 0.26 0.19
 Q2: 06/2005 0.32 0.30

[Learn about Historical Surprises](#)

CONSENSUS ESTIMATES TREND

In U.S. Dollars	Current	1 Week Ago	1 Month Ago	2 Months Ago
Revenue (in Millions)				
Q4: 12/2006	947.82	843.41	739.00	
Q1: 03/2007	950.00	950.00		
FY: 2006	2,610.97	2,610.97	2,664.58	2,664.58
FY: 2007	2,606.30	2,606.30	2,378.59	2,378.52
EPS				
Q4: 12/2006	0.54	0.54	0.66	0.69
Q1: 03/2007	1.31	1.31	1.31	1.31
FY: 2006	2.62	2.63	2.61	2.61
FY: 2007	2.70	2.69	2.68	2.68

[Learn about Estimates Trends](#)

ESTIMATES REVISIONS SUMMARY

Number of Estimate Revisions	Last Week		Last Month
	Up	Down	Up
Revenue (in Millions)			
Q4: 12/2006	0	0	0
Q1: 03/2007	0	0	0
FY: 2006	0	0	2
FY: 2007	0	0	1
Earnings			
Q4: 12/2006	0	0	0
Q1: 03/2007	0	0	2
FY: 2006	0	1	4
FY: 2007	1	1	2

[Learn about Estimates Revisions](#)

FIND OUT MORE ABOUT ATG

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Estimates

Atmos Energy Corp ATO (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:13 AM EST Price Change **\$32.60 USD** ▲0.02 Percent Change ▲0.06%

See Risk Alerts for ATO.



Independent Research Profile Report

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CONSENSUS ESTIMATES ANALYSIS

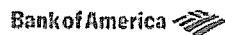
In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q1: 12/2006	--	--	--	--	--
Q2: 03/2007	--	--	--	--	--
FY: 2007	1	10,753.00	10,753.00	10,753.00	--
FY: 2008	1	10,981.00	10,981.00	10,981.00	--
EPS					
Q1: 12/2006	6	0.95	1.06	0.88	0.07
Q2: 03/2007	6	1.15	1.25	1.03	0.07
FY: 2007	8	1.96	2.05	1.90	0.04
FY: 2008	5	2.09	2.22	2.02	0.07
LT Growth Rate (%)	7	4.96	7.00	3.00	1.43

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HISTORICAL SURPRISES

Estimates vs. Actual	Estimates	Actual
Revenue (in Millions)		
Q3: 06/2006	1,085.84	863.24
Q1: 12/2005	1,912.26	2,283.82
Q4: 09/2005	659.40	1,004.63
Q3: 06/2005	683.40	909.95
Q2: 03/2005	1,607.68	1,685.09
EPS		
Q3: 06/2006	0.03	-0.07
Q1: 12/2005	0.82	0.88
Q4: 09/2005	-0.24	-0.21

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Q3: 06/2005	-0.05	0.06
Q2: 03/2005	1.05	0.96

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CONSENSUS ESTIMATES TREND

In U.S. Dollars	Current	1 Week Ago	1 Month Ago	2 Months Ago
Revenue (in Millions)				
Q1: 12/2006	1,708.00	2,141.00		
Q2: 03/2007	2,009.00	1,427.00		
FY: 2007	10,753.00	12,177.00	9,023.00	9,660.00
FY: 2008	10,981.00			
EPS				
Q1: 12/2006	0.95	0.90	0.89	0.89
Q2: 03/2007	1.15	1.14	1.15	1.15
FY: 2007	1.96	1.96	1.97	1.96
FY: 2008	2.09	2.05	2.06	2.05

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ESTIMATES REVISIONS SUMMARY

Number of Estimate Revisions Revenue (in Millions)	Last Week		Last Month
	Up	Down	Up
Earnings			
Q1: 12/2006	0	0	0
Q2: 03/2007	0	0	1
FY: 2007	1	0	2
FY: 2008	1	1	2

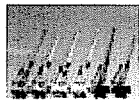
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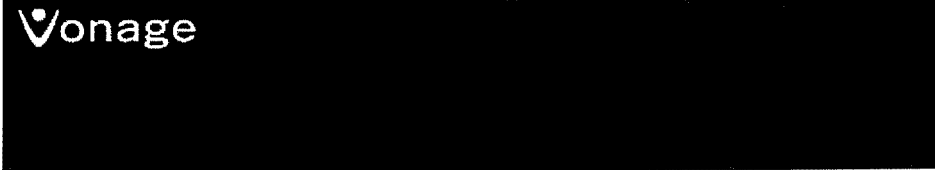
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Estimates

New Jersey Resources Corp NJR (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:27 AM EST Price Change **\$52.62 USD** $\Delta 0.07$ Percent Change $\Delta 0.13\%$

See Risk Alerts for NJR.



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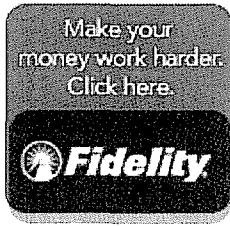
CONSENSUS ESTIMATES ANALYSIS

In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q1: 12/2006	--	--	--	--	--
Q2: 03/2007	--	--	--	--	--
FY: 2007	--	--	--	--	--
FY: 2008	--	--	--	--	--
EPS					
Q1: 12/2006	2	1.20	1.25	1.15	0.05
Q2: 03/2007	2	2.09	2.18	2.00	0.09
FY: 2007	6	2.85	2.95	2.70	0.08
FY: 2008	4	2.93	2.99	2.89	0.04
LT Growth Rate (%)	6	5.72	8.30	4.00	1.46

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HISTORICAL SURPRISES

Estimates vs. Actual	Estimates	Actual
Revenue (in Millions)		
Q4: 09/2005	379.29	684.94
Q3: 06/2005	406.48	544.28
Q2: 03/2005	1,244.68	1,065.06
Q2: 03/2002	--	525.78
Q1: 12/2001	--	395.83
EPS		
Q4: 09/2005	-0.16	-0.18
Q3: 06/2005	0.11	0.07
Q2: 03/2005	1.79	1.84



Q2: 03/2002 -- 1.29
 Q1: 12/2001 -- 0.73

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CONSENSUS ESTIMATES TREND

We're sorry, Consensus Estimates Trend is not available for New Jersey Resources Corp (NJR). Why?

ESTIMATES REVISIONS SUMMARY

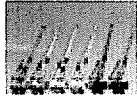
Number of Estimate Revisions	Last Week		Last Month
	Up	Down	Up
Revenue (in Millions)			
Q1: 12/2006	0	0	0
Q2: 03/2007	0	0	0
FY: 2007	0	0	0
FY: 2008	0	0	0
Earnings			
Q1: 12/2006	0	0	0
Q2: 03/2007	0	0	1
FY: 2007	0	1	0
FY: 2008	0	0	0

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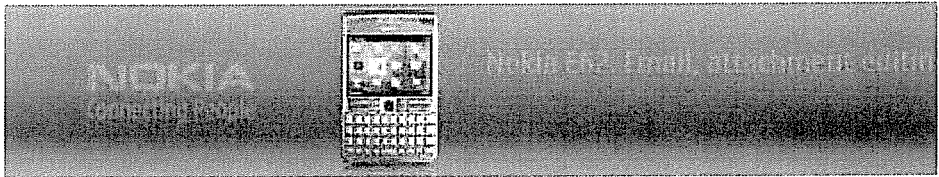
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Nicor Inc GAS (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:29 AM EST Price Change **\$49.41 USD** ▲0.10
Percent Change ▲0.20%

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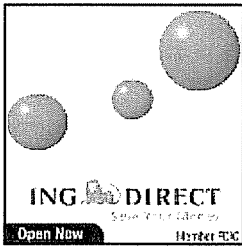
In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q4: 12/2006	1	1,081.00	1,081.00	1,081.00	--
Q1: 03/2007	--	--	--	--	--
FY: 2006	1	3,202.30	3,202.30	3,202.30	--
FY: 2007	1	3,350.90	3,350.90	3,350.90	--
EPS					
Q4: 12/2006	3	0.96	0.98	0.95	0.01
Q1: 03/2007	1	0.97	0.97	0.97	--
FY: 2006	4	2.64	2.72	2.50	0.08
FY: 2007	4	2.71	2.75	2.60	0.07
LT Growth Rate (%)	6	3.25	6.00	1.50	1.46

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HISTORICAL SURPRISES

Estimates vs. Actual

In US Dollars	Estimates	Actual
Revenue (in Millions)		
Q3: 09/2006	321.00	351.10
Q2: 06/2006	539.00	451.30
Q1: 03/2006	1,746.00	1,319.40
Q4: 12/2005	986.00	1,357.50
Q3: 09/2005	300.00	336.00
EPS		
Q3: 09/2006	0.03	0.27
Q2: 06/2006	0.40	0.41
Q1: 03/2006	0.93	0.94



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Q4: 12/2005	0.97	1.02
Q3: 09/2005	-0.12	-0.09

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CONSENSUS ESTIMATES TREND

In U.S. Dollars	Current	1 Week Ago	1 Month Ago	2 Months Ago
Revenue (in Millions)				
Q4: 12/2006	1,081.00	1,081.00	1,185.00	1,185.00
FY: 2006	3,202.30	3,202.30	3,276.00	3,276.00
FY: 2007	3,350.90	3,350.90	3,352.00	3,352.00
EPS				
Q4: 12/2006	0.96	0.96	1.10	1.10
Q1: 03/2007	0.97	0.97	0.97	0.97
FY: 2006	2.64	2.64	2.45	2.45
FY: 2007	2.71	2.71	2.52	2.52

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ESTIMATES REVISIONS SUMMARY

Number of Estimate Revisions	Last Week		Last Month
	Up	Down	Up
Revenue (in Millions)			
Q4: 12/2006	0	0	0
Q1: 03/2007	0	0	0
FY: 2006	0	0	0
FY: 2007	0	0	0
Earnings			
Q4: 12/2006	0	0	1
Q1: 03/2007	0	0	0
FY: 2006	0	0	4
FY: 2007	0	0	4

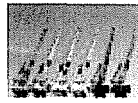
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Northwest Natural Gas Co NWN (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:27 AM EST Price Change **\$41.09 USD** ▲0.19
Percent Change ▲0.46%

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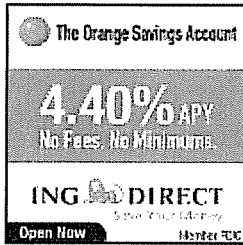
CONSENSUS ESTIMATES ANALYSIS

In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q4: 12/2006	2	326.27	350.12	302.42	23.85
Q1: 03/2007	2	382.42	413.84	351.00	31.42
FY: 2006	4	987.03	1,026.41	969.00	22.99
FY: 2007	4	1,014.58	1,082.58	969.00	43.52
EPS					
Q4: 12/2006	5	1.02	1.05	0.97	0.03
Q1: 03/2007	4	1.53	1.58	1.50	0.03
FY: 2006	6	2.23	2.26	2.19	0.03
FY: 2007	6	2.36	2.39	2.30	0.03
LT Growth Rate (%)	3	5.33	6.00	5.00	0.47

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HISTORICAL SURPRISES

Estimates vs. Actual	Estimates	Actual
In US Dollars		
Revenue (in Millions)		
Q3: 09/2006	108.54	114.91
Q2: 06/2006	163.82	170.98
Q1: 03/2006	350.78	390.39
Q4: 12/2005	272.26	341.38
Q3: 09/2005	81.37	106.67
EPS		
Q3: 09/2006	-0.31	-0.35
Q2: 06/2006	0.05	0.07
Q1: 03/2006	1.47	1.48



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Q4: 12/2005	0.98	1.00
Q3: 09/2005	-0.33	-0.31

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CONSENSUS ESTIMATES TREND

In U.S. Dollars	Current	1 Week Ago	1 Month Ago	2 Months Ago
Revenue (in Millions)				
Q4: 12/2006	326.27	326.27	326.27	326.27
Q1: 03/2007	382.42	382.42	382.42	382.42
FY: 2006	987.03	987.03	979.09	979.09
FY: 2007	1,014.58	1,014.58	999.91	999.91
EPS				
Q4: 12/2006	1.02	1.02	1.02	1.02
Q1: 03/2007	1.53	1.53	1.53	1.53
FY: 2006	2.23	2.23	2.25	2.25
FY: 2007	2.36	2.36	2.36	2.36

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ESTIMATES REVISIONS SUMMARY

Number of Estimate Revisions	Last Week		Last Month
	Up	Down	Up
Revenue (in Millions)			
Q4: 12/2006	0	0	0
Q1: 03/2007	0	0	0
FY: 2006	0	0	3
FY: 2007	0	0	1
Earnings			
Q4: 12/2006	0	0	1
Q1: 03/2007	0	0	1
FY: 2006	0	0	0
FY: 2007	0	0	0

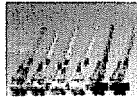
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Estimates

Piedmont Natural Gas Inc PNY (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:30 AM EST Price Change **\$28.15 USD** $\Delta 0.20$ Percent Change $\Delta 0.72\%$ See Risk Alerts for PNY.



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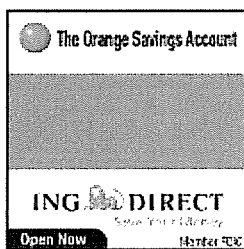
CONSENSUS ESTIMATES ANALYSIS

In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q4: 10/2006	2	153.00	239.00	67.00	86.00
Q1: 01/2007	--	--	--	--	--
FY: 2006	4	1,913.18	2,040.60	1,743.10	113.79
FY: 2007	4	1,873.93	2,062.70	1,690.40	138.39
EPS					
Q4: 10/2006	7	-0.08	-0.05	-0.10	0.02
Q1: 01/2007	3	0.97	0.98	0.97	0.00
FY: 2006	8	1.31	1.35	1.25	0.03
FY: 2007	8	1.42	1.45	1.38	0.02
LT Growth Rate (%)	7	4.86	6.00	3.00	1.12

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HISTORICAL SURPRISES

Estimates vs. Actual		Estimates	Actual
In US Dollars			
Revenue (in Millions)			
Q3: 07/2006		239.50	237.87
Q2: 04/2006		559.90	483.20
Q4: 10/2005		219.20	339.59
Q3: 07/2005		231.05	232.91
Q2: 04/2005		544.10	508.04
EPS			
Q3: 07/2006		-0.09	-0.09
Q2: 04/2006		0.54	0.57
Q4: 10/2005		-0.11	-0.06



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Q3: 07/2005	-0.10	-0.06
Q2: 04/2005	0.57	0.52

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CONSENSUS ESTIMATES TREND

In U.S. Dollars	Current	1 Week Ago	1 Month Ago	2 Months Ago
Revenue (in Millions)				
Q4: 10/2006	153.00	153.00	153.00	153.00
FY: 2006	1,913.18	1,913.18	1,913.18	1,913.18
FY: 2007	1,873.93	1,873.93	1,873.93	1,873.93
EPS				
Q4: 10/2006	-0.08	-0.08	-0.08	-0.08
Q1: 01/2007	0.97	0.97	0.97	0.97
FY: 2006	1.31	1.31	1.31	1.31
FY: 2007	1.42	1.42	1.42	1.42

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ESTIMATES REVISIONS SUMMARY

Number of Estimate Revisions	Last Week		Last Month
	Up	Down	Up
Revenue (in Millions)			
Q4: 10/2006	0	0	0
Q1: 01/2007	0	0	0
FY: 2006	0	0	0
FY: 2007	0	0	0
Earnings			
Q4: 10/2006	0	0	0
Q1: 01/2007	0	0	0
FY: 2006	0	0	0
FY: 2007	0	0	0

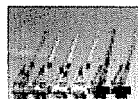
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Estimates

South Jersey Industries Inc SJI (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:33 AM EST Price Change **▼0.01** Percent Change **▼0.03%** See Risk Alerts for SJI.

\$32.83 USD



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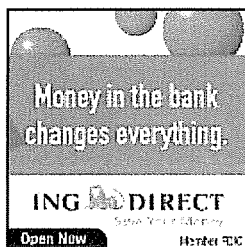
CONSENSUS ESTIMATES ANALYSIS

In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q4: 12/2006	1	245.00	245.00	245.00	--
Q1: 03/2007	1	320.00	320.00	320.00	--
FY: 2006	1	815.50	815.50	815.50	--
FY: 2007	1	824.30	824.30	824.30	--
EPS					
Q4: 12/2006	2	0.56	0.58	0.53	0.03
Q1: 03/2007	2	0.98	0.98	0.98	0.00
FY: 2006	3	1.83	1.85	1.82	0.01
FY: 2007	3	1.97	1.98	1.95	0.01
LT Growth Rate (%)	3	6.33	7.00	6.00	0.47

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HISTORICAL SURPRISES

Estimates vs. Actual	Estimates	Actual
Revenue (in Millions)		
Q3: 09/2006	136.00	133.06
Q2: 06/2006	123.90	155.53
Q1: 03/2006	307.90	364.98
Q2: 06/2005	142.20	154.04
Q1: 03/2005	327.58	328.57
EPS		
Q3: 09/2006	0.12	0.09
Q2: 06/2006	0.28	0.25
Q1: 03/2006	0.91	0.93



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Q2: 06/2005	0.16	0.27
Q1: 03/2005	0.94	0.96

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CONSENSUS ESTIMATES TREND

In U.S. Dollars	Current	1 Week Ago	1 Month Ago	2 Months Ago
Revenue (in Millions)				
Q4: 12/2006	245.00	245.00	245.00	245.00
Q1: 03/2007	320.00	320.00	320.00	320.00
FY: 2006	815.50	815.50	815.50	815.50
FY: 2007	824.30	824.30	824.30	824.30
EPS				
Q4: 12/2006	0.56	0.56	0.54	0.54
Q1: 03/2007	0.98	0.98	0.98	0.98
FY: 2006	1.83	1.83	1.83	1.83
FY: 2007	1.97	1.95	1.95	1.95

[Learn about Estimates Trends](#)

ESTIMATES REVISIONS SUMMARY

Number of Estimate Revisions	Last Week		Last Month
	Up	Down	Up
Revenue (in Millions)			
Q4: 12/2006	0	0	0
Q1: 03/2007	0	0	0
FY: 2006	0	0	0
FY: 2007	0	0	0
Earnings			
Q4: 12/2006	0	0	1
Q1: 03/2007	0	0	0
FY: 2006	0	0	0
FY: 2007	1	0	1

[Learn about Estimates Revisions](#)

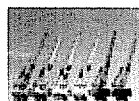
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Estimates

WGL Holdings Inc WGL (NYSE)

Sector: Utilities Industry: Natural Gas Utilities

As of 11:32 AM EST

Price Change

Percent Change

See Risk Alerts for WGL.

\$33.24 USD

▼ **0.01**

▼ **0.03%**



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CONSENSUS ESTIMATES ANALYSIS

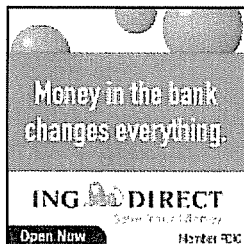
In U.S. Dollars	# of Ests.	Mean Est.	High Est.	Low Est.	Std.Dev.
Revenue (in Millions)					
Q1: 12/2006	1	177.10	177.10	177.10	--
Q2: 03/2007	1	218.55	218.55	218.55	--
FY: 2007	3	1,642.79	2,447.00	561.90	794.07
FY: 2008	1	2,546.00	2,546.00	2,546.00	--
EPS					
Q1: 12/2006	5	0.90	0.93	0.86	0.03
Q2: 03/2007	5	1.22	1.29	1.16	0.04
FY: 2007	7	1.91	1.98	1.85	0.04
FY: 2008	3	1.99	2.02	1.95	0.03
LT Growth Rate (%)	6	3.40	4.00	3.00	0.45

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HISTORICAL SURPRISES

Estimates vs. Actual

In US Dollars	Estimates	Actual
Revenue (in Millions)		
Q4: 09/2006	109.82	131.92
Q3: 06/2006	200.27	183.60
Q2: 03/2006	586.04	705.66
Q1: 12/2005	410.98	601.34
Q4: 09/2005	139.06	137.58
EPS		
Q4: 09/2006	-0.22	-0.18
Q3: 06/2006	-0.08	-0.01
Q2: 03/2006	1.25	1.20



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Q1: 12/2005	0.86	0.91
Q4: 09/2005	-0.37	-0.25

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CONSENSUS ESTIMATES TREND

In U.S. Dollars	Current	1 Week Ago	1 Month Ago	2 Months Ago
Revenue (in Millions)				
Q1: 12/2006	177.10	188.75	188.75	188.75
Q2: 03/2007	218.55	220.79	220.79	220.79
FY: 2007	1,642.79	1,147.38	1,147.38	1,147.38
FY: 2008	2,546.00			
EPS				
Q1: 12/2006	0.90	0.94	0.94	0.94
Q2: 03/2007	1.22	1.21	1.21	1.21
FY: 2007	1.91	1.93	1.93	1.93
FY: 2008	1.99	1.99	1.99	1.99

[Learn about Estimates Trends](#)

ESTIMATES REVISIONS SUMMARY

Number of Estimate Revisions	Last Week		Last Month
	Up	Down	Up
Revenue (in Millions)			
Q1: 12/2006	0	1	0
Q2: 03/2007	0	1	0
FY: 2007	2	1	2
FY: 2008	0	0	0
Earnings			
Q1: 12/2006	0	4	0
Q2: 03/2007	2	2	2
FY: 2007	0	4	0
FY: 2008	0	0	0

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Historical Growth Rates

Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

Gas Group	Earnings per Share		Dividends per Share		Book Value per Share		Cash Flow per Share	
	Value Line		Value Line		Value Line		Value Line	
	5 Year	10 Year	5 Year	10 Year	5 Year	10 Year	5 Year	10 Year
AGL Resources, Inc.	13.50%	6.50%	2.00%	1.50%	8.50%	5.50%	7.00%	5.00%
Almos Energy Corp.	6.50%	4.00%	2.00%	3.00%	8.50%	6.50%	2.00%	3.50%
Laclede Group	4.50%	2.50%	0.50%	1.00%	2.50%	3.00%	1.50%	1.00%
New Jersey Resources Corp.	8.50%	7.50%	3.00%	2.50%	7.00%	5.00%	6.00%	5.50%
NICOR, Inc.	-3.50%	1.00%	3.50%	4.00%	1.50%	3.00%	0.50%	4.00%
Northwest Natural Gas	5.00%	1.50%	1.00%	1.00%	3.50%	4.00%	2.50%	1.50%
Piedmont Natural Gas Co.	5.00%	5.50%	5.00%	5.50%	6.50%	6.50%	5.50%	7.00%
South Jersey Industries, Inc.	11.50%	8.00%	2.50%	1.50%	13.00%	5.50%	6.50%	4.50%
WGL Holdings, Inc.	6.00%	4.50%	1.50%	1.50%	3.00%	4.00%	6.50%	5.00%
Average	6.33%	4.56%	2.33%	2.39%	6.00%	4.78%	4.22%	4.11%

Source of Information:

Value Line Investment Survey, September 15, 2006

Analysts' Five-Year Projected Growth Rates
Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

Gas Group	I/B/E/S First Call	Zacks	Reuters Market Guide	Value Line				
				Earnings Per Share	Dividends Per Share	Book Value Per Share	Cash Flow Per Share	Percent Retained to Common Equity
AGL Resources, Inc.	4.21%	4.50%	4.66%	4.50%	6.50%	6.00%	5.00%	5.00%
Atmos Energy Corp.	5.17%	5.50%	4.96%	7.00%	2.00%	5.00%	8.00%	5.00%
Laclede Group	-	-	-	5.00%	2.00%	7.50%	8.00%	4.00%
New Jersey Resources Corp.	5.25%	6.00%	5.72%	4.50%	4.50%	6.50%	4.00%	7.00%
NICOR, Inc.	2.67%	2.50%	3.25%	4.00%	1.50%	3.00%	2.50%	3.50%
Northwest Natural Gas	4.88%	4.90%	5.33%	7.00%	4.00%	3.50%	4.50%	3.80%
Piedmont Natural Gas Co.	4.00%	5.60%	4.86%	6.00%	5.50%	3.00%	6.00%	4.50%
South Jersey Industries, Inc.	6.00%	6.00%	6.33%	7.00%	6.00%	6.00%	6.50%	6.50%
WGL Holdings, Inc.	3.50%	3.30%	3.40%	1.50%	2.00%	3.50%	2.00%	4.00%
Average	4.46%	4.79%	4.81%	5.17%	3.78%	4.89%	5.17%	4.81%

Source of Information :

Thomson Financial, September 16, 2006

Zacks, September 16, 2006

Reuters, September 16, 2006

Value Line Investment Survey, September 15, 2006

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 96

The questions in this section refer to the testimony of Paul R. Moul:

With reference to page 40 and Appendix E, please provide all details (dates, amounts, underwriter, SEC filings, etc.) concerning all debt and equity offerings by the Company or its parent (CEG or NiSource) in the past two years (2005-2007).

Response of Columbia Gas of Kentucky:

Debt:

The requested debt information is provided in attachment 1(a and b), which details the debt issued by the Company and NiSource in the past two years (or later if applicable). The supporting documents related to the debt issued are included in attachments A – E for the Company and attachments M - P for NiSource Finance Corporation.

Attachment A – E – Promissory Notes related to the Company debt issued.
Attachment M - Notes Purchase Agreement related to NiSource November series of notes
Attachment N – 8K related to NiSource November series of notes
Attachment O – Ob – 8K related to NiSource September series of notes
Attachment P – Prospectus Supplement related to NiSource September series of notes

Equity:

NiSource issued the following amounts of new common equity: 2006 \$21.9 million, 2005 \$40.0 million, 2004 \$160.8 million, 2003 \$354.7 million, and 2002 \$734.9 million. Attachment 1c provides the detail of the 2002 equity offerings. The Company will supply the SEC filings for the 2002 equity offerings in attachments F, G and H. Attachment I and J will support the remarketing of PIES debentures in 2003. Attachment K provides a summary of Stock Options Exercised in 2004, 2005, and 2006. Further detail of these stock options is available on page 102 of the NiSource 2006 10K. Schedule L supports a remarketing of SAILS in 2004.

Attachment F – 8K related to NiSource Equity Offering
Attachment G – Prospectus Supplement related to NiSource Equity Offering
Attachment H – Underwriting Agreement related to NiSource Equity Offering
Attachment I – J – Supporting documentation for the remarketing of PIES debentures

Attachment K – Summary of Stock Options Exercised
Attachment L – Supporting documentation for remarketing of SAILS

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Columbia Gas of Kentucky, Inc.
Long-term Note Issuances
2005-2007

<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Amount Outstanding</u>
January 5, 2005	January 5, 2016	\$10,750,000
January 5, 2005	January 5, 2026	\$12,375,000
January 5, 2005	January 5, 2017	\$4,210,000
January 5, 2005	January 5, 2013	\$14,720,000
November 1, 2006	November 1, 2021	\$16,000,000

Note: Copies of the Promissory Notes are included as separate attachments A-E

PROMISSORY NOTE

\$14,720,000

Issue Date: January 5, 2006

Due Date: January 7, 2013

FOR VALUE RECEIVED, the undersigned, Columbia Gas of Kentucky, Inc., a Kentucky corporation ("Borrower"), hereby unconditionally promises to pay to NiSource Finance Corp., an Indiana corporation ("Lender"), at such place as Lender may from time to time designate in writing, in lawful money of the United States of America, the principal sum of Fourteen Million Seven Hundred Twenty Thousand Dollars (\$14,720,000) together with interest on the principal balance hereof from time to time outstanding at the rate of 5.28% per annum from the date such principal is advanced until payment in full thereof. The principal indebtedness evidenced hereby shall be payable on January 7, 2013. Borrower may prepay the principal amount hereof in whole or in part, without premium or penalty, at any time after the first anniversary of the date hereof. Any payment on this Note shall be applied first to accrued but unpaid interest until paid in full and second to the unpaid principal amount hereof.

Interest shall be payable semi-annually in arrears on the first business day of June and December (commencing on June 1, 2006) and on the date on which the principal balance hereof is paid in full. Interest shall be calculated on the basis of a 365 day year for the actual number of days elapsed. Notwithstanding the foregoing, in no contingency or event whatsoever shall interest charged hereunder, however such interest may be characterized or computed, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that Lender has received interest hereunder in excess of the highest rate applicable hereto, Lender shall promptly refund such excess interest to Borrower.

Borrower shall be in default hereunder if: (a) any amount payable to Lender under this Note is not paid within five (5) business days of the date it is due, (b) Borrower shall make any assignment for the benefit of creditors, or (c) there shall be commenced any bankruptcy or insolvency proceedings by or against Borrower. Upon and after the occurrence of a default hereunder, this Note may, at the option of Lender, and without demand, notice or legal process of any kind, be declared, and thereupon immediately shall become, due and payable in full.

Presentment, protest and notice of nonpayment and protest are hereby waived by Borrower.

This Note has been delivered at and shall be deemed to have been made at Merrillville, Indiana, and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Indiana. Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Whenever in this Note reference is made to Lender or Borrower, such reference shall be deemed to include their respective representatives, successors and assigns. Notwithstanding anything herein to the contrary, Borrower may not assign or otherwise transfer any of its rights or obligations under this Note without the prior written consent of Lender.

IN WITNESS WHEREOF, the undersigned has executed this Note on the issue date set forth above.

COLUMBIA GAS OF KENTUCKY, INC.

By: _____

Title: _____

PROMISSORY NOTE

\$10,750,000

Issue Date: January 5, 2006

Due Date: January 5, 2016

FOR VALUE RECEIVED, the undersigned, Columbia Gas of Kentucky, Inc., a Kentucky corporation ("Borrower"), hereby unconditionally promises to pay to NiSource Finance Corp., an Indiana corporation ("Lender"), at such place as Lender may from time to time designate in writing, in lawful money of the United States of America, the principal sum of Ten Million Seven Hundred Fifty Thousand Dollars (\$10,750,000) together with interest on the principal balance hereof from time to time outstanding at the rate of 5.41% per annum from the date such principal is advanced until payment in full thereof. The principal indebtedness evidenced hereby shall be payable on January 5, 2016. Borrower may prepay the principal amount hereof in whole or in part, without premium or penalty, at any time after the first anniversary of the date hereof. Any payment on this Note shall be applied first to accrued but unpaid interest until paid in full and second to the unpaid principal amount hereof.

Interest shall be payable semi-annually in arrears on the first business day of June and December (commencing on June 1, 2006) and on the date on which the principal balance hereof is paid in full. Interest shall be calculated on the basis of a 365 day year for the actual number of days elapsed. Notwithstanding the foregoing, in no contingency or event whatsoever shall interest charged hereunder, however such interest may be characterized or computed, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that Lender has received interest hereunder in excess of the highest rate applicable hereto, Lender shall promptly refund such excess interest to Borrower.

Borrower shall be in default hereunder if: (a) any amount payable to Lender under this Note is not paid within five (5) business days of the date it is due, (b) Borrower shall make any assignment for the benefit of creditors, or (c) there shall be commenced any bankruptcy or insolvency proceedings by or against Borrower. Upon and after the occurrence of a default hereunder, this Note may, at the option of Lender, and without demand, notice or legal process of any kind, be declared, and thereupon immediately shall become, due and payable in full.

Presentment, protest and notice of nonpayment and protest are hereby waived by Borrower.

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IN WITNESS WHEREOF, the undersigned has executed this Note on the issue date set forth above.

COLUMBIA GAS OF KENTUCKY, INC.

By: _____

Title: _____

PROMISSORY NOTE

\$4,210,000

Issue Date: January 5, 2006

Due Date: January 5, 2017

FOR VALUE RECEIVED, the undersigned, Columbia Gas of Kentucky, Inc., a Kentucky corporation ("Borrower"), hereby unconditionally promises to pay to NiSource Finance Corp., an Indiana corporation ("Lender"), at such place as Lender may from time to time designate in writing, in lawful money of the United States of America, the principal sum of Four Million Two Hundred Ten Thousand Dollars (\$4,210,000) together with interest on the principal balance hereof from time to time outstanding at the rate of 5.45% per annum from the date such principal is advanced until payment in full thereof. The principal indebtedness evidenced hereby shall be payable on January 5, 2017. Borrower may prepay the principal amount hereof in whole or in part, without premium or penalty, at any time after the first anniversary of the date hereof. Any payment on this Note shall be applied first to accrued but unpaid interest until paid in full and second to the unpaid principal amount hereof.

Interest shall be payable semi-annually in arrears on the first business day of June and December (commencing on June 1, 2006) and on the date on which the principal balance hereof is paid in full. Interest shall be calculated on the basis of a 365 day year for the actual number of days elapsed. Notwithstanding the foregoing, in no contingency or event whatsoever shall interest charged hereunder, however such interest may be characterized or computed, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that Lender has received interest hereunder in excess of the highest rate applicable hereto, Lender shall promptly refund such excess interest to Borrower.

Borrower shall be in default hereunder if: (a) any amount payable to Lender under this Note is not paid within five (5) business days of the date it is due, (b) Borrower shall make any assignment for the benefit of creditors, or (c) there shall be commenced any bankruptcy or insolvency proceedings by or against Borrower. Upon and after the occurrence of a default hereunder, this Note may, at the option of Lender, and without demand, notice or legal process of any kind, be declared, and thereupon immediately shall become, due and payable in full.

Presentment, protest and notice of nonpayment and protest are hereby waived by Borrower.

This Note has been delivered at and shall be deemed to have been made at Merrillville, Indiana, and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Indiana. Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Whenever in this Note reference is made to Lender or Borrower, such reference shall be deemed to include their respective representatives, successors and assigns. Notwithstanding anything herein to the contrary, Borrower may not assign or otherwise transfer any of its rights or obligations under this Note without the prior written consent of Lender.

IN WITNESS WHEREOF, the undersigned has executed this Note on the issue date set forth above.

COLUMBIA GAS OF KENTUCKY, INC.

By: _____

Title: _____

PROMISSORY NOTE

\$12,375,000

Issue Date: January 5, 2006

Due Date: January 5, 2026

FOR VALUE RECEIVED, the undersigned, Columbia Gas of Kentucky, Inc., a Kentucky corporation ("Borrower"), hereby unconditionally promises to pay to NiSource Finance Corp., an Indiana corporation ("Lender"), at such place as Lender may from time to time designate in writing, in lawful money of the United States of America, the principal sum of Twelve Million Three Hundred Seventy-Five Thousand Dollars (\$12,375,000) together with interest on the principal balance hereof from time to time outstanding at the rate of 5.92% per annum from the date such principal is advanced until payment in full thereof. The principal indebtedness evidenced hereby shall be payable on January 5, 2026. Borrower may prepay the principal amount hereof in whole or in part, without premium or penalty, at any time after the first anniversary of the date hereof. Any payment on this Note shall be applied first to accrued but unpaid interest until paid in full and second to the unpaid principal amount hereof.

Interest shall be payable semi-annually in arrears on the first business day of June and December (commencing on June 1, 2006) and on the date on which the principal balance hereof is paid in full. Interest shall be calculated on the basis of a 365 day year for the actual number of days elapsed. Notwithstanding the foregoing, in no contingency or event whatsoever shall interest charged hereunder, however such interest may be characterized or computed, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that Lender has received interest hereunder in excess of the highest rate applicable hereto, Lender shall promptly refund such excess interest to Borrower.

Borrower shall be in default hereunder if: (a) any amount payable to Lender under this Note is not paid within five (5) business days of the date it is due, (b) Borrower shall make any assignment for the benefit of creditors, or (c) there shall be commenced any bankruptcy or insolvency proceedings by or against Borrower. Upon and after the occurrence of a default hereunder, this Note may, at the option of Lender, and without demand, notice or legal process of any kind, be declared, and thereupon immediately shall become, due and payable in full.

Presentment, protest and notice of nonpayment and protest are hereby waived by Borrower.

This Note has been delivered at and shall be deemed to have been made at Merrillville, Indiana, and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Indiana. Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Whenever in this Note reference is made to Lender or Borrower, such reference shall be deemed to include their respective representatives, successors and assigns. Notwithstanding anything herein to the contrary, Borrower may not assign or otherwise transfer any of its rights or obligations under this Note without the prior written consent of Lender.

IN WITNESS WHEREOF, the undersigned has executed this Note on the issue date set forth above.

COLUMBIA GAS OF KENTUCKY, INC.

By: _____

Title: _____

PROMISSORY NOTE

\$16,000,000

Issue Date: November 1, 2006

Due Date: November 1, 2021

FOR VALUE RECEIVED, the undersigned, Columbia Gas of Kentucky, Inc., a Kentucky corporation (“Borrower”), hereby unconditionally promises to pay to NiSource Finance Corp., an Indiana corporation (“Lender”), at such place as Lender may from time to time designate in writing, in lawful money of the United States of America, the principal sum of Sixteen Million Dollars (\$16,000,000) together with interest on the principal balance hereof from time to time outstanding at the rate of 6.015% per annum from the date such principal is advanced until payment in full thereof. The principal indebtedness evidenced hereby shall be payable on November 1, 2021. Borrower may prepay the principal amount hereof in whole or in part, without premium or penalty, at any time after the first anniversary of the date hereof. Any payment on this Note shall be applied first to accrued but unpaid interest until paid in full and second to the unpaid principal amount hereof.

Interest shall be payable semi-annually in arrears on the first business day of June and December (commencing on December 1, 2006) and on the date on which the principal balance hereof is paid in full. Interest shall be calculated on the basis of a 365 day year for the actual number of days elapsed. Notwithstanding the foregoing, in no contingency or event whatsoever shall interest charged hereunder, however such interest may be characterized or computed, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that Lender has received interest hereunder in excess of the highest rate applicable hereto, Lender shall promptly refund such excess interest to Borrower.

Borrower shall be in default hereunder if: (a) any amount payable to Lender under this Note is not paid within five (5) business days of the date it is due, (b) Borrower shall make any assignment for the benefit of creditors, or (c) there shall be commenced any bankruptcy or insolvency proceedings by or against Borrower. Upon and after the occurrence of a default hereunder, this Note may, at the option of Lender, and without demand, notice or legal process of any kind, be declared, and thereupon immediately shall become, due and payable in full.

Presentment, protest and notice of nonpayment and protest are hereby waived by Borrower.

This Note has been delivered at and shall be deemed to have been made at Merrillville, Indiana, and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Indiana. Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Whenever in this Note reference is made to Lender or Borrower, such reference shall be deemed to include their respective representatives, successors and assigns. Notwithstanding anything herein to the contrary, Borrower may not assign or otherwise transfer any of its rights or obligations under this Note without the prior written consent of Lender.

IN WITNESS WHEREOF, the undersigned has executed this Note on the issue date set forth above.

COLUMBIA GAS OF KENTUCKY, INC.

By: _____

Title: _____



**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

NiSource, Inc.
Long-term Note Issuances
2005-2007

NiSource Finance Corporate

<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Amount Outstanding</u>
September 16, 2005	September 15, 2017	\$450,000,000 (2)
September 16, 2005	September 15, 2020	\$550,000,000 (2)
November 28, 2005	November 28, 2012	\$315,000,000 (1)
November 28, 2005	November 28, 2015	\$230,000,000 (1)
November 28, 2005	November 28, 2016	\$90,000,000 (1)
November 28, 2005	November 28, 2025	\$265,000,000 (1)

(1) Supporting documents related to these notes are on attachments M and N.

(2) Supporting document related to these notes are on attachments O, Oa, Ob and P.

NI SOURCE FINANCE CORP., AS ISSUER,
AND
NI SOURCE 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 86th 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

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 thereof 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 incurrance 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), setting 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 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, or 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 or 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, 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 Obligors.

Very truly yours,

NISOURCE FINANCE CORP.

By: _____
Name:
Title:

NISOURCE INC.

By: _____
Name:
Title:

This Agreement is hereby
accepted and agreed to as
of the date thereof.

[Add Purchaser Signature Blocks]

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

**THE NORTHWESTERN MUTUAL LIFE INSURANCE
COMPANY**

(1) All payments by wire transfer of immediately available funds to:

\$127,000,000 Series B Note
\$23,000,000 Series C Note

US Bank
777 East Wisconsin Avenue
Milwaukee, WI 53202
ABA #075000022
Account: Northwestern Mutual Life
Account No.: 182380324521

with sufficient information to identify the source of the transfer,
the amount of interest, principal or premium, the series of Notes
and the PPN [65473Q A@ 2 or 65473Q A# 0]

(2) All notices of payments and written confirmations of such wire
transfers:

The Northwestern Mutual Life Insurance Company
720 East Wisconsin Avenue
Milwaukee, WI 53202
Attention: Investment Operations
Facsimile: (414) 625-6998

(3) All other communications:

The Northwestern Mutual Life Insurance Company
720 East Wisconsin Avenue
Milwaukee, WI 53202
Attention: Securities Department
Facsimile: (414) 665-7124

(4) Tax identification number: 39-0509570

NAME AND ADDRESS OF PURCHASER:

ALLSTATE LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by Fedwire transfer of immediately available funds or ACH Payment, identifying the name of the Issuer, the Private Placement Number and the payment as principal, interest or premium, in the format as follows:
- | | | |
|------------|--|---------------------------|
| Bank: | Citibank | \$5,000,000 Series A Note |
| ABA #: | 021000089 | \$5,000,000 Series A Note |
| Account: | Allstate Life Insurance Company Collection | \$5,000,000 Series A Note |
| | Account - PP | \$5,000,000 Series A Note |
| Account #: | 30547007 | \$5,000,000 Series A Note |
| Reference: | OBI [Insert PPN 65473Q A* 4 / 65473Q B* 3], | \$5,000,000 Series D Note |
| | Credit Name, Coupon, Maturity], Payment Due | \$5,000,000 Series D Note |
| | Date (MM/DD/YY) and the type and amount of | \$5,000,000 Series D Note |
| | payment being made (e.g., for \$5,000,000 of | \$5,000,000 Series D Note |
| | principal being remitted, enter "P5000000.00"; for | \$5,000,000 Series D Note |
| | \$225,000 of interest being remitted, enter | \$5,000,000 Series D Note |
| | "I225000.00") | |
- (2) All notices of scheduled payments and written confirmations of such wire transfer to be sent to:
- Allstate Investments LLC
Investment Operations - Private Placements
3075 Sanders Road, STE G4A
Northbrook, IL 60062-7127
Telephone: (847) 402-6672 (Private Placements)
Fax: (847) 326-7032
email: PrivateIOD@allstate.com
- (3) All financial reports, compliance certificates and all other written communications, including notice of prepayments, to be sent by email to PrivateCompliance@allstate.com, or hard copy to:
- Allstate Investments LLC
Private Placement Department
3075 Sanders Road, STE G5D
Northbrook, IL 60062-7127
Telephone: (847) 402-7117
Fax: (847) 402-3092
- (4) Tax identification number: 36-2554642

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

ALLSTATE INSURANCE COMPANY

- (1) All payments by Fedwire transfer of immediately available funds or ACH Payment, identifying the name of the Issuer, the Private Placement Number and the payment as principal, interest or premium, in the format as follows:

\$5,000,000 Series A Note
\$5,000,000 Series A Note
\$5,000,000 Series A Note

Bank: Citibank
ABA #: 021000089
Account: Allstate Insurance Company Bond Collection
Account #: 30546979
Reference: OBI [Insert PPN 65473Q A* 4, Credit Name, Coupon, Maturity], Payment Due Date (MM/DD/YY) and the type and amount of payment being made (e.g., for \$5,000,000 of principal being remitted, enter "P5000000.00"; for \$225,000 of interest being remitted, enter "I225000.00")

- (2) All notices of schedule payments and written confirmations of such wire transfer to be sent to:

Allstate Investments LLC
Investment Operations - Private Placements
3075 Sanders Road, STE G4A
Northbrook, IL 60062-7127
Telephone: (847) 402-6672
Fax: (847) 326-7032
email: PrivateIOD@allstate.com

- (3) All financial reports, compliance certificates and all other written communications, including notice of prepayments, to be sent by email to PrivateCompliance@allstate.com, or hard copy to:

Allstate Investments LLC
Private Placement Department
3075 Sanders Road, STE G5D
Northbrook, IL 60062-7127
Telephone: (847) 402-7117
Fax: (847) 402-3092

- (4) Tax identification number: 36-0719665

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

ALLSTATE LIFE INSURANCE COMPANY OF NEW YORK

- (1) All payments by Fedwire transfer of immediately available funds or ACH Payment, identifying the name of the Issuer, the Private Placement Number and the payment as principal, interest or premium, in the format as follows:

\$5,000,000 Series A Note

\$5,000,000 Series A Note

Bank: Citibank
ABA #: 021000089
Account: Allstate Life Insurance Company of New York
Collection Account
Account #: 30547066
Reference: OBI [Insert PPN 65473Q A* 4, Credit Name,
Coupon, Maturity], Payment Due Date
(MM/DD/YY) and the type and amount of
payment being made (e.g., for \$5,000,000 of
principal being remitted, enter "P5000000.00"; for
\$225,000 of interest being remitted, enter
"I225000.00")

- (2) All notices of schedule payments and written confirmations of such wire transfer to be sent to:

Allstate Investments LLC
Investment Operations - Private Placements
3075 Sanders Road, STE G4A
Northbrook, IL 60062-7127
Telephone: (847) 402-6672 (Private Placements)
Fax: (847) 326-7032
email: PrivateIOD@allstate.com

- (3) All financial reports, compliance certificates and all other written communications, including notice of prepayments, to be sent by email to PrivateCompliance@allstate.com, or hard copy to:

Allstate Investments LLC
Private Placement Department
3075 Sanders Road, STE G5D
Northbrook, IL 60062-7127
Telephone: (847) 402-7117
Fax: (847) 402-3092

- (4) Tax identification number: 36-2608394

NAME AND ADDRESS OF PURCHASER:

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

PRINCIPAL AMOUNT OF NOTES OF EACH SERIES TO BE PURCHASED:

- (1) All payments on account of the Notes shall be made in immediately available funds at the opening of business on the due date by electronic funds transfer, properly identified through the Automated Clearing House System to the following account, and all such payments shall be accompanied by the notices specified in paragraph (2) below:

\$35,000,000 Series A Note
\$65,000,000 Series D Note

JPMorgan Chase Bank, N.A.
ABA #021-000-021
Account Number: 900-9-000200
Account Name: TIAA
For Further Credit to the Account Number: G07040
On order of: PPN 65473Q A* 4 (Series A Note); PPN 65473Q B* 3 (Series D Note) / NiSource Finance Corp.
Maturity Date: [November 28, 2012/November 28, 2025]/
Interest Rate: [5.21/5.89%] / P&I Breakdown

- (2) Contemporaneous with the above electronic funds transfer send the following information: (1) the full name, PPN, interest rate and maturity date of the Notes; (2) the allocation of payment between principal, interest, Make-Whole Amount, other premium or any special payment; and (3) the name and address of the bank from which such transfer was sent, to:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017
Attn: Securities Accounting Division
Telephone: (212) 916-4109
Facsimile: (212) 916-6955

AND

JPMorgan Chase Bank, N.A.
P.O. Box 35308
Newark, NJ 07101

AND

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017
Attn: Fixed Income and Real Estate
Telephone: (212) 916-5725 (Estelle Simsolo)
(212) 916-4000 (General Number)
Facsimile: (212) 916-6582

(3) All other communications:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017
Attn: Fixed Income and Real Estate
Telephone: (212) 916-5725 (Estelle Simsolo)
(212) 916-4000 (General Number)
Facsimile: (212) 916-6582

(4) Tax identification number: 13-1624203

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

Note to be registered in the name of "HARE & CO."

\$5,000,000 Series C Note

(1) All payments by wire transfer of immediately available funds to:

Hare & Co.

The Bank of New York

ABA #021000018

Account Number/Beneficiary: GLA111566

SWIFT Code: IRVTUS3N

Bank to Bank Information: American Mayflower Life Insurance
Company of New York, Account #127677, PPN 65473Q A# 0 &
Security Description, and Identify Principal & Interest Amounts

(2) All notices of payments and written confirmations of such wire
transfers:

Genworth Financial

Account: American Mayflower Life Insurance Company of
New York

601 Union Street, Suite 2200

Seattle, WA 98101

Attn: Private Placements

Telephone No: (206) 516-4515

Fax No: (206) 516-4578

GNW.privateplacements@genworth.com (in addition to physical
copy)

AND

State Street

Account: American Mayflower Life Insurance Company of
New York

801 Pennsylvania

Kansas City, MO 64105

Attn: Tammy Karn

Telephone No.: (816) 871-9286

Fax No.: (816) 691-5593

geam@statestreetkc.com (preferred delivery method)

AND

Hare & Co.
The Bank of New York
Income Collection Department
P.O. Box 11203
New York, NY 10286
Attn: PP P&I Department
Ref: American Mayflower Life Insurance Company of New
York
Account # 127677, PPN 65473Q A# 0 and Security Description
P&I Contact: Anthony Largo – (718) 315-3022

(3) All other communications:

Genworth Financial
Account: American Mayflower Life Insurance Company of
New York
601 Union Street, Suite 2200
Seattle, WA 98101
Attn: Private Placements
Telephone No: (206) 516-4515
Fax No: (206) 516-4578
GNW.privateplacements@genworth.com (in addition to physical
copy)

(4) Tax identification number: 13-5660550

NAME AND ADDRESS OF PURCHASER:

FIRST COLONY LIFE INSURANCE COMPANY

Notes to be registered in the name of "HARE & CO."

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series C Note
\$30,000,000 Series D Note

- (1) All payments by wire transfer of immediately available funds to:

The Bank of New York
ABA #021000018
Account Number/Beneficiary: GLA111566
SWIFT Code: IRVTUS3N
Bank to Bank Information: First Colony Life Insurance
Company, Account #127679, PPN [65473Q A# 0 / 65473Q B*
3] & Security Description, and Identify Principal & Interest
Amounts

- (2) All notices of payments and written confirmations of such wire
transfers:

Genworth Financial
Account: First Colony Life Insurance Company
601 Union Street, Suite 2200
Seattle, WA 98101
Attn: Private Placements
Telephone No: (206) 516-4515
Fax No: (206) 516-4578
GNW.privateplacements@genworth.com (in addition to physical
copy)

AND

State Street
Account: First Colony Life Insurance Company
801 Pennsylvania
Kansas City, MO 64105
Attn: Tammy Karn
Telephone No.: (816) 871-9286
Fax No.: (816) 691-5593
geam@statestreetkc.com (preferred delivery method)

AND

Hare & Co.
The Bank of New York
Income Collection Department
P.O. Box 11203
New York, NY 10286
Attn: PP P&I Department
Ref: First Colony Life Insurance Company
Account #127679, PPN [65473Q A# 0 / 65473Q B* 3] and
Security Description
P&I Contact: Anthony Largo – (718) 315-3022

(3) All other communications:

Genworth Financial
Account: First Colony Life Insurance Company
601 Union Street, Suite 2200
Seattle, WA 98101
Attn: Private Placements
Telephone No: (206) 516-4515
Fax No: (206) 516-4578
GNW.privateplacements@genworth.com (in addition to physical copy)

(4) Tax identification number: 54-0596414

NAME AND ADDRESS OF PURCHASER:

GE CAPITAL LIFE ASSURANCE COMPANY OF NEW YORK

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

Note to be registered in the name of "HARE & CO."

\$5,000,000 Series A Note

(1) All payments by wire transfer of immediately available funds to:

Hare & Co.
The Bank of New York
ABA #021000018
Account Number/Beneficiary: GLA111566
SWIFT Code: IRVTUS3N
Bank to Bank Information: GE Capital Life Assurance Company
of New York, Account #127019, PPN 65473Q A* 4 & Security
Description, and Identify Principal & Interest Amounts

(2) All notices of payments and written confirmations of such wire transfers:

Genworth Financial
Account: GE Capital Life Assurance Company of New York
601 Union Street, Suite 2200
Seattle, WA 98101
Attn: Private Placements
Telephone No: (206) 516-4515
Fax No: (206) 516-4578
If available, please send an electronic copy to
GNW.privateplacements@genworth.com

AND

State Street
Account: GE Capital Life Assurance Company of New York
801 Pennsylvania
Kansas City, MO 64105
Attn: Tammy Karn
Telephone No.: (816) 871-9286
Fax No.: (816) 691-5593
geam@statestreetkc.com (preferred delivery method)

AND

Hare & Co.
The Bank of New York
Income Collection Department
P.O. Box 11203
New York, NY 10286
Attn: PP P&I Department
Ref: GE Capital Life Assurance Company of New York,
Account #127019, PPN 65473Q A* 4 and Security Description
P&I Contact: Anthony Largo – (718) 315-3022

(3) All other communications:

Genworth Financial
Account: GE Capital Life Assurance Company of New York
601 Union Street, Suite 2200
Seattle, WA 98101
Attn: Private Placements
Telephone No: (206) 516-4515
Fax No: (206) 516-4578
If available, please send an electronic copy to
GNW.privateplacements@genworth.com

(4) Tax identification number: 22-2882416

NAME AND ADDRESS OF PURCHASER:

GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY

Note to be registered in the name of "HARE & CO."

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$15,000,000 Series A Note
\$10,000,000 Series D Note

- (1) All payments by wire transfer of immediately available funds to:

The Bank of New York
ABA #021000018
Account Number/Beneficiary: GLA111566
SWIFT Code: IRVTUS3N
Attn: PP P & I DEPARTMENT
Bank to Bank Information: General Electric Capital Assurance
Company, Account #127459, PPN [65473Q A* 4 / 65473Q B*
3] & Security Description, and Identify Principal & Interest
Amounts

- (2) All notices of payments and written confirmations of such wire
transfers:

Genworth Financial
Account: General Electric Capital Assurance Company
601 Union Street, Suite 2200
Seattle, WA 98101
Attn: Private Placements
Telephone No: (206) 516-4515
Fax No: (206) 516-4578
If available, please send an electronic copy to
GNW.privateplacements@genworth.com

AND

State Street
Account: General Electric Capital Assurance Company
801 Pennsylvania
Kansas City, MO 64105
Attn: Tammy Karn
Telephone No.: (816) 871-9286
Fax No.: (816) 691-5593
geam@statestreetkc.com (preferred delivery method)

AND

Hare & Co.
The Bank of New York
Income Collection Department
P.O. Box 11203
New York, NY 10286
Attn: PP P&I Department
Ref: General Electric Capital Assurance Company
Account #127459, PPN [65473Q A* 4 / 65473Q B* 3] and
Security Description
P&I Contact: Anthony Largo – (718) 315-3022

(3) All other communications:

Genworth Financial
Account: General Electric Capital Assurance Company
601 Union Street, Suite 2200
Seattle, WA 98101
Attn: Private Placements
Telephone No: (206) 516-4515
Fax No: (206) 516-4578
If available, please send an electronic copy to
GNW.privateplacements@genworth.com

(4) Tax identification number: 91-6027719

NAME AND ADDRESS OF PURCHASER:

RELIASTAR LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to:

\$7,000,000 Series A Note
\$5,000,000 Series A Note

The Bank of New York

ABA#: 021000018

BFN: IOC 566/INST'L CUSTODY (for principal and interest
payments)

BFN: IOC 565/INST'L CUSTODY (for all other payments)

Ref.: ReliaStar Life Insurance Company, Acct. No. 187035 and
PPN 65473Q A* 4

Each such wire transfer shall set forth the name of the Issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN 65473Q A* 4, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) All notices of payments and written confirmations of such wire transfers:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Operations/Settlements

Fax: (770) 690-4886

- (3) All other communications:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Private Placements

Fax: (770) 690-5057

- (4) Tax identification number: 41-0451140

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

ING USA ANNUITY AND LIFE INSURANCE COMPANY

- (1) All payments by wire transfer of immediately available funds to: **\$5,000,000 Series A Note**

The Bank of New York

ABA#: 021000018

BFN: IOC 566/INST'L CUSTODY (for principal and interest payments)

BFN: IOC 565/INST'L CUSTODY (for all other payments)

Ref.: ING USA Annuity and Life Insurance Co., Acct. No. 136373 and PPN 65473Q A* 4

Each such wire transfer shall set forth the name of the Issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN 65473Q A* 4, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) All notices of payments and written confirmations of such wire transfers:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Operations/Settlements

Fax: (770) 690-4886

- (3) All other communications:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Private Placements

Fax: (770) 690-5057

- (4) Tax identification number: 41-0991508

NAME AND ADDRESS OF PURCHASER:

SECURITY LIFE OF DENVER INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to:

\$9,000,000 Series A Note
\$9,000,000 Series A Note

The Bank of New York

ABA#: 021000018

BFN: IOC 566/INST'L CUSTODY (for principal and interest payments)

BFN: IOC 565/INST'L CUSTODY (for all other payments)

Attn: P&I Department

Ref.: Security Life of Denver Insurance Company, Acct. No. 178157 and PPN 65473Q A* 4

Each such wire transfer shall set forth the name of the Issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN 65473Q A* 4, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) All notices of payments and written confirmations of such wire transfers:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Operations/Settlements

Fax: (770) 690-4886

- (3) All other communications:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Private Placements

Fax: (770) 690-5057

- (4) Tax identification number: 84-0499703

NAME AND ADDRESS OF PURCHASER:

ING LIFE INSURANCE AND ANNUITY COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to: **\$15,000,000 Series A Note**

The Bank of New York

ABA#: 021000018

BFN: IOC 566/INST'L CUSTODY (for principal and interest payments)

BFN: IOC 565/INST'L CUSTODY (for all other payments)

Attn: P&I Department

Ref.: ING Life Insurance and Annuity Company, Acct. No. 216101 and PPN 65473Q A* 4

Each such wire transfer shall set forth the name of the Issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN 65473Q A* 4, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) All notices of payments and written confirmations of such wire transfers:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Operations/Settlements

Fax: (770) 690-4886

- (3) All other communications:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Private Placements

Fax: (770) 690-5057

- (4) Tax identification number: 71-0294708

NAME AND ADDRESS OF PURCHASER:

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA

ATTN: Private Placements
c/o Allianz of America, Inc.
55 Greens Farms Road
P.O. Box 5160
Westport, Connecticut 06881- 5160
Telephone No.: (203) 221- 8580
Fax No.: (203) 221- 8539
E-mail: blandry@azoa.com

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$25,000,000 Series B Note
\$25,000,000 Series D Note

Note to be registered in the name of "MAC & CO."

- (1) All payments on or in respect of the Certificates to be made by bank wire transfer of Federal or other immediately available funds to:

MAC&CO
ABA# 011001234
DDA 125261
Cost Center 1253
Reference: PPN [65473Q A@ 2 / 65473Q B* 3], Principal & Interest Breakdown, Account Number and Nominee Name in wire

- (2) All notices or statements with respect to payments and written confirmation of each such payment, including interest payments, redemptions, premiums, make wholes, and fees should be addressed as first shown above with additional copies to:

Allianz of America, Inc.
Attn: Private Placements
55 Greens Farms Road
P.O. Box 5160
Westport, Connecticut 06881- 5160
Telephone No.: (203) 221- 8580
Fax No.: (203) 221- 8539
E-mail: blandry@azoa.com

AND

Kathy Muhl
Supervisor - Income Group
Mellon Bank, N.A.
Three Mellon Center - Room 3418
Pittsburgh, Pennsylvania 15259
Telephone No.: (412) 234-5192
E-mail: muhl.kl@mellon.com

- (3) All other notices and communications (including original note agreement, conformed copy of the note agreement, amendment requests, financial statements) to:

Allianz Life Insurance Company of North America
ATTN: Private Placements
c/o Allianz of America, Inc.
55 Greens Farms Road
P.O. Box 5160
Westport, Connecticut 06881- 5160
Telephone No.: (203) 221- 8580
Fax No.: (203) 221- 8539
With electronic copy, if available, to blandry@azoa.com.

- (4) Tax identification number: 41-1366075

NAME AND ADDRESS OF PURCHASER:

NEW YORK LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to:

\$12,000,000 Series A Note
\$16,000,000 Series D Note

JPMorgan Chase Bank
New York, New York 10019
ABA No. 021-000-021
Credit: New York Life Insurance Company
General Account No. 008-9-00687

with sufficient information (including issuer, PPN [65473Q A* 4 / 65473Q B* 3] interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

- (2) With advice of such payments to:

New York Life Insurance Company
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Financial Management
Securities Operations, 2nd Floor
Fax #: (212) 447-4160
With a copy sent electronically to: SIGLibrary@nylim.com

- (3) All other communications:

New York Life Insurance Company
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010
Attention: Securities Investment Group
Private Finance, 2nd Floor
Fax #: (212) 447-4122
With a copy sent electronically to: SIGLibrary@nylim.com

AND

A copy of any notices regarding defaults or Events of Default under the operative documents to:

New York Life Insurance Company
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010
Attention: Office of General Counsel
Investment Section, Room 1104
Fax #: (212) 576-8340

(4) Tax identification number: 13-5582869

NAME AND ADDRESS OF PURCHASER:

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

PRINCIPAL AMOUNT OF NOTES OF EACH SERIES TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to:

\$7,000,000 Series A Note
\$4,000,000 Series D Note

JPMorgan Chase Bank
New York, New York
ABA No. 021-000-021
Credit: New York Life Insurance and Annuity Corporation
General Account No. 323-8-47382

with sufficient information (including issuer, PPN [65473Q A* 4 / 65473Q B* 3], interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

- (2) With advice of such payments to:

New York Life Insurance and Annuity Corporation
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Financial Management
Securities Operation, 2nd Floor
Fax #: (212) 447-4160
With a copy sent electronically to: SIGLibrary@nylim.com

- (3) All other communications to:

New York Life Insurance and Annuity Corporation
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Securities Investment Group
Private Finance, 2nd Floor
Fax #: (212) 447-4122
With a copy sent electronically to: SIGLibrary@nylim.com

AND

A copy of any notices regarding defaults or Events of Default under the operative documents to:

New York Life Insurance and Annuity Corporation
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Office of General Counsel
Investment Section, Room 1104
Fax #: (212) 576-8340

(4) Tax identification number: 13-3044743

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$500,000 Series A Note

- (1) All payments by wire transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York
ABA No. 021-000-021
Credit: NYLIAC SEPARATE BOLI 3 BROAD FIXED
General Account No. 323-8-39002

with sufficient information (including issuer, PPN 65473Q A* 4,
interest rate, maturity and whether payment is of principal,
premium, or interest) to identify the source and application of
such funds.

- (2) With advice of such payments to:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Financial Management
Securities Operation, 2nd Floor
Fax #: (212) 447-4160
With a copy sent electronically to: SIGLibrary@nylim.com

- (3) All other communications to:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Securities Investment Group
Private Finance, 2nd Floor
Fax #: (212) 447-4122
With a copy sent electronically to: SIGLibrary@nylim.com

AND

A copy of any notices regarding defaults or Events of Default under the operative documents to:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Office of General Counsel
Investment Section, Room 1104
Fax #: (212) 576-8340

(4) Tax identification number: 13-3044743

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to: **\$500,000 Series A Note**

JPMorgan Chase Bank
New York, New York
ABA No. 021-000-021
Credit: NYLIAC SEPARATE BOLI 3-2
General Account No. 323-9-56793

with sufficient information (including issuer, PPN 65473Q A* 4, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

- (2) With advice of such payments to:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Financial Management
Securities Operation, 2nd Floor
Fax #: (212) 447-4160
With a copy sent electronically to: SIGLibrary@nylim.com

- (3) All other communications to:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Securities Investment Group
Private Finance, 2nd Floor
Fax #: (212) 447-4122
With a copy sent electronically to: SIGLibrary@nylim.com

AND

A copy of any notices regarding defaults or Events of Default under the operative documents to:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Office of General Counsel
Investment Section, Room 1104
Fax #: (212) 576-8340

(4) Tax identification number: 13-3044743

NAME AND ADDRESS OF PURCHASER:

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

Note to be registered in the name of "CIG & CO."

- (1) All payments by wire transfer of immediately available funds to:

J.P. Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021
OBI=[name of company; description of security; interest rate,
maturity date; PPN [65473Q A@ 2 / 65473Q A# 0]

- (2) All notices of payments and written confirmations of such wire transfers:

CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Fixed Income Securities, H16B
280 Trumbull Street
Hartford, CT 06103
FAX: 860-727-8024

AND

J.P. Morgan Chase Bank
14201 Dallas Parkway, 13th Floor
Dallas, TX 75254
Attention: Heather Frisina, Mail Code 300-116
FAX: 469-477-1904

- (3) All other communications:

CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Fixed Income Securities, H16B
280 Trumbull Street
Hartford, CT 06103
FAX: 860-727-8024

- (4) Tax identification number: 13-3574027

\$2,000,000 Series B Note
(CGL/RAA)
\$2,000,000 Series B Note
(CGL/RE)
\$3,000,000 Series B Note
(CGL/STK)
\$2,000,000 Series B Note
(SABOLI)
\$2,000,000 Series B Note
(SAHUNT)
\$1,000,000 Series B Note
(SAKEYCO)
\$5,400,000 Series C Note
(CGL/CGS)
\$2,000,000 Series C Note
(CGL/LEV)
\$3,400,000 Series C Note
(CGL/RE)
\$2,200,000 Series C Note
(SAHUNT)

NAME AND ADDRESS OF PURCHASER:

LIFE INSURANCE COMPANY OF NORTH AMERICA

Note to be registered in the name of "CIG & CO."

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to:

J.P. Morgan Chase Bank

BNF=CIGNA Private Placements/AC=9009001802

ABA# 021000021

OBI=[name of company; description of security; interest rate,
maturity date; PPN [65473Q A@ 2 / 65473Q A# 0]]

\$3,000,000 Series B Note
(LINA)

\$2,000,000 Series C Note
(LINA)

- (2) All notices of payments and written confirmations of such wire transfers:

CIG & Co.

c/o CIGNA Investments, Inc.

Attention: Fixed Income Securities, H16B

280 Trumbull Street

Hartford, CT 06103

FAX: 860-727-8024

AND

J.P. Morgan Chase Bank

14201 Dallas Parkway, 13th Floor

Dallas, TX 75254

Attention: Heather Frisina, Mail Code 300-116

FAX: 469-477-1904

- (3) All other communications:

CIG & Co.

c/o CIGNA Investments, Inc.

Attention: Fixed Income Securities, H16B

280 Trumbull Street

Hartford, CT 06103

FAX: 860-727-8024

- (4) Tax identification number: 13-3574027

NAME AND ADDRESS OF PURCHASER:

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series D Note

Note to be registered in the name of "CUDD & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

CUDD & CO.
c/o JP Morgan Chase Bank
New York, NY
ABA No. 021 000 021
SSG Private Income Processing
A/C #900-9-000200
Custodial Account No. G06704

Reference: Issuer, PPN 65473Q B* 3, Coupon, Maturity,
Principal and Interest

- (2) Address all notices regarding payments and all other communications to:

Provident Investment Management, LLC
Private Placements
One Fountain Square
Chattanooga, Tennessee 37402
Telephone: (423) 294-1172
Fax: (423) 294-3351

- (3) Tax Identification Number: 13-6022143 (CUDD & CO.)

NAME AND ADDRESS OF PURCHASER:
UNUM LIFE INSURANCE COMPANY OF AMERICA

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$10,000,000 Series D Note

Note to be registered in the name of "CUDD & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

CUDD & CO.
c/o JP Morgan Chase Bank
New York, NY
ABA No. 021 000 021
SSG Private Income Processing
A/C #900-9-000200
Custodial Account No. G09470

Reference: Issuer, PPN 65473Q B* 3, Coupon, Maturity,
Principal and Interest

- (2) Address all notices regarding payments and all other communications to:

Provident Investment Management, LLC
Private Placements
One Fountain Square
Chattanooga, Tennessee 37402
Telephone: (423) 294-1172
Fax: (423) 294-3351

- (3) Tax Identification Number: 13-6022143 (CUDD & CO.)

NAME AND ADDRESS OF PURCHASER:
FIRST UNUM LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$10,000,000 Series D Note

Note to be registered in the name of "CUDD & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

CUDD & CO.
c/o JP Morgan Chase Bank
New York, NY
ABA No. 021 000 021
SSG Private Income Processing
A/C #900-9-000200
Custodial Account No. G08289

Reference: Issuer, PPN 65473Q B* 3, Coupon, Maturity,
Principal and Interest

- (2) Address all notices regarding payments and all other communications to:

Provident Investment Management, LLC
Private Placements
One Fountain Square
Chattanooga, Tennessee 37402
Telephone: (423) 294-1172
Fax: (423) 294-3351

- (3) Tax Identification Number: 13-6022143 (CUDD & CO.)

NAME AND ADDRESS OF PURCHASER:
COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$15,000,000 Series D Note

Note to be registered in the name of "CUDD & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

CUDD & CO.
c/o JP Morgan Chase Bank
New York, NY
ABA No. 021 000 021
SSG Private Income Processing
A/C #900-9-000200
Custodial Account No. G08292

Reference: Issuer, PPN 65473Q B* 3, Coupon, Maturity,
Principal and Interest

- (2) Address all notices regarding payments and all other communications to:

Provident Investment Management, LLC
Private Placements
One Fountain Square
Chattanooga, Tennessee 37402
Telephone: (423) 294-1172
Fax: (423) 294-3351

- (3) Tax Identification Number: 13-6022143 (CUDD & CO.)

NAME AND ADDRESS OF PURCHASER:

**TRANSAMERICA OCCIDENTAL LIFE INSURANCE
COMPANY**

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$35,000,000 Series A Note

- (1) All payments on account of the TRANSAMERICA OCCIDENTAL LIFE INSURANCE COMPANY shall be made by wire transfer of immediately available funds. Wire instructions should include source and application of funds (principal and/or interest amount) along with security/issuer description and PPN 65473Q A* 4 to:

Boston Safe Deposit Trust
ABA# - 011001234
Credit DDA Account #125261
Attn: MBS Income, cc1253
Custody account # TRAF1515002
FC TOLIC Private

- (2) All notices of payments and written confirmations of such wire transfers:

Email: paymentnotifications@aegonusa.com
AEGON USA Investment Management, LLC
Attn: Custody Operations-Privates
4333 Edgewood Road NE
Cedar Rapids, IA 52499-7013

- (3) All other communications:

AEGON USA Investment Management, LLC
Attn: Fred Howard - Private Placements
400 West Market Street, 10th Floor
Louisville, KY 40202
Phone: 502-560-2149
Fax: 502-560-2030

AND

AEGON USA Investment Management, LLC
Attn: Director of Private Placements
4333 Edgewood Road N.E.
Cedar Rapids, IA 52499-5335
Phone: 319-369-2432
Fax: 319-369-2666

- (4) Tax identification number: 95-1060502

NAME AND ADDRESS OF PURCHASER:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$7,400,000 Series B Note
\$5,300,000 Series C Note

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as either (a) NiSource Finance Corp., 5.36% Senior Notes Series B due 2015 or (b) NiSource Finance Corp., 5.41% Senior Notes Series C due 2016, interest and principal), to:

Citibank, N.A.
New York, NY
ABA No. 021000089
For MassMutual Unified Traditional
Account Name: MassMutual BA 0033 TRAD Private ELBX
Account No. 30566056
Re: Description of security, PPN [65473Q A@ 2 / 65473Q A# 0], principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$3,950,000 Series B Note
\$3,000,000 Series C Note

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as either (a) NiSource Finance Corp., 5.36% Senior Notes Series B due 2015 or (b) NiSource Finance Corp., 5.41% Senior Notes Series C due 2016, interest and principal), to:

Citibank, N.A.
New York, NY
ABA No. 021000089
For MassMutual Pension Management
Account No. 30510538
Re: Description of security, PPN [65473Q A@ 2 / 65473Q A# 0], principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,250,000 Series B Note
\$2,200,000 Series C Note

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as either (a) NiSource Finance Corp., 5.36% Senior Notes Series B due 2015 or (b) NiSource Finance Corp., 5.41% Senior Notes Series C due 2016, interest and principal), to:

Citibank, N.A.
New York, NY
ABA No. 021000089
For MassMutual DI
Account Name: MassMutual BA 0038 DI Private ELBX
Account No. 30566064
Re: Description of security, PPN [65473Q A@ 2 / 65473Q A# 0], principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,300,000 Series B Note

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as NiSource Finance Corp., 5.36% Senior Notes Series B due 2015, interest and principal), to:

Citibank, N.A.
New York, NY
ABA No. 021000089
For MassMutual DI
Account Name: MassMutual IFM Non-Traditional
Account No. 30510589
Re: Description of security, PPN 65473Q A@ 2, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series C Note

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as NiSource Finance Corp., 5.41% Senior Notes Series C due 2016, interest and principal), to:

Citibank, N.A.
New York, NY
ABA No. 021000089
For MassMutual Structured Settlement Fund
Account No. 30510634
Re: Description of security, PPN 65473Q A# 0, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

C.M. LIFE INSURANCE COMPANY
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,250,000 Series B Note
\$1,600,000 Series C Note

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as either (a) NiSource Finance Corp., 5.36% Senior Notes Series B due 2015 or (b) NiSource Finance Corp., 5.41% Senior Notes Series C due 2016, interest and principal), to:

Citibank, N.A.
New York, NY
ABA No. 021000089
For CM Life Segment 43 - Universal Life
Account No. 30510546
Re: Description of security, PPN [65473Q A@ 2 / 65473Q A# 0], principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

C.M. Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

- (3) All other communications:

C.M. Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

- (4) Tax identification number: 06-1041383

NAME AND ADDRESS OF PURCHASER:

MASSMUTUAL ASIA LIMITED
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$850,000 Series B Note
\$900,000 Series C Note

Notes to be registered in the name of "GERLACH & CO."

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as either (a) NiSource Finance Corp., 5.36% Senior Notes Series B due 2015 or (b) NiSource Finance Corp., 5.41% Senior Notes Series C due 2016, interest and principal), to:

Gerlach & Co.
c/o Citibank, N.A.
New York, NY
ABA No. 021000089
Concentration Account 36112805
Attention: Judy Rock
Re: MassMutual Asia
Name of Security/ PPN [65473Q A@ 2 / 65473Q A# 0]

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

MassMutual Asia Limited
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

(3) All other communications:

MassMutual Asia Limited
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

Corporate Action Notification to:

Citigroup Global Securities Services
Attention: Corporate Action Dept.
3800 Citibank Center Tampa
Building B Floor 3
Tampa, FL 33610-9122

(4) Tax identification number: N/A

NAME AND ADDRESS OF PURCHASER:

HAKONE FUND LLC
c/o Babson Capital Management LLC
1500 Main Street, Attn: Securities Investment Division
Springfield, MA 01115

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$3,000,000 Series B Note

Note to be registered in the name of "GERLACH & CO."

- (1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as NiSource Finance Corp., 5.36% Senior Notes Series B due 2015, interest and principal), to:

Gerlach & Co.
c/o Citibank, N.A.
New York, NY
ABA No. 021000089
Concentration Account 36112805
FFC: Account # 850481
Re: Currency Hedged Investment Vehicle
Ref: PPN 65473Q A@ 2, Name of Security

With telephone advice of payment to the Securities Custody and Collection Department of Babson Capital Management LLC at (413) 226-1889 or (413) 226-1803

- (2) All notices of payments and written confirmations of such wire transfers:

Hakone Fund LLC
c/o Babson Capital Management LLC
1500 Main Street, Suite 800
Springfield, MA 01115
Attention: Securities Custody and Collection Department

- (3) All other communications:

Hakone Fund LLC
c/o Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115
Attn: Securities Investment Division

Corporate Action Notification to:

Citigroup Global Securities Services
Attention: Corporate Action Dept.
3800 Citibank Center Tampa
Building B Floor 3
Tampa, FL 33610-9122

(4) Tax identification number: N/A

NAME AND ADDRESS OF PURCHASER:

JACKSON NATIONAL LIFE INSURANCE COMPANY

- (1) Please wire all payments as follows. To ensure accurate and timely posting of principal and interest, please include all relevant information on the wire.

The Bank of New York
ABA # 021-000-018
BNF Account #: IOC566
FBO: Jackson National Life
Ref: PPN 65473Q A* 4, Description, and Breakdown (P&I)

- (2) All notices of payments and written confirmations of such wire transfers:

Jackson National Life Insurance Company
C/O The Bank of New York
Attn: P&I Department
P. O. Box 19266
Newark, New Jersey 07195
Phone: (718) 315-3035, Fax: (718) 315-3076

- (3) All other communications:

PPM America, Inc.
225 West Wacker Drive, Suite 1100
Chicago, IL 60606-1228
Attn: Private Placements – Mark Staub
Phone: (312) 634-1212, Fax: (312) 634-0054

AND

Jackson National Life Insurance Company
225 West Wacker Drive, Suite 1100
Chicago, IL 60606-1228
Attn: Investment Accounting – Mark Stewart
Phone: (312) 338-5832, Fax: (312) 236-5224

- (4) Tax identification number: 38-1659835

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$15,000,000 Series A Note
(JNL-41)
\$10,000,000 Series A Note
(JNL-MVA)

NAME AND ADDRESS OF PURCHASER:

THRIVENT FINANCIAL FOR LUTHERANS

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$25,000,000 Series A Note

Notes to be registered in the name of "SWANBIRD & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to

ABA # 011000028
State Street Bank & Trust Co.
DDA # A/C – 6813-049-1
Fund Number: NCE1
Fund Name: Thrivent Financial for Lutherans

Referencing Security Description, PPN 65473Q A* 4, Purpose of Payment, Interest and/or Principal Breakdown

- (2) Notices of payments and written confirmation of such wire transfers to:

Investment Division
Thrivent Financial for Lutherans
625 Fourth Avenue North
Minneapolis MN 55415
Fax: 612-340-5776

AND

Thrivent Accounts
State Street Kansas City
801 Pennsylvania
Kansas City, MO 64105
Attention: Bart Woodson
Fax: 816-691-3610

- (3) All other communications to:

Thrivent Financial for Lutherans
Attn: Investment Division
625 Fourth Avenue South
Minneapolis, MN 55415
Fax: (612) 340-5776

- (4) Tax identification number: 39-0123480

NAME AND ADDRESS OF PURCHASER:

PROTECTIVE LIFE INSURANCE COMPANY
2801 Hwy. 280 South
Birmingham, AL 35223

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$25,000,000 Series B Note

- (1) All payments by wire transfer of immediately available funds to:

Bank of NYC
Custody Account Number: 0000294412
Account Name: PROTECTIVE LIFE INSURANCE CO.
(Ordinary)
ABA #021000018
REF: _____

with sufficient information to identify the source and application
of such funds (PPN 65473Q A@ 2).

- (2) All notices of payments and written confirmations of such wire
transfers:

Protective Life Insurance Co.
% Investment Department
Attn: Belinda Bradley
P. O. Box 2606
Birmingham, AL 35202

- (3) All other communications:

Protective Life Insurance Co.
% Investment Department
Attn: Belinda Bradley
P. O. Box 2606
Birmingham, AL 35202

- (4) Tax identification number: 63-0169720

NAME AND ADDRESS OF PURCHASER:

AMERICAN REPUBLIC INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series C Note

Note to be registered in the name of "WELLS FARGO BANK, N.A.
FBO AMERICAN REPUBLIC INSURANCE COMPANY"

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

Wells Fargo Bank, N.A.

ABA #121000248

BNFA=0000840245 (include all 10 digits)

BNF=Trust Wire Clearing

FFC Attn: Income Collections, a/c #20983400

(add additional information such as PPN 65473Q A# 0 and P&I)

For further credit to: American Republic Insurance Co.

Account Number: 20983400

Also, please reference sufficient information to identify the source and application of such funds.

- (2) All notices and statements should be sent to the following address:

American Republic Insurance Company

c/o Advantus Capital Management Inc.

400 Robert Street North

St. Paul, MN 55101

Attn: Client Administrator

- (3) Tax identification number: 42-0113630

NAME AND ADDRESS OF PURCHASER:

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series C Note

Note to be registered in the name of "HARE & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

BK of NYC

ABA: 021000018

BBK=IOC 363

Account: 531463

Name on Acct: Blue Cross and Blue Shield of Florida, Inc.

Also, please reference sufficient information to identify the source and application of such funds (PPN 65473Q A# 0).

- (2) All notices and statements should be sent to the following address:

Blue Cross and Blue Shield of Florida, Inc.

c/o Advantus Capital Management, Inc.

400 Robert Street North

St. Paul, MN 55101

Attn: Client Administrator

- (3) Tax identification number: 59-2015694

NAME AND ADDRESS OF PURCHASER:

THE CATHOLIC AID ASSOCIATION

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,000,000 Series C Note

Note to be registered in the name of "WELLS FARGO BANK, N.A.
FBO THE CATHOLIC AID ASSOCIATION"

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

Wells Fargo Bank N.A.

ABA #: 121000248

BNFA: 0000840245 (must use all 10 digits)

Beneficiary Acct Name: Trust Wire Clearing

Wells Fargo Acct Name: The Catholic Aid Association

Wells Fargo Acct #: 15313201

Contact Name: Linh Nguyen (612) 667-7197

Also, please reference sufficient information to identify the source and application of such funds (PPN 65473Q A# 0).

- (2) All notices and statements should be sent to the following address:

The Catholic Aid Association

c/o Advantus Capital Management, Inc.

400 Robert Street North

St. Paul, MN 55101

Attn: Client Administrator

- (3) Tax identification number: 41-0182070

NAME AND ADDRESS OF PURCHASER:

THE LAFAYETTE LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

\$2,000,000 Series D Note

JPMorgan Chase Bank
ABA 021-000-021
SWIFT Address: CHASUS33
Account 631557105
Beneficiary: Lafayette Life Insurance Company

Also, please reference sufficient information to identify the source and application of such funds (PPN 65473Q B* 3).

- (2) All notices and statements should be sent to the following address:

The Lafayette Life Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, MN 55101
Attn: Client Administrator

- (3) Tax identification number: 35-0457540

NAME AND ADDRESS OF PURCHASER:

MINNESOTA LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series C Note

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

Mellon Bank, Pittsburgh, PA

ABA#: 011001234

DDA#: 048771

Account Name: Minnesota Life Insurance Company

Account #: ADF0106002

Cost Code: 1167

Ref: Issuer, Rate, Maturity, PPN 65473Q A# 0, P&I Breakdown

- (2) All notices and statements should be sent to the following address:

Minnesota Life Insurance Company

c/o Advantus Capital Management, Inc.

400 Robert Street North

St. Paul, MN 55101

Attn: Client Administrator

- (3) Tax identification number: 41-0417830

NAME AND ADDRESS OF PURCHASER:

MTL INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series D Note

Note to be registered in the name of "ELL & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

The Northern Chgo/Trust
ABA #071-000-152
For credit to: Account Number: 5186041000
For further credit to: MTL Insurance Company
Account Number: 26-00621
Attn: Income Collections

Also, please reference sufficient information to identify the source and application of such funds (PPN 65473Q B* 3).

- (2) All notices and statements should be sent to the following address:

MTL Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, MN 55101
Attn: Client Administrator

- (3) Tax identification number: 36-1516780

NAME AND ADDRESS OF PURCHASER:

THE RELIABLE LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,000,000 Series B Note

Note to be registered in the name of "HARE & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

Interest:

ABA # 021000018

Bank of New York

GLA # 111 - 363

PPN 65473Q A@ 2

Custody Account # 276073

Custody Account Name: The Reliable Life Insurance Co

Principal:

ABA #021000018

Bank of New York

GLA # 111 - 566

PPN 65473Q A@ 2

Custody Account # 276073

Custody Account Name: The Reliable Life Insurance Co

Amendment:

ABA # 021000018

Bank of New York

GLA # 111-565

PPN 65473Q A@ 2

Custody Account # 276073

Custody Account Name: The Reliable Life Insurance Co.

- (2) All notices and statements should be sent to the following address:

The Reliance Life Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, MN 55101
Attn: Client Administrator

- (3) Tax identification number: 43-0476110

NAME AND ADDRESS OF PURCHASER:

UNITED INSURANCE COMPANY OF AMERICA

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series B Note

Note to be registered in the name of "HARE & CO."

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

Interest:

ABA # 021000018
Bank of New York
GLA # 111 – 363
PPN 65473Q A@ 2
Custody Account # 367937
Custody Account Name: United Ins Co of America

Principal:

ABA #021000018
Bank of New York
GLA # 111 – 566
PPN 65473Q A@ 2
Custody Account # 367937
Custody Account Name: United Ins Co of America

Amendment:

ABA #021000018
Bank of New York
GLA # 111 – 565
PPN 65473Q A@ 2
Custody Account # 367937
Custody Account Name: United Ins Co of America

- (2) All notices and statements should be sent to the following address:

United Insurance Company of America
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, MN 55101
Attn: Client Administrator

- (3) Tax identification number: 36-1896670

NAME AND ADDRESS OF PURCHASER:

WESTERN UNITED LIFE ASSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series C Note

Note to be registered in the name of "WELLS FARGO BANK, N.A.
FBO WESTERN UNITED LIFE ASSURANCE COMPANY"

- (1) All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

Wells Fargo Bank, N.A.
ABA #121000248
BNFA=0000840245 (include all 10 digits)
BNF=Corporate Trust Clearing
FFC Attn: Income Collections, a/c #16700300
(add additional information such as PPN 65473Q A# 0 and P&I)
For further credit to: Western United Life Assurance Co.
Account Number: 16700300

Also, please reference sufficient information to identify the source and application of such funds.

- (2) All notices and statements should be sent to the following address:

Western United Life Assurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, MN 55101
Attn: Client Administrator

- (3) Tax identification number: 91-0756069

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

HARTFORD ACCIDENT AND INDEMNITY COMPANY

- (1) All payments by wire transfer of immediately available funds to:

\$5,000,000 Series A Note
\$5,000,000 Series A Note
\$4,000,000 Series A Note

JP Morgan Chase
4 New York Plaza
New York New York 10004
Bank ABA No. 021000021
Chase NYC/Cust
A/C # 900-9-000200 for F/C/T G06239-HAI
Attn: Bond Interest /Principal - NiSource Finance Corp 5.21%
Senior Unsecured Notes Due November 28, 2012
PPN 65473Q A* 4 Prin \$ _____ Int \$ _____

- (2) All notices of payments and written confirmations of such wire transfers:

Hartford Investment Management Company
c/o Portfolio Support
Regular mailing address:
P.O. Box 1744
Hartford, CT 06144-1744
Overnight mailing address:
55 Farmington Avenue
Hartford, Connecticut 06105
Telefacsimile: (860) 297-8875/8876

- (3) All other communications:

Hartford Investment Management Company
c/o Investment Department-Private Placements
Regular mailing address:
P.O. Box 1744
Hartford, CT 06144-1744
Overnight mailing address:
55 Farmington Avenue
Hartford, Connecticut 06105

- (4) Tax identification number: 06-0383030

NAME AND ADDRESS OF PURCHASER:

PHYSICIANS LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$500,000 Series A Note

Note to be registered in the name of "ELL & CO."

- (1) All payments by wire transfer of immediately available funds to:

Custodian: The Northern Trust Company
DTC Number: 2669
Institutional I.D.: 26724
ABA Number: 071000152
Agent Bank I.D.: 20290
Internal Account: 26-27103 (PLIC LIFE - Hartford)
Attn: Bond Interest / Principal - NiSource
Finance Corp.
5.21% Senior Series A Due November 28,
2012 (PPN 65473Q A* 4)

- (2) All notices of payments and written confirmations of such wire transfers:

Physicians Life Insurance Company
Attention: Steven Scanlan
2600 Dodge Street
Omaha, NE 68131
Facsimile: (402) 633-1096

- (3) All other communications:

Hartford Investment Management Company
c/o Investment Department-Private Placements
Regular mailing address:
P.O. Box 1744
Hartford, CT 06144-1744
Overnight mailing address:
55 Farmington Avenue
Hartford, Connecticut 06105
Telefacsimile: (860) 297-8884

- (4) Tax identification number: 47-0529583

NAME AND ADDRESS OF PURCHASER:

PHYSICIANS LIFE INSURANCE COMPANY

Notes to be registered in the name of "ELL & CO."

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,500,000 Series A Note

- (1) All payments by wire transfer of immediately available funds to:

Custodian: The Northern Trust Company
DTC Number: 2669
Institutional I.D.: 26724
ABA Number: 071000152
Agent Bank I.D.: 20290
Internal Account: 26-27104 (PLIC ANNUITY - Hartford)
Attn: Bond Interest / Principal - NiSource Finance
Corp.
5.21% Senior Series A Due November 28,
2012 (PPN 65473Q A* 4)

- (2) All notices of payments and written confirmations of such wire transfers:

Physicians Life Insurance Company
Attention: Steven Scanlan
2600 Dodge Street
Omaha, NE 68131
Facsimile: (402) 633-1096

- (3) All other communications:

Hartford Investment Management Company
c/o Investment Department-Private Placements
Regular mailing address:
P.O. Box 1744
Hartford, CT 06144-1744
Overnight mailing address:
55 Farmington Avenue
Hartford, Connecticut 06105
Telefacsimile: (860) 297-8884

- (4) Tax identification number: 47-0529583

NAME AND ADDRESS OF PURCHASER:

PHOENIX LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to: **\$10,000,000 Series B Note**

ABA 021 000 021

Bank: JP Morgan Chase

City, State: New York, NY

Acct. #: 900 9000 200

Acct. Name: Income Processing

Reference: G05123, Phoenix Life Ins., PPN = (65473Q A@ 2),

OBI = (issuer name), Rate = (coupon), Due = (mat. Date)

INCLUDE company name, principal and interest breakdown and premium, if any.

- (2) All legal notices to:

Phoenix Life Insurance Company

Attn: John Mulrain

One American Row

PO Box 5056

Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners

Attn: Private Placement Department

56 Prospect Street

Hartford, CT 06115

- (4) Tax identification number: 06-0493340

NAME AND ADDRESS OF PURCHASER:

PHOENIX LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to: **\$3,000,000 Series B Note**

ABA 021 000 021

Bank: JP Morgan Chase

City, State: New York, NY

Acct. #: 900 9000 200

Acct. Name: Income Processing

Reference: G05689, Phoenix Life Ins., PPN = (65473Q A@ 2),

OBI = (issuer name), Rate = (coupon), Due = (mat. Date)

INCLUDE company name, principal and interest breakdown and
premium, if any.

- (2) All legal notices to:

Phoenix Life Insurance Company

Attn: John Mulrain

One American Row

PO Box 5056

Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners

Attn: Private Placement Department

56 Prospect Street

Hartford, CT 06115

- (4) Tax identification number: 06-0493340

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

PHL VARIABLE INSURANCE COMPANY

- (1) All payments by wire transfer of immediately available funds to: **\$1,500,000 Series B Note**

ABA 021 000 021

Bank: JP Morgan Chase

City, State: New York, NY

Acct. #: 900 9000 200

Acct. Name: Income Processing

Reference: G09390, Phoenix Life Insur., PPN = (65473Q A@ 2),

OBI = (issuer name), Rate = (coupon), Due = (mat. Date)

INCLUDE company name, principal and interest breakdown and premium, if any.

- (2) All legal notices to:

Phoenix Life Insurance Company

Attn: John Mulrain

One American Row

PO Box 5056

Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners

Attn: Private Placement Department

56 Prospect Street

Hartford, CT 06115

- (4) Tax identification number: 06-1045829

NAME AND ADDRESS OF PURCHASER:

PHL VARIABLE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to:

\$500,000 Series B Note

ABA 021 000 021

Bank: JP Morgan Chase

City, State: New York, NY

Acct. #: 900 9000 200

Acct. Name: Income Processing

Reference: G09389, Phoenix Life Insur., PPN = (65473 A@ 2),

OBI = (issuer name), Rate = (coupon), Due = (mat. Date)

INCLUDE company name, principal and interest breakdown and premium, if any.

- (2) All legal notices to:

Phoenix Life Insurance Company

Attn: John Mulrain

One American Row

PO Box 5056

Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners

Attn: Private Placement Department

56 Prospect Street

Hartford, CT 06115

- (4) Tax identification number: 06-1045829

NAME AND ADDRESS OF PURCHASER:

AMERUS LIFE INSURANCE COMPANY

Note to be registered in the name of "HARE & CO."

- (1) All payments by wire transfer of immediately available funds to:

The Bank of New York
New York, NY
ABA #021000018
BNF: IOC566
Attn: P & I Department
Ref: AmerUs Life Account 010040, PPN 65473Q A# 0

Name of Companies:
Description of Security:
PPN 65473Q:
Due Date and Application (as among principal, Make-Whole
Amount and interest) of the payment being made:

- (2) All notices of payments and written confirmations of such wire transfers:

AmerUs Life Insurance Company
c/o AmerUs Capital Management Group, Inc.
699 Walnut Street, Suite 1700
Des Moines, IA 50309
Attn: Julie Rivera
Tel: (515) 283-3431
Fax: (515) 283-3439

- (3) All other communications:

AmerUs Life Insurance Company
c/o AmerUs Capital Management Group, Inc.
699 Walnut Street, Suite 1700
Des Moines, IA 50309
Attn: Tamara Harmon
Tel: (515) 362-3527
Fax: (515) 283-3439

- (4) Tax identification number: 42-0175020 (AmerUs Life Insurance Company); 13-6062916 (Hare & Co.)

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series C Note

NAME AND ADDRESS OF PURCHASER:

AMERICAN INVESTORS LIFE INSURANCE COMPANY

Note to be registered in the name of "HARE & CO."

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$10,000,000 Series C Note

- (1) All payments by wire transfer of immediately available funds to:

The Bank of New York

New York, NY

ABA #021000018

BNF: IOC566

Attn: P & I Department

Ref: American Investors Life Account 010048, PPN 65473Q A#
0

Name of Companies:

Description of Security:

PPN 65473Q A# 0

Due Date and Application (as among principal, Make-Whole
Amount and interest) of the payment being made:

- (2) All notices of payments and written confirmations of such wire
transfers:

American Investors Life Insurance Company

c/o AmerUs Capital Management Group, Inc.

699 Walnut Street, Suite 1700

Des Moines, IA 50309

Attn: Julie Rivera

Tel: (515) 283-3431

Fax: (515) 283-3439

- (3) All other communications:

American Investors Life Insurance Company

c/o AmerUs Capital Management Group, Inc.

699 Walnut Street, Suite 1700

Des Moines, IA 50309

Attn: Tamara Harmon

Tel: (515) 362-3527

Fax: (515) 283-3439

- (4) Tax identification number: 48-0696320 (American Investors
Life Insurance Company); 13-6062916 (Hare & Co.)

NAME AND ADDRESS OF PURCHASER:

THE TRAVELERS INDEMNITY COMPANY
385 Washington Street
St. Paul, MN 55102

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$10,000,000 Series A Note

- (1) All payments by wire transfer of immediately available funds to:

JPMorgan Chase Bank

ABA 021000021

Account Name: Travelers Indemnity Company - Private
Placement

Account Number: 323954448

with sufficient information to identify the source and application
of such funds (PPN 65473Q A* 4).

- (2) All notices of payments and written confirmations of such wire
transfers and all other communications:

St. Paul Travelers

Mail Code 511B

385 Washington Street

St. Paul, MN 55102-1396

- (3) Tax identification number: 06-0566050

NAME AND ADDRESS OF PURCHASER:

ST. PAUL FIRE AND MARINE INSURANCE COMPANY
385 Washington Street
St. Paul, MN 55102

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series A Note

- (1) All payments by wire transfer of immediately available funds to:

JPMorgan Chase Bank

ABA 021000021

Account Name: Travelers Indemnity Company - Private
Placement

Account Number: 323954448

with sufficient information to identify the source and application
of such funds (PPN 65473Q A* 4).

- (2) All notices of payments and written confirmations of such wire
transfers and all other communications:

St. Paul Travelers

Mail Code 511B

385 Washington Street

St. Paul, MN 55102-1396

- (3) Tax identification number: 41-0406690

NAME AND ADDRESS OF PURCHASER:

BANKERS LIFE AND CASUALTY COMPANY
535 N. College Drive
Carmel, IN 46032

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series A Note

Note to be registered in the name of "HARE & CO."

- (1) All payments by wire transfer of immediately available funds to:

Bankers Life and Casualty Company
The Bank of New York
ABA# 021-000-018
A/C# 0000014814
Ref: Issuer/Series/PPN 65473Q A* 4/CPN/Maturity

with sufficient information to identify the source and application
of such funds.

- (2) All notices of payments and written confirmations of such wire
transfers:

John K. Nasser, FLMI
Manager, Investment Operations
535 N. College Drive
Carmel, IN 46032
Tel: 317-817-6069
Fax: 317-817-2589

- (3) All other communications:

Edwin Ferrell
Vice President, Director of Research
535 N. College Drive
Carmel, IN 46032
Tel: 317-817-2572
Fax: 317-817-2763

- (4) Tax identification number: 36-0770740

NAME AND ADDRESS OF PURCHASER:

CONSECO LIFE INSURANCE COMPANY
535 N. College Drive
Carmel, IN 46032

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$6,000,000 Series D Note

Note to be registered in the name of "HARE & CO."

- (1) All payments by wire transfer of immediately available funds to:

Conseco Life Insurance Company
The Bank of New York
ABA# 021-000-018
A/C# 0000232471
Ref: Issuer/Series/PPN 65473Q B* 3/CPN/Maturity

with sufficient information to identify the source and application of such funds.

- (2) All notices of payments and written confirmations of such wire transfers:

John K. Nasser, FLMI
Manager, Investment Operations
535 N. College Drive
Carmel, IN 46032
Tel: 317-817-6069
Fax: 317-817-2589

- (3) All other communications:

Edwin Ferrell
Vice President, Director of Research
535 N. College Drive
Carmel, IN 46032
Tel: 317-817-2572
Fax: 317-817-2763

- (4) Tax identification number: 04-2299444

NAME AND ADDRESS OF PURCHASER:

CONSECO SENIOR HEALTH INSURANCE COMPANY
535 N. College Drive
Carmel, IN 46032

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$3,000,000 Series D Note

Note to be registered in the name of "HARE & CO."

- (1) All payments by wire transfer of immediately available funds to:

Conseco Senior Health Insurance Company
The Bank of New York
ABA# 021-000-018
A/C# 0000005068
Ref: Issuer/Series/PPN 65473Q B* 3/CPN/Maturity

with sufficient information to identify the source and application of such funds.

- (2) All notices of payments and written confirmations of such wire transfers:

John K. Nasser, FLMI
Manager, Investment Operations
535 N. College Drive
Carmel, IN 46032
Tel: 317-817-6069
Fax: 317-817-2589

- (3) All other communications:

Edwin Ferrell
Vice President, Director of Research
535 N. College Drive
Carmel, IN 46032
Tel: 317-817-2572
Fax: 317-817-2763

- (4) Tax identification number: 23-0704970

NAME AND ADDRESS OF PURCHASER:

LIFE INSURANCE COMPANY OF THE SOUTHWEST

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to:

\$1,000,000 Series A Note
\$9,000,000 Series D Note

J.P. Morgan Chase & Co.
New York, NY 10010
ABA # 021000021
Account No. 910-2-754349
PPN [65473Q A* 4 / 65473Q B* 3]

with sufficient information to identify the source and application
of such funds.

- (2) All notices of payments and written confirmations of such wire
transfers and all other communications:

Life Insurance Company of the Southwest
c/o National Life Insurance Company
One National Life Drive
Montpelier, VT 05604
Attention: Private Placements
email: shiggins@nationallife.com
fax: 802-223-9332

- (3) Tax identification number: 75-0953004

NAME AND ADDRESS OF PURCHASER:

NATIONAL LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by wire transfer of immediately available funds to: **\$4,000,000 Series A Note**

J.P. Morgan Chase & Co.
New York, NY 10010
ABA # 021000021
Account No. 910-4-017752
PPN 65473Q A* 4

with sufficient information to identify the source and application
of such funds.

- (2) All notices of payments and written confirmations of such wire
transfers and all other communications:

National Life Insurance Company
One National Life Drive
Montpelier, VT 05604
Attention: Private Placements
email: shiggins@nationallife.com
fax: 802-223-9332

- (3) Tax identification number: 03-0144090

NAME AND ADDRESS OF PURCHASER:

**AMERICAN EQUITY INVESTMENT LIFE INSURANCE
COMPANY**

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

Note to be registered in the name of "CHIMEFISH & CO"

\$9,000,000 Series D Note

- (1) All payments on or in respect of the Notes shall be made in immediately available funds to:

State Street Bank & Trust Company

ABA # 011000028

Account # 00076026, Income Collection

BNF - BEV3

PPN 65473Q B* 3

Security Description: _____

Principal, Interest, Premium Breakdown: _____

- (2) All notices and communication shall be delivered to:

American Equity Investment Life Insurance Co.

Attn: Asset Administration

5000 Westown Parkway, Suite 440

West Des Moines, IA 50266

Fax: 515-221-0329

AND

American Equity Investment Life Insurance Co.

Attn: Investment Department – Private Placements

5000 Westown Parkway, Suite 440

West Des Moines, IA 50266

Fax: 515-221-0329

- (3) Tax identification number: 65-1186810

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

COUNTRY LIFE INSURANCE COMPANY

- (1) All payments by wire transfer of immediately available funds to:

\$4,000,000 Series A Note
\$4,000,000 Series D Note

Northern Trust Chgo/Trust
ABA Number 071000152
Wire Account Number 5186041000
For Further Credit to: 26-02712
Account Name: Country Life Insurance Company
Representing P & I on (list security) [BANK]

Referencing name of company, description of security, PPN
[65473Q A* 4 / 65473Q B* 3] due date and application (as
among principal, premium and interest) of the payment being
made

- (2) All notices of payments and written confirmations of such wire
transfers:

Country Life Insurance Company
Attention: Investment Accounting
1705 N Towanda Avenue
Bloomington, IL 61702
Tel: (309) 821-3876
Fax: (309) 821-2800

- (3) All other communications:

Country Life Insurance Company
Attention: Investments
1705 N Towanda Avenue
Bloomington, IL 61702
Tel: (309) 821-6260
Fax: (309) 821-6301

- (4) Tax identification number: 37-0808781

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, 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).

“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 Obligor 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 such 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 due 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.

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]

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]

[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 due 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.

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]

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]

[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 due 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.

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]

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]

[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 due 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.

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]

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]

**FORM OF OPINION OF SPECIAL COUNSEL
TO THE COMPANY**

**Matters To Be Covered in
Opinion of Special Counsel to the Company**

1. Each Obligor being duly incorporated, validly existing and in good standing and having requisite corporate power and authority to execute and deliver the documents and, in the case of NFC, to issue and sell the Notes and, in the case of the Company, to issue and deliver the Guaranty.
2. Each of the Company and its Subsidiaries being duly qualified and in good standing as a foreign corporation in appropriate jurisdictions. Due authorization and execution of the documents (including the Notes and the Guaranty) and such documents being legal, valid, binding and enforceable.
3. No conflicts with charter documents, laws or other agreements.
4. All consents required to issue and sell the Notes, issue and deliver the Guaranty and to execute and deliver the documents having been obtained.
5. Neither the Notes nor the Guaranty requiring registration under the Securities Act of 1933, as amended; no need to qualify an indenture under the Trust Indenture Act of 1939, as amended.
6. No violation of Regulations T, U or X of the Federal Reserve Board.
7. No Obligor being an “investment company” under the Investment Company Act of 1940, as amended.

**FORM OF OPINION OF SPECIAL PUHCA COUNSEL
TO THE COMPANY**

Such opinion shall be to the effect that all requisite authorizations have been obtained under PUHCA for NFC to issue and sell the Notes, the Company to issue and deliver the Guaranty, and each to execute and deliver the Credit Documents to which it is a party and perform their respective obligations thereunder.

**FORM OF OPINION OF SPECIAL COUNSEL
TO THE PURCHASERS**

1. Each Obligor being duly incorporated, validly existing and in good standing.
2. Due authorization and execution of the documents (including the Notes and the Guaranty) and such documents being legal, valid, binding and enforceable.
3. Neither the Notes nor the Guaranty requiring registration under the Securities Act of 1933, as amended; no need to qualify an indenture under the Trust Indenture Act of 1939, as amended.

Dewey Ballantine LLP shall be entitled to rely on the opinion of Schiff Hardin LLP, counsel to the Obligors, as to matters governed by the laws of the State of Indiana.

CH2\1252184.9



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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): 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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A REGISTRANT

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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>
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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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: August 26, 2005

By: /s/ Jeffrey W. Grossman

Jeffrey W. Grossman
Vice President and Controller

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EXHIBIT INDEX

Exhibit Number	Description
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.



SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): September 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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Form of 5.25% Notes due 2017

Form of 5.45% Notes due 2020

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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

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: 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

1. 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) to 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 to 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

To 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 \$550,000,000
CUSIP No.: 65473Q AR 4
ISIN No.: US65473QAR48

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

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

.....

5.45% Notes due 2020

1. 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.

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

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

Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to 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

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 to 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,

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,

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

ASSIGNMENT FORM

To 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.

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



Prospectus Supplement
(To Prospectus Dated August 7, 2003)

\$1,000,000,000



NiSource Finance Corp.

\$450,000,000 5.25% Notes due 2017

\$550,000,000 5.45% Notes due 2020

Unconditionally Guaranteed by NiSource Inc.

Interest payable March 15 and September 15

Issue price of Notes due 2017: 99.636%

Issue price of Notes due 2020: 99.581%

The Notes due 2017 will mature on September 15, 2017. The Notes due 2020 will mature on September 15, 2020. We may redeem the Notes in whole or in part at any time at the redemption prices for that series described on page S-11.

We will pay interest on the Notes on March 15 and September 15 of each year, beginning on March 15, 2006.

Investing in the Notes involves risks. See "Risk Factors" on page S-6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Underwriting Discount	Proceeds to Us (before expenses)
Per Note due 2017	99.636%	0.675%	98.961%
Total for Notes due 2017	\$448,362,000	\$3,037,500	\$445,324,500
Per Note due 2020	99.581%	0.750%	98.831%
Total for Notes due 2020	\$547,695,500	\$4,125,000	\$543,570,500
Total	\$996,057,500	\$7,162,500	\$988,895,000

(1) Plus accrued interest, if any, from September 16, 2005.

The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.

We expect that delivery of the Notes will be made to investors through the book-entry delivery system of The Depository Trust Company on or about September 16, 2005.

Joint Bookrunning Managers

Barclays Capital

Citigroup

**Credit Suisse First
Boston**

Co-Managers

Commerzbank Corporates & Markets

Dresdner Kleinwort Wasserstein Securities LLC

Harris Nesbitt

RBS Greenwich Capital

September 7, 2005

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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SUMMARY

This summary highlights certain information appearing elsewhere in this document. This summary is not complete and does not contain all of the information that you should consider before purchasing the Notes. You should carefully read the "Risk Factors" section beginning on page S-6 of this prospectus supplement to determine whether an investment in our Notes is appropriate for you. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries.

NiSource Inc.

Overview. NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to over 3.7 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England.

We are the largest regulated natural gas distribution company, as measured by number of customers, operating east of the Rocky Mountains. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

- gas distribution;
- gas transmission and storage; and
- electric operations.

Strategy. We have focused our business strategy on our core, rate-regulated asset-based businesses, with virtually 100% of our operating income generated from the rate-regulated businesses. With the nation's fourth largest natural gas pipeline, the largest natural gas distribution network east of the Rocky Mountains and one of the nation's largest natural gas storage networks, we operate throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic, New England and Northeast. This corridor includes 30% of the nation's population and 40% of its energy consumption. We continue to position our assets to meet the corridor's growing energy needs.

Gas Distribution. We are the nation's third largest regulated gas distribution company based on volume of gas sales, with an average volume of over 2.3 billion cubic feet per day. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas under the Columbia Gas name to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 784,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to

more than 335,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. Our gas transmission and storage subsidiaries own and operate an interstate pipeline network of approximately 16,000 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, the companies serve customers in 19 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, Columbia Gas Transmission Corporation operates one of the nation's largest underground natural gas storage systems, capable of storing approximately 646 billion cubic feet of natural gas.

Electric Operations. We generate and distribute electricity through our subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 446,000 customers in 21

counties in the northern part of Indiana. Northern Indiana owns and operates three coal-fired electric generating stations with a net capacity of 2,574 megawatts, five gas-fired combustion turbine generating units with a net capacity of 306 megawatts and two hydroelectric generating plants with a net capacity of 10 megawatts, for a total system net capacity of 2,890 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 2004, Northern Indiana generated 84.1% and purchased 15.9% of its electric requirements.

Other Operations. We provide energy-related services including gas marketing, power trading and ventures focused on distributed power generation technologies, including a cogeneration facility, fuel cells and storage systems. We own and operate the Whiting Clean Energy project, located at BP's Whiting, Indiana refinery. We participate in real estate and other businesses.

NiSource Finance Corp.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the Notes will be fully and unconditionally guaranteed by NiSource. NiSource Finance was incorporated in March 2000 under the laws of the State of Indiana.

Our executive offices are located at 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

The Offering

Issuer	NiSource Finance Corp.
Securities Offered	<p>\$450,000,000 aggregate principal amount of 5.25% Notes due 2017.</p> <p>\$550,000,000 aggregate principal amount of 5.45% Notes due 2020.</p>
Guarantee	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the Notes.
Maturity Date	<p>The Notes due 2017 will mature on September 15, 2017.</p> <p>The Notes due 2020 will mature on September 15, 2020.</p>
Interest Rate	<p>The interest rate on the Notes due 2017 will be 5.25% per annum.</p> <p>The interest rate on the Notes due 2020 will be 5.45% per annum.</p>
Interest Payment Dates	Each March 15 and September 15, commencing March 15, 2006.
Optional Redemption	We may redeem all or part of the Notes at any time at our 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 and (2) a "make-whole" amount based on the yield of a comparable U.S. Treasury security plus 0.25% in the case of the Notes due 2017 and 0.30% in the case of the Notes due 2020.
Ranking	<p>The Notes will be senior, unsecured obligations of NiSource Finance ranking equally in right of payment with other senior indebtedness of NiSource Finance.</p> <p>The guarantee will be a senior, unsecured obligation of NiSource, ranking equally in right of payment with other senior indebtedness of NiSource. Because NiSource is a holding company that derives substantially all of its income from operating subsidiaries, the guarantee will effectively be subordinated to debt and preferred stock at the subsidiary level.</p> <p>The Indenture does not limit the amount of debt that NiSource Finance, NiSource or any of its subsidiaries may incur.</p>
Limitation on Liens	Subject to certain exceptions, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any secured debt, except intercompany indebtedness, without also securing the Notes, unless the total amount of all of the secured debt would not

exceed 10% of our consolidated net tangible assets.

Use of Proceeds

The net proceeds, after estimated expenses, to us from the sale of the Notes offered hereby will be approximately \$988,745,000, which we will use to pay off \$900,000,000 aggregate principal amount of our 7 5/8% notes due November 15, 2005 at maturity, and for general corporate purposes.

Pending such application, the proceeds will be invested in cash equivalents.

For additional information regarding the Notes, see "Supplemental Description of the Notes."

RISK FACTORS

In deciding whether to invest in the Notes, you should consider carefully the following factors that could materially adversely affect our operating results and financial condition. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance. You should also consider the information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and our subsequent reports on Form 10-Q and Form 8-K. Each of the risks described below could result in a decrease in the value of the Notes and your investment therein.

We have substantial indebtedness, which could adversely affect our financial condition.

We have a significant amount of indebtedness outstanding as a result of our acquisition of Columbia Energy Group. We had total consolidated indebtedness of approximately \$6,067 million outstanding as of June 30, 2005.

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to our competitors that are less leveraged; and
- increase our vulnerability to general adverse economic and industry conditions.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our outstanding debt obligations. Any such acceleration would cause a material adverse change in our financial condition.

Our costs of compliance with environmental laws are significant. The costs of compliance with future environmental laws and the incurrence of environmental liabilities could harm our cash flow and profitability.

NiSource's subsidiaries are subject to extensive federal, state and local environmental requirements that, among other things, regulate air emissions, water usage and discharges, remediation and the management of chemicals, hazardous and solid waste. Compliance with these legal requirements requires us to commit significant expenditures for installation of pollution control equipment, remediation,

environmental monitoring, emissions fees and permits at all of our facilities. These expenditures are significant, and we expect that they will continue to be significant in the future.

If we fail to comply with environmental laws and regulations, even if caused by factors beyond our control, that failure may result in the assessment of civil or criminal penalties and fines against NiSource and its subsidiaries. In September 2004, the Environmental Protection Agency issued a notice of violation to Northern Indiana Public Service Company alleging violations of the new source review provisions of the Clean Air Act. An adverse outcome in this matter could require capital expenditures beyond Environmental Protection Agency requirements that cannot be determined at this time and could require payment of substantial penalties.

Existing environmental laws and regulations may be revised, and new laws and regulations seeking to protect the environment may be adopted or become applicable to us. Revised or additional laws and

regulations could result in significant additional expense and operating restrictions on our facilities or increased compliance costs, which may not be fully recoverable from our customers and would therefore reduce our net income. The cost impact of any new or amended legislation would depend upon the specific requirements enacted and cannot be determined at this time.

A significant portion of the gas and electricity we sell is used for heating and air conditioning. Accordingly, our operating results fluctuate depending on the weather.

Our energy sales are sensitive to variations in weather conditions. We forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales.

Our electric operations are subject to economic conditions in certain industries.

Our electric operations in northern Indiana have been and may continue to be adversely affected by events in the steel and steel related industries. In particular, sales to large industrial customers in these industries have been impacted by economic downturns generally, and may be affected by consolidation and globalization within such industries.

Certain events that are beyond our control have increased the level of public and regulatory scrutiny of our industry. Governmental and market reactions to these events may have negative impacts on our business, financial condition and access to capital.

As a result of the energy crisis in California during the summer of 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, the blackout in the Northeast in 2003, accounting irregularities at public companies in general and energy companies in particular, and investigations by governmental authorities into energy trading activities, companies in the regulated and unregulated utility business have been under a generally increased amount of public and regulatory scrutiny and suspicion. Accounting irregularities have caused regulators and legislators to review current accounting practices, financial disclosures and companies' relationships with their independent auditors. The capital markets and ratings agencies also have increased their level of scrutiny. We believe that we are complying with all applicable laws and accounting standards, but it is difficult or impossible to predict or control what effect these types of events may have on our business, financial condition or access to the capital markets.

Our Whiting merchant energy project is operating at a loss.

We own and operate a merchant energy facility at BP's Whiting, Indiana refinery. This facility uses natural gas to generate electricity for sale in the wholesale markets and to generate steam for industrial use by BP's refinery. Recent developments in the wholesale power market have resulted in depressed wholesale power prices, which have substantially reduced revenues for participants in the market. We expect that the facility will operate at a loss in the near term based on the current market view of forward pricing for gas and electricity. The after-tax loss for 2004 was approximately \$32.8 million. For the first half of 2005, the after tax loss was approximately \$17.9 million.

Results in future periods will be dependent on a number of factors, including approval by the Indiana Utility Regulatory Commission, or IURC, of an electric sales agreement permitting our Whiting project to sell power to our subsidiary Northern Indiana Public Service Company in order to meet system reliability standards. The IURC has yet to approve this electric sales agreement. We have reached a settlement agreement with the Indiana Office of Utility Consumer Counselor. The settlement agreement outlines

parameters surrounding the amount of power Northern Indiana purchases from our Whiting project, including how the costs for that purchased power are to be recovered by Northern Indiana from residential, commercial and industrial customer segments and provides for conditions when the purchases could be made. Northern Indiana will make purchases from our Whiting project through November 30, 2005 and will continue to evaluate other reliability options. Under the settlement agreement, Northern Indiana also agreed to file a rate case with the IURC on or before July 1, 2008. Future results of our Whiting project are also dependent on

prevailing prices in the energy markets, regional load dispatch patterns and the steam requirements of BP's refinery.

The Notes and guarantees are obligations of NiSource Finance and NiSource, respectively, and not of our operating subsidiaries and will be effectively subordinated to the claims of the operating subsidiaries' creditors.

The Notes and guarantees are obligations of NiSource Finance and NiSource, respectively, and not of our other subsidiaries. NiSource is a holding company and, accordingly, substantially all of our operations are conducted through our operating subsidiaries. NiSource Finance is a special purpose finance subsidiary, which has no independent operations other than its financing activities. As a result, our cash flow and our ability to service our debt, including the Notes, depends upon the earnings of our operating subsidiaries and on the distribution of earnings, loans or other payments by such subsidiaries to NiSource and NiSource Finance.

Our operating subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our operating subsidiaries will also be contingent upon such subsidiaries' earnings and business considerations. As of June 30, 2005, our operating subsidiaries had approximately \$2.3 billion of indebtedness.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the rights of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” information into this prospectus and prospectus supplement. This means that we can disclose important information to you by referring you to another document that NiSource has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus and prospectus supplement. Information that NiSource files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus and prospectus supplement to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2004;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2005 and June 30, 2005;
- our Current Reports on Form 8-K filed on January 3, 2005, February 3, 2005, February 9, 2005, March 17, 2005, March 17, 2005, April 5, 2005, May 16, 2005, June 24, 2005, August 26, 2005 and August 26, 2005; and
- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by the prospectus supplement.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

USE OF PROCEEDS

The net proceeds, after estimated expenses, to us from the sale of the Notes offered hereby will be approximately \$988,745,000. We will use the funds to pay off \$900,000,000 aggregate principal amount of our 7 5/8% notes due November 15, 2005 at maturity, and for general corporate purposes. Pending such application, the proceeds will be invested in cash equivalents.

CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at June 30, 2005 (1) on an actual consolidated basis and (2) on a consolidated basis as adjusted to reflect the issuance and sale of the Notes and the use of the net proceeds as set forth under "Use of Proceeds." This table should be read in conjunction with our consolidated financial statements and related notes for the six months ended June 30, 2005, incorporated by reference in this prospectus supplement and accompanying prospectus. See "Incorporation by Reference."

		June 30, 2005	
		Actual	As Adjusted
		(in millions)	
Long-term debt (excluding amounts due within one year)	\$	4,807.3	\$ 5,796.2
Cumulative preferred stock (without mandatory redemption provisions)		81.1	81.1
Common stockholders' equity		4,894.9	4,894.9
 Total capitalization	 \$	 9,783.3	 \$ 10,772.2
 Short-term borrowings (including current portion of long-term debt)	 \$	 1,260.1	 \$ 360.1
 Cash and cash equivalents	 \$	 258.2	 \$ 346.9

RATIOS OF EARNINGS TO FIXED CHARGES

The following are ratios of our earnings to fixed charges for each of the periods indicated:

		Fiscal Year Ended December 31				
Six Months Ended						
June 30, 2005	2004	2003	2002	2001	2000	
2.61	2.56	2.33	2.06	1.51	1.66	

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

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SUPPLEMENTAL DESCRIPTION OF THE NOTES

Please read the following information concerning the Notes in conjunction with the statements under “Description of the Debt Securities” in the accompanying prospectus, which the following information supplements and, if there are any inconsistencies, supersedes. The following description is not complete. The Notes will be issued under the Indenture, dated November 14, 2000, that we have entered into with JPMorgan Chase Bank, N.A. (as successor to The Chase Manhattan Bank), as trustee. The Indenture is described in the accompanying prospectus and is filed as an exhibit to the registration statement under which the Notes are being offered and sold.

Maturity, Interest and Payment

The Notes due 2017 will mature on September 15, 2017 and the Notes due 2020 will mature on September 15, 2020. The Notes will bear interest from and including September 16, 2005, payable semi annually in arrears on March 15 and September 15 of each year, commencing March 15, 2006. Interest payable on each interest payment date will be paid to the persons in whose names the Notes are registered at the close of business on each March 1 and September 1. If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day with the same force and effect as if made on such interest payment date. Interest on the Notes will be calculated on the basis of a 360-day year, consisting of twelve 30-day months, and will accrue from September 16, 2005 or from the most recent interest payment date to which interest has been paid.

Optional Redemption

We may redeem all or part of the Notes of each series at any time at our 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.

The following definitions apply to the Notes:

“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 maturity date 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 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 (expressed as a percentage of its principal amount) assuming a price for

the Comparable Treasury Issue 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% in the case of the Notes due 2017 and 0.30% in the case of the Notes due 2020.

“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 maturity date

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.

“Quotation Agent” means the Reference Treasury Dealer selected by the trustee after consultation with us.

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

“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.

“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.

Selection and Notice of Redemption

If we are redeeming less than all the Notes of a series at any time, the trustee will select the Notes of such series to be redeemed using a method it considers fair and appropriate.

We will redeem Notes in increments of \$1,000. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount thereof to be redeemed. We will issue a Note in principal amount equal to the unredeemed portion of the original Note in the name of the holder thereof upon cancellation of the original Note. Notes called for redemption will become due on the date fixed for redemption. On or after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Forms and Denominations

The Notes of each series will be issued as one or more global securities in the name of a nominee of The Depository Trust Company and will be available only in book-entry form. See “Description of the Debt Securities — Book-Entry Issuance” in the accompanying prospectus. The Notes are available for purchase in multiples of \$1,000.

Additional Notes

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

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CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of Notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), or provisions under any federal, state, local non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, and entities whose underlying assets are considered to include “plan assets” of such plans, accounts and arrangements (each, a “Plan”).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition or holding of Notes by an ERISA Plan with respect to which NiSource, NiSource Finance or an underwriter is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or “PTCEs,” that may apply to the acquisition and holding of the Notes. These class exemptions include PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. There can be no assurance that a particular purchase of Notes will satisfy all of the conditions of any such exemptions.

Because of the foregoing, the Notes should not be purchased or held by any person investing “plan assets” of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable similar laws.

Representation

By acceptance of a Note, each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Note constitutes assets of any Plan, (ii) the Plan is a governmental plan as defined in Section 3 of

ERISA which is not subject to the provisions of Title I of ERISA or Section 401 of the Code or (iii) the purchase and holding of the Note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation under any applicable similar laws because such purchase and holding satisfies the conditions of a class exemption, including PTCE 91-38, 90-1, 84-14, 95-60 or 96-23.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.

UNDERWRITING

Under the terms and subject to the conditions contained in the underwriting agreement, we have agreed to sell to the underwriters named below, for whom Barclays Capital Inc., Citigroup Global Markets Inc. and Credit Suisse First Boston LLC are acting as representatives, the following respective principal amounts of the Notes:

Underwriter	Principal Amount of Notes due 2017	Principal Amount of Notes due 2020
Barclays Capital Inc.	\$ 120,000,000	\$ 146,668,000
Citigroup Global Markets Inc.	120,000,000	146,666,000
Credit Suisse First Boston LLC	120,000,000	146,666,000
Commerzbank Capital Markets Corp.	22,500,000	27,500,000
Dresdner Kleinwort Wasserstein Securities LLC	22,500,000	27,500,000
Harris Nesbitt Corp.	22,500,000	27,500,000
Greenwich Capital Markets, Inc.	22,500,000	27,500,000
Total	\$ 450,000,000	\$ 550,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all of the Notes if any are purchased. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering of Notes may be terminated.

The underwriters propose to offer the Notes due 2017 initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of 0.40% of the principal amount per Note due 2017. The underwriters and selling group members may allow a discount of 0.25% of the principal amount per Note due 2017 on sales to other broker/ dealers. After the initial public offering, the underwriters may change the public offering price, selling concession and discount to broker/ dealers.

The underwriters propose to offer the Notes due 2020 initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of 0.45% of the principal amount per Note due 2020. The underwriters and selling group members may allow a discount of 0.25% of the principal amount per Note due 2020 on sales to other broker/dealers. After the initial public offering, the underwriters may change the public offering price, selling concession and discount to broker/dealers.

We estimate that our out of pocket expenses for this offering will be approximately \$150,000.

It is expected that delivery of the Notes will be made on or about the date specified on the cover page of this prospectus supplement, which will be the seventh business day following the date of this prospectus supplement. Under Rule 15c6-1 of the SEC under the Securities Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade the Notes on the date of this prospectus supplement or the three succeeding business days will be required to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes

on the date of this prospectus supplement or the three succeeding business days should consult their own advisors.

The Notes are a new issue of securities with no established trading market. One or more of the underwriters intends to make a secondary market for the Notes. However, they are not obligated to do so and may discontinue making a secondary market for the Notes at any time without notice. No assurance can be given as to how liquid the trading market for the Notes will be.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments which the underwriters may be required to make in that respect.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specific maximum.
- Over-allotment involves sales by the underwriters of Notes in excess of the principal amount of Notes the underwriters are obligated to purchase, which creates a syndicate short position.
- Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the Notes originally sold by the syndicate member are purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result the price of the Notes may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

The underwriters and their affiliates have provided certain investment banking, commercial banking and other financial services to us and our affiliates, for which they have received customary fees. Under our five-year revolving credit agreement, Barclays Capital Inc. serves as lead arranger and sole book runner, and Credit Suisse First Boston LLC serves as syndication agent, lead arranger and a lender. In addition, Barclays Bank PLC, an affiliate of Barclays Capital Inc., serves as administrative agent, LC bank, a lender and swingline lender, Citicorp USA, Inc., an affiliate of Citigroup Global Markets Inc., serves as co-documentation agent and a lender, and Commerzbank AG, an affiliate of Commerzbank Capital Markets Corp., Dresdner Bank AG, an affiliate of Dresdner Kleinwort Wasserstein Securities LLC, Harris Nesbitt Financing, Inc., an affiliate of Harris Nesbitt Corp., and The Royal Bank of Scotland plc, an affiliate of Greenwich Capital Markets, Inc., each serves as a lender. The underwriters and their affiliates may from time to time engage in future transactions with us and our affiliates and provide services to us and our affiliates in the ordinary course of their business.

Certain of the underwriters will make the securities available for distribution on the Internet through a proprietary Web site and/or a third-party system operated by MarketAxess Corporation, an Internet-based communications technology provider. MarketAxess Corporation is providing the system as a conduit for communications between certain of the underwriters and their customers and is not a party to any transactions. MarketAxess Corporation, a registered broker-dealer, will receive compensation from certain of the underwriters based on transactions such underwriters conduct through the system. Certain of the underwriters will make the securities available to their customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

LEGAL MATTERS

The validity of the Notes will be passed upon for us by Schiff Hardin LLP, Chicago, Illinois. Peter V. Fazio, Jr., a partner of the firm who also serves as executive vice president and general counsel of NiSource, holds approximately 11,400 shares of NiSource's common stock. The underwriters have been represented by Dewey Ballantine LLP, New York, New York.

EXPERTS

The consolidated financial statements, the related financial statement schedules and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from NiSource's Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference (which report (1) expresses an unqualified opinion on the financial statements and financial statement schedules and includes an explanatory paragraph related to the adoption of FASB Statement No. 143, "Accounting for Retirement Obligations", (2) expresses an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting and (3) expresses an unqualified opinion on the effectiveness of internal control over financial reporting), and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

\$2,807,005,000



NiSource Inc.

Common Stock

Preferred Stock

Guarantees of Debt Securities

Warrants

Stock Purchase Contracts

Stock Purchase Units

NiSource Finance Corp.

Debt Securities

Guaranteed as Set Forth in this Prospectus by NiSource Inc.

Warrants

NiSource Inc. may offer, from time to time, in amounts, at prices and on terms that it will determine at the time of offering, any or all of the following:

- shares of common stock, including preferred stock purchase rights;
- shares of preferred stock, in one or more series;
- warrants to purchase common stock or preferred stock; and
- stock purchase contracts to purchase common stock, either separately or in units with the debt securities described below or U.S. Treasury securities.

NiSource Finance Corp., a wholly owned subsidiary of NiSource, may offer from time to time in amounts, at prices and on terms to be determined at the time of the offering:

- one or more series of its debt securities; and

- warrants to purchase debt securities.

NiSource will fully and unconditionally guarantee the obligations of NiSource Finance under any debt securities issued under this prospectus or any prospectus supplement.

We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading "Plan of Distribution" beginning on page 20 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the applicable prospectus supplement. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 7, 2003.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration or continuous offering process. Under this process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$2,807,005,000.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information described under the heading “Where You Can Find More Information.”

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC offices mentioned under the heading “Where You Can Find More Information.”

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

References to “NiSource” refer to NiSource Inc. and references to “NiSource Finance” refer to NiSource Finance Corp. Unless the context requires otherwise, references to “we,” “us” or “our” refer collectively to NiSource and its subsidiaries, including NiSource Finance. References to “securities” refer collectively to the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC’s public reference room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. You may obtain additional information about the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (<http://www.sec.gov>) that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC, including NiSource.

The SEC allows us to “incorporate by reference” information into this prospectus. This means that we can disclose important information to you by referring you to another document that NiSource has filed separately with the SEC. The information incorporated by reference is considered to be part of this

prospectus. Information that NiSource files with the SEC after the date of this prospectus will automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference the following documents filed with the SEC:

- our Annual Report on Form 10-K, as amended by our Annual Report on Form 10-K/A, for the fiscal year ended December 31, 2002;
- our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2003;

- our Current Reports on Form 8-K dated May 13, 2003 and July 15, 2003; and
- the description of our common stock contained in our definitive joint proxy statement/ prospectus dated April 24, 2000.

We also incorporate by reference any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

We maintain an Internet site at <http://www.nisource.com> which contains information concerning NiSource and its subsidiaries. The information contained at our Internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

We have filed this prospectus with the SEC as part of a registration statement on Form S-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, in any prospectus supplement and in the documents incorporated by reference are forward-looking statements within the meaning of the securities laws. These statements concern our plans, expectations and objectives for future operations. Any statement that is not a historical fact is a forward-looking statement. We use the words “estimate,” “intend,” “expect,” “believe,” “anticipate” and similar expressions to identify forward-looking statements, but some of these statements may use other phrasing. We undertake no obligation to release any revisions to these forward-looking statements publicly to reflect events or circumstances after the date of this prospectus or accompanying prospectus supplement or to reflect the occurrence of unanticipated events. While we make the forward-looking statements in good faith and believe they are based on reasonable assumptions, these statements are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include:

- increased competition in deregulated energy markets;
- the weather;
- fluctuations in supply and demand for energy commodities;
- *successful consummation of proposed dispositions;*

- growth opportunities for NiSource's businesses;
- dealings with third parties over whom NiSource has no control;
- actual operating experience of acquired assets;
- NiSource's ability to integrate acquired operations into its operations;
- the regulatory process;
- regulatory and legislative changes;
- changes in general economic, capital and commodity market conditions;
- counter-party credit risk, many of which risks are beyond the control of NiSource; and

- other uncertainties, all of which are difficult to predict, and many of which are beyond our control, including factors we discuss in this prospectus and any prospectus supplement and our filings with the SEC.

Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus, the date of the accompanying prospectus supplement or, in the case of documents incorporated by reference, the date of those documents.

NISOURCE INC.

Overview. NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to approximately 3.7 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England.

We are the largest regulated natural gas distribution company, as measured by number of customers, operating east of the Rocky Mountains. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. We derive substantially all our revenues and earnings from the operating results of our subsidiaries. Our primary business segments are:

- gas distribution;
- gas transmission and storage; and
- electric operations.

Strategy. We are focused on using our core regulated gas and electric businesses to serve customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic, New England and Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. The acquisition of Columbia Energy Group in November 2000 furthered this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution and storage assets in Ohio and the Mid-Atlantic and Columbia's interstate transmission assets. We are committed to maximizing our efficiency in our core regulated operations without compromising customer service and safety.

Gas Distribution. We are the nation's third largest regulated gas distribution company based on volume of gas sales, with an average volume of over 2.3 billion cubic feet per day. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas under the Columbia Gas name to approximately 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 770,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 329,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. Our gas transmission and storage subsidiaries own and operate an interstate pipeline network of approximately 16,062 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, the companies serve customers in 19 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, Columbia Gas Transmission Corporation operates one of the nation's largest underground natural gas storage systems, capable of storing approximately 670 billion cubic feet of natural gas.

Electric Operations. We generate and distribute electricity through our subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 437,000 customers in 21 counties in the northern part of Indiana. Northern Indiana owns and operates three coal-fired electric generating stations with a net capacity of 2,694 megawatts, three gas-fired combustion turbine generating units with a net capacity of 186 megawatts and two hydroelectric generating plants with a net capacity of 10 megawatts, for a total system net capacity of 2,890 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 2002, Northern Indiana generated 72.6% and purchased 27.4% of its electric requirements.

Other Operations. We provide energy-related services, including gas marketing and power trading. Through our subsidiary EnergyUSA-TPC Corp., we provide natural gas sales to industrial and commercial customers and engage in natural gas marketing activities. We operate the Whiting Clean Energy project, located at BP's Whiting, Indiana refinery. We participate in real estate and other businesses.

Non-Core Divestitures. On January 28, 2003, our subsidiary Columbia Natural Resources, Inc., a subsidiary of Columbia Energy Resources, Inc., sold its interest in a natural gas exploration and production joint venture in New York state for \$95.0 million. The interests sold represented approximately 39 billion cubic feet equivalent of natural gas reserves, or approximately 3.5 percent of Columbia Natural Resources' total reserves. The 2002 production from the joint venture assets was approximately 6 billion cubic feet equivalent, or approximately 11 percent of our total 2002 production.

On July 3, 2003, we agreed to sell our exploration and production subsidiary, Columbia Energy Resources, for \$330 million to Triana Energy Holdings, Inc., an affiliate of Morgan Stanley Capital Partners. The sale will result in approximately \$220 million in after-tax cash proceeds, which we will use to pay down debt. We will recognize an after-tax book loss of approximately \$335 million on the sale, largely reflecting the taxes incurred from the sale and the difference between the current carrying value of Columbia Energy Resources' stock and the purchase price. Our exploration and production business will be accounted for as discontinued operations as of June 30, 2003. We expect to complete the sale in the third quarter of 2003. NiSource and Columbia Energy Group will remain guarantors of certain obligations of Columbia Natural Resources with respect to gas deliveries through February 2006 under forward sale contracts. Columbia Energy Group will also remain an indemnitor with respect to certain surety bonds supporting those obligations. Triana Energy Holdings has agreed to indemnify us for any payments made as a result of Columbia Natural Resources' failure to make deliveries.

Also on July 3, 2003, we agreed to sell six of Primary Energy's operating subsidiaries and the Primary Energy name for approximately \$335 million to Private Power, LLC, a privately held power development firm backed by American Securities Capital Partners, LLC, a New York private equity investment firm. Proceeds from the sale will be used to reduce our debt by approximately \$296 million, of which approximately \$71 million is off balance sheet. The assets of Primary Energy that are being sold in the transaction will be accounted for as discontinued operations as of June 30, 2003. We expect to complete the sale in the third quarter of 2003. We will recognize an after-tax book loss of approximately \$29 million on the sale. NiSource will remain a guarantor with respect to certain obligations of the operating subsidiaries being sold. Private Power has agreed to indemnify NiSource for any payments made under its guarantees.

NISOURCE FINANCE CORP.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource. NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement for general corporate purposes, including additions to working capital and repayment of existing indebtedness.

RATIOS OF EARNINGS TO FIXED CHARGES

The following are ratios of our earnings to fixed charges for each of the periods indicated:

Three Months Ended		<i>Fiscal Year Ended December 31</i>				
March 31, 2003	2002	2001	2000	1999	1998	
3.75	2.16	1.64	1.84	2.14	2.87	

For purposes of calculating the ratio of earnings to fixed charges, “earnings” consist of income from continuing operations before income taxes plus fixed charges. “Fixed charges” consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

DESCRIPTION OF CAPITAL STOCK

General

The authorized capital stock of NiSource consists of 420,000,000 shares, \$0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares are reserved for issuance under NiSource’s Shareholder Rights Plan.

Shareholder Rights Plan

Each share of NiSource common stock includes one preferred share purchase right. Each preferred share purchase right entitles its holder to purchase one-hundredth (1/100) of a Series A Junior Participating Preferred Share at a price of \$60 per one-hundredth of a share, subject to adjustment. The preferred share purchase rights will become exercisable if a person or group acquires 25% or more of the voting power of NiSource or announces a tender or exchange offer following which the person or group would hold 25% or more of NiSource’s voting power. If such an acquisition were consummated, then each preferred share purchase right would be exercisable for that number of shares of NiSource common stock having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will not be exercisable, however, if the person who acquired sufficient shares of stock to reach the 25% threshold acquired its stock under an offer (a “qualified offer”) for all shares at a price and on terms which the NiSource board of directors determines is fair to stockholders and is otherwise in the best interests of NiSource and its stockholders. The preferred share purchase rights will also become exercisable on or after the date on which the 25% threshold has been triggered, if NiSource is acquired in a merger or other business combination in which NiSource is not the survivor or in which NiSource is the survivor but its common stock is changed into or exchanged for securities of another entity, cash or other property, or 50% or more of the assets or earning power of NiSource and its subsidiaries is sold. At that time, each preferred share purchase right will become exercisable for that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will not be exercisable in the event of a merger or other business combination following a qualified offer, provided that the per share price offered in the merger or other business combination is not less than the price paid in the qualified offer and the form of consideration

offered in the merger or other business combination is the same as that paid in the offer. NiSource may redeem the preferred share purchase rights at a price of \$.01 per right prior to the occurrence of an event that causes the preferred share purchase rights to be exercisable for shares of common stock. The preferred share purchase rights will expire on March 12, 2010.

Anti-Takeover Provisions

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. NiSource's board of directors is classified into three classes of directors with staggered three-year terms. The directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-

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outstanding shares of stock of NiSource voting together as a single class. Unless the board of directors determines otherwise or except as otherwise required by law, vacancies on the board or newly-created directorships may be filled only by the affirmative vote of directors then in office, even though less than a quorum. If the board of directors or applicable Delaware law confers power on stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by affirmative vote of 80% of the combined voting power of the outstanding shares of stock of NiSource entitled to vote. Stockholders may not cumulate their votes, and stockholder action may be taken only at a duly called meeting and not by written consent. The certificate of incorporation also provides that special meetings of stockholders may be called only by a majority of the total number of authorized directors. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

NiSource is currently subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination," which includes a merger or sale of more than 10% of the corporation's assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation's outstanding voting stock without the prior approval of the corporation's board of directors.

The following summaries of provisions of our common stock and preferred stock are not necessarily complete. You are urged to read carefully NiSource's certificate of incorporation and bylaws which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Common Stock

NiSource common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange, under the symbol "NI." Common stockholders may receive dividends if and when declared by the board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations to any preferred stockholders have been satisfied. All common stock will be fully paid and non-assessable. Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive rights or cumulative voting rights. Common stockholders will be notified of any stockholders' meeting according to applicable law. If NiSource liquidates, dissolves or winds-up its business, either voluntarily or involuntarily, common stockholders will share equally in the assets remaining after creditors and preferred stockholders are paid.

Preferred Stock

The board of directors can, without approval of stockholders, issue one or more series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences and limitations of each series, including any dividend rights, voting rights, conversion rights, redemption rights and liquidation preferences, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in control of NiSource and make it harder to remove incumbent management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of common stock. All preferred stock will be fully paid and non-assessable.

The terms of the preferred stock that NiSource may offer will be established by or pursuant to a resolution of the board of directors of NiSource and will be issued under certificates of designations or through amendments to NiSource's certificate of incorporation. If NiSource uses this prospectus to offer preferred stock, an accompanying prospectus supplement will describe the specific terms of the preferred stock. NiSource will also indicate in the supplement whether the general terms and provisions described in this prospectus apply to the preferred stock that NiSource may offer.

The following terms of the preferred stock, as applicable, will be set forth in a prospectus supplement relating to the preferred stock:

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;
- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;
- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

The terms, if any, on which the preferred stock may be exchanged for or converted into shares of common stock or any other security and, if applicable, the conversion or exchange price, or how it will be calculated, and the conversion or exchange period will be set forth in the applicable prospectus supplement.

The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates, which will have an aggregate liquidation preference equal to that of the preferred stock represented by the global certificate.

Each global certificate will:

- be registered in the name of a depository or a nominee of the depository identified in the prospectus supplement;
- be deposited with such depository or nominee or a custodian for the depository; and
- bear a legend regarding the restrictions on exchanges and registration of transfer and any other matters as may be provided for under the certificate of designations.

DESCRIPTION OF THE DEBT SECURITIES

NiSource Finance may issue the debt securities, in one or more series, from time to time under an Indenture, dated as of November 14, 2000, among NiSource Finance, NiSource, as guarantor, and JPMorgan Chase Bank (formerly The Chase Manhattan Bank), as trustee. JPMorgan Chase Bank, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have filed the Indenture as an exhibit to the registration statement of which this prospectus is a part.

This section briefly summarizes some of the terms of the debt securities and the Indenture. This section does not contain a complete description of the debt securities or the Indenture. The description of the debt securities is qualified in its entirety by the provisions of the Indenture. References to section numbers in this description of the debt securities, unless otherwise indicated, are references to section numbers of the Indenture.

General

The Indenture does not limit the amount of debt securities that may be issued. The Indenture provides for the issuance of debt securities from time to time in one or more series. The terms of each series of debt securities may be established in a supplemental indenture or in resolutions of NiSource Finance's Board of Directors or a committee of the board.

The debt securities:

- are direct senior unsecured obligations of NiSource Finance;
- are equal in right of payment to any other senior unsecured obligations of NiSource Finance; and
- are guaranteed on a senior unsecured basis by NiSource.

NiSource Finance is a special purpose financing subsidiary formed solely as a financing vehicle for NiSource and its subsidiaries. Therefore, the ability of NiSource Finance to pay its obligations under the debt securities is dependent upon the receipt by it of payments from NiSource. If NiSource were not to make such payments for any reason, the holders of the debt securities would have to rely on the enforcement of NiSource's guarantee described below.

If NiSource Finance uses this prospectus to offer debt securities, an accompanying prospectus supplement will describe the following terms of the debt securities being offered, to the extent applicable:

- the title;
- any limit on the aggregate principal amount;
- the date or dates on which NiSource Finance will pay principal;

- the right, if any, to extend the date or dates on which NiSource Finance will pay principal;
- the interest rates or the method of determining them and the date interest begins to accrue;
- the interest payment dates and the regular record dates for any interest payment dates;
- the right, if any, to extend the interest payment periods and the duration of any extension;
- the place or places where NiSource Finance will pay principal and interest;
- the terms and conditions of any optional redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- the terms and conditions of any optional purchase or repayment, including the date after which, and the price or prices at which, holders may require NiSource Finance to purchase, or a third party may require holders to sell, securities;

- the terms and conditions of any mandatory or optional sinking fund redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- whether bearer securities will be issued;
- the denominations in which NiSource Finance will issue securities;
- the currency or currencies in which NiSource Finance will pay principal and interest;
- any index or indices used to determine the amount of payments;
- the portion of principal payable on declaration of acceleration of maturity;
- any additional events of default or covenants of NiSource Finance or NiSource applicable to the debt securities;
- whether NiSource Finance will pay additional amounts in respect of taxes and similar charges on debt securities held by a United States alien and whether NiSource Finance may redeem those debt securities rather than pay additional amounts;
- whether NiSource Finance will issue the debt securities in whole or in part in global form and, in such case, the depository for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;
- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and
- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to regulation. Northern Indiana Public Service Company's debt indenture also provides that Northern Indiana will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits. Furthermore, as long as any shares of Northern Indiana's cumulative preferred stock are outstanding, Northern Indiana may not declare or pay cash dividends on its common shares in excess of 75% of its net income, provided that Northern Indiana may declare and pay cash dividends if the sum of (1) Northern Indiana's capital applicable to stock junior to the cumulative preferred stock plus (2) the surplus, after giving effect to such dividends, is at least 25% of the sum of (a) all of Northern Indiana's obligations under any outstanding bonds, notes, debentures or other securities plus (b) Northern Indiana's total capital and surplus. Future dividends will depend upon adequate

retained earnings, adequate future earnings and the absence of adverse developments. In addition, NiSource is registered as a holding company under the Public Utility Holding Company Act of 1935. As a result, the corporate and financial activities of NiSource and each of its subsidiaries (including their ability to pay dividends to NiSource) are subject to regulation by the SEC.

NiSource's holding company status also means that its right to participate in any distribution of the assets of any of its subsidiaries upon liquidation, reorganization or otherwise is subject to the prior claims of the creditors of each of the subsidiaries (except to the extent that the claims of NiSource itself as a creditor of a subsidiary may be recognized). Since this is true for NiSource, it is also true for the creditors of NiSource (including the holders of the debt securities).

Conversion Rights

The terms, if any, on which a series of debt securities may be exchanged for or converted into shares of common stock or preferred stock of NiSource will be set forth in the applicable prospectus supplement.

Denomination, Registration and Transfer

NiSource Finance may issue the debt securities as registered securities in certificated form or as global securities as described under the heading "Book-Entry Issuance." Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue registered debt securities in denominations of \$1,000 or integral multiples of \$1,000. (See Section 302.)

If NiSource Finance issues the debt securities as registered securities, NiSource Finance will keep at one of its offices or agencies a register in which it will provide for the registration and transfer of the debt securities. NiSource Finance will appoint that office or agency the security registrar for the purpose of registering and transferring the debt securities.

The holder of any registered debt security may exchange the debt security for registered debt securities of the same series having the same stated maturity date and original issue date, in any authorized denominations, in like tenor and in the same aggregate principal amount. The holder may exchange those debt securities by surrendering them in a place of payment maintained for this purpose at the office or agency NiSource Finance has appointed securities registrar. Holders may present the debt securities for exchange or registration of transfer, duly endorsed or accompanied by a duly executed written instrument of transfer satisfactory to NiSource Finance and the securities registrar. No service charge will apply to any exchange or registration of transfer, but NiSource Finance may require payment of any taxes and other governmental charges as described in the Indenture. (See Section 305.)

If debt securities of any series are redeemed, NiSource Finance will not be required to issue, register transfer of or exchange any debt securities of that series during the 15 business day period immediately preceding the day the relevant notice of redemption is given. That notice will identify the serial numbers of the debt securities being redeemed. After notice is given, NiSource Finance will not be required to issue, register the transfer of or exchange any debt securities that have been selected to be either partially or fully redeemed, except the unredeemed portion of any debt security being partially redeemed. (See Section 305.)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, on each interest payment date, NiSource Finance will pay interest on each debt security to the person in whose name that debt security is

registered as of the close of business on the record date relating to that interest payment date. If NiSource Finance defaults in the payment of interest on any debt security, it may pay that defaulted interest to the registered owner of that debt security:

- as of the close of business on a date that the indenture trustee selects, which may not be more than 15 days or less than 10 days before the date NiSource Finance proposes to pay the defaulted interest, or

- in any other lawful manner that does not violate the requirements of any securities exchange on which that debt security is listed and that the indenture trustee believes is acceptable.

(See Section 307.)

Unless otherwise indicated in the applicable prospectus supplement, NiSource Finance will pay the principal of and any premium or interest on the debt securities when they are presented at the office of the indenture trustee, as paying agent. NiSource Finance may change the place of payment of the debt securities, appoint one or more additional paying agents, and remove any paying agent.

Redemption

The applicable prospectus supplement will contain the specific terms on which NiSource Finance may redeem a series of debt securities prior to its stated maturity. NiSource Finance will send a notice of redemption to holders at least 30 days but not more than 60 days prior to the redemption date. The notice will state:

- the redemption date;
- the redemption price;
- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);
- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;
- the place or places of payment; and
- whether the redemption is for a sinking fund.

(See Section 1104.)

On or before any redemption date, NiSource Finance will deposit an amount of money with the indenture trustee or with a paying agent sufficient to pay the redemption price. (See Section 1105.)

If NiSource Finance is redeeming less than all the debt securities, the indenture trustee will select the debt securities to be redeemed using a method it considers fair and appropriate. After the redemption date, holders of redeemed debt securities will have no rights with respect to the debt securities except the right to receive the redemption price and any unpaid interest to the redemption date. (See Section 1103.)

Consolidation, Merger, Conveyance, Transfer or Lease

Neither NiSource Finance nor NiSource shall consolidate or merge with any other corporation or convey, transfer or lease substantially all of its assets or properties to any entity unless:

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;
- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and
- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

The Indenture does not give holders of the debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance to incur indebtedness or to declare or pay dividends on its capital stock.

Limitation on Liens

As long as any debt securities remain outstanding, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any debt secured by any mortgage, security interest, pledge, lien or other encumbrance on any property owned by NiSource Finance, NiSource or that subsidiary, except intercompany indebtedness, without also securing the debt securities equally and ratably with (or prior to) the new debt, unless the total amount of all of the secured debt would not exceed 10% of the consolidated net tangible assets of NiSource and its subsidiaries (other than utilities).

In addition, the lien limitations do not apply to NiSource Finance's, NiSource's and any subsidiary's ability to do the following:

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;
- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource and any subsidiary;
- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;
- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;
- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property, including mortgages for pollution control or industrial revenue bonds;
- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;
- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;
- to continue mortgages existing on the date of the Indenture; and
- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

Events of Default

The Indenture provides, with respect to any outstanding series of debt securities, that any of the following events constitutes an “Event of Default”:

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;
- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;
- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;

- NiSource Finance or NiSource defaults in the performance of or breaches any covenant or warranty in the Indenture for 90 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- NiSource Finance or NiSource Capital Markets defaults under any bond, debenture, note or other evidence of indebtedness for money borrowed by NiSource Finance or NiSource Capital Markets, or NiSource Finance or NiSource Capital Markets 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, and in the event such debt has become due as the result of an acceleration, such acceleration is not rescinded or annulled or such debt is not paid within 60 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- the NiSource guarantee ceases to be in full force and effect in any material respect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or
- certain events of bankruptcy, insolvency or reorganization of NiSource Finance, NiSource Capital Markets or NiSource.

(See Section 501.)

If an Event of Default occurs with respect to debt securities of a particular series, the indenture trustee or the holders of 33% in principal amount of the outstanding debt securities of that series may declare the debt securities of that series due and payable immediately. (See Section 502.)

The holders of a majority in principal amount of the outstanding debt securities of a particular series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee under the Indenture, or exercising any trust or power conferred on the indenture trustee with respect to the debt securities of that series. The indenture trustee may refuse to follow directions that are in conflict with law or the Indenture, that expose the indenture trustee to personal liability or that are unduly prejudicial to other holders. The indenture trustee may take any other action it deems proper that is not inconsistent with those directions. (See Section 512.)

The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past default under the Indenture and its consequences, except a default:

- in respect of a payment of principal of, or premium, if any, or interest on any debt security; or
- in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected debt security.

(See Section 513.)

At any time after the holders of the debt securities of a series declare that the debt securities of that series are due and immediately payable, a majority in principal amount of the outstanding holders of debt

securities of that series may rescind and cancel the declaration and its consequences: (1) before the indenture trustee has obtained a judgment or decree for money, (2) if all defaults (other than the non-payment of principal which has become due solely by the declaration) have been waived or cured, and (3) NiSource or NiSource Finance has paid or deposited with the indenture trustee an amount sufficient to pay:

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by the declaration;

- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due to the indenture trustee under the Indenture.

(See Section 502.)

Modification of Indenture

NiSource Finance, NiSource and the indenture trustee may modify or amend the Indenture, without the consent of the holders of any debt securities, for any of the following purposes:

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no outstanding debt securities entitled to the benefit of the provision);
- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

The Indenture provides that we and the indenture trustee may amend the Indenture or the debt securities with the consent of the holders of a majority in principal amount of the then outstanding debt securities of each series affected by the amendment voting as one class. However, without the consent of each holder of any outstanding debt securities affected, an amendment or modification may not, among other things:

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;

- change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- impair a holder's right to institute suit for the enforcement of any payment after the stated maturity or after any redemption date or repayment date;
- reduce the percentage of holders of debt securities necessary to modify or amend the Indenture or to consent to any waiver under the Indenture;
- change any obligation of NiSource Finance to maintain an office or agency in each place of payment or to maintain an office or agency outside the United States;
- modify the obligations of NiSource under its guarantee in any way adverse to the interests of the holders of the debt securities; and
- modify these requirements or reduce the percentage of holders of debt securities necessary to waive any past default of certain covenants.

(See Section 902.)

Satisfaction and Discharge

Under the Indenture, NiSource Finance can terminate its obligations with respect to debt securities of any series not previously delivered to the indenture trustee for cancellation when those debt securities:

- have become due and payable;
- 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 indenture trustee for giving notice of redemption.

NiSource Finance may terminate its obligations with respect to the debt securities of that series by depositing with the indenture trustee, as trust funds dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the debt securities of that series. In that case, the Indenture will cease to be of further effect and NiSource Finance's obligations will be satisfied and discharged with respect to that series (except as to NiSource Finance's obligations to pay all other amounts due under the Indenture and to provide certain officers' certificates and opinions of counsel to the indenture trustee). At the expense of NiSource Finance, the indenture trustee will execute proper instruments acknowledging the satisfaction and discharge. (See Section 401.)

Book-Entry Issuance

Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue any debt securities offered under this prospectus as "global securities." We will describe the specific terms for issuing any debt security as a global security in the prospectus supplement relating to that debt security.

Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company, or DTC, will act as the depository for any global securities. NiSource Finance will issue global securities as fully registered securities registered in the name of DTC's nominee, Cede & Co. NiSource Finance will issue one or more fully registered global securities for each issue of debt securities, each in the aggregate principal or stated amount of such issue, and will deposit the global securities with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry

changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC's direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear through or maintain a custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under DTC's system must be made by or through a direct participant, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security — the beneficial owner — is in turn recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchases, but they should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the participants through which they entered into the transactions. Transfers of ownership interest in the securities are accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all global securities that are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities. Under its usual procedures, DTC will mail an omnibus proxy to NiSource Finance as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and any premium, interest or other payments on the global securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on that date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC, NiSource Finance, NiSource or the indenture trustee, subject to any statutory or regulatory requirements in effect at the time. Payment of redemption payments, principal and any premium, interest or other payments to DTC is the responsibility of NiSource Finance and the applicable paying agent, disbursement of payments to direct participants will be the responsibility of DTC, and disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

If applicable, redemption notices will be sent to Cede & Co. If less than all of the debt securities of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate

party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the global securities at any time by giving reasonable notice to NiSource Finance or the indenture trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the securities are required to be printed and delivered.

NiSource Finance may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the securities will be printed and delivered.

We have provided the foregoing information with respect to DTC to the financial community for information purposes only. We do not intend the information to serve as a representation, warranty or contract modification of any kind. We have received the information in this section concerning DTC and DTC's system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Governing Law

The Indenture and the debt securities are governed by the internal laws of the State of New York.

Information Concerning the Indenture Trustee

Prior to default, the indenture trustee will perform only those duties specifically set forth in the Indenture. After default, the indenture trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. *The indenture trustee is under no obligation to exercise any of the powers vested in it by the Indenture at the request of any holder of debt securities unless the holder offers the indenture trustee reasonable indemnity against the costs, expenses and liability that the indenture trustee might incur in exercising those powers. The indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if it reasonably believes that it may not receive repayment or adequate indemnity. (See Section 601.)*

The indenture trustee, JPMorgan Chase Bank, is also the indenture trustee for NiSource Capital Markets' senior and subordinated debt indentures and the indenture governing the debenture portion of NiSource's Stock Appreciation Income Linked Securities ("SAILS"). JPMorgan Chase Bank is the purchase contract agent and collateral agent for the SAILS.

DESCRIPTION OF WARRANTS

NiSource and NiSource Finance may issue warrants to purchase equity or debt securities, respectively. NiSource and NiSource Finance may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. NiSource and NiSource Finance will issue the warrants under warrant agreements to be entered into between NiSource or NiSource Finance, as the case may be, and a bank or trust company, as warrant agent, all as described in the applicable prospectus supplement. The warrant agent will act solely as agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. These terms may include the following:

- the title of the warrants;
- the designation, amount and terms of the securities for which the warrants are exercisable;
- the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;
- the price or prices at which the warrants will be issued;

- the aggregate number of warrants;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;
- the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;
- if applicable, the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the exercise of the warrants;
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;
- the date on which the right to exercise the warrants will commence, and the date on which the right will expire;
- the maximum or minimum number of warrants that may be exercised at any time; and
- information with respect to book-entry procedures, if any.

Exercise of Warrants

Each warrant will entitle the holder of warrants to purchase for cash the amount of equity or debt securities at the exercise price stated or determinable in the prospectus supplement for the warrants. Warrants may be exercised at any time up to the close of business on the expiration date shown in the applicable prospectus supplement, unless otherwise specified in such prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void. Warrants may be exercised as described in the applicable prospectus supplement. When the warrant holder makes the payment and properly completes and signs the warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, NiSource or NiSource Finance, as the case may be, will, as soon as possible, forward the equity or debt securities that the warrant holder has purchased. If the warrant holder exercises the warrant for less than all of the warrants represented by the warrant certificate, NiSource or NiSource Finance, as the case may be, will issue a new warrant certificate for the remaining warrants.

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

NiSource may issue stock purchase contracts, including contracts obligating holders to purchase from NiSource, and for NiSource to sell to the holders, a specified number of shares of common stock at a future date or dates. The price per share of common stock and the number of shares of common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula stated in the stock purchase contracts.

The stock purchase contracts may be issued separately or as part of units that we call “stock purchase units.” Stock purchase units consist of a stock purchase contract and either NiSource Finance’s debt securities or U.S. treasury securities securing the holders’ obligations to purchase the common stock under the stock purchase contracts.

The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice versa, and these payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations in a specified manner.

The applicable prospectus supplement will describe the terms of the stock purchase contracts or stock purchase units. The description in the prospectus supplement will only be a summary, and you should read the stock purchase contracts, and, if applicable, collateral or depositary arrangements, relating to the stock purchase contracts or stock purchase units. Material U.S. federal income tax considerations applicable to the

stock purchase units and the stock purchase contracts will also be discussed in the applicable prospectus supplement.

PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. The prospectus supplement with respect to any offering of securities will describe the specific terms of the securities being offered, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the proceeds to NiSource or NiSource Finance from the sale;
- any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallocated or paid to dealers; and
- any securities exchange on which the offered securities may be listed.

Through Underwriters. If we use underwriters in the sale of the securities, the underwriters will acquire the offered securities for their own account. We will execute an underwriting agreement with an underwriter or underwriters once an agreement for sale of the securities is reached. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may sell the offered securities directly or through underwriting syndicates represented by managing underwriters. Unless otherwise stated in the prospectus supplement relating to offered securities, the obligations of the underwriters to purchase those offered securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of those offered securities if they purchase any of them.

Through Dealers. If we use a dealer to sell the securities, we will sell the offered securities to the dealer as principal. The dealer may then resell those offered securities at varying prices determined at the time of resale. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

Through Agents. If we use agents in the sale of securities, we may designate one or more agents to sell offered securities. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly to Purchasers. We may sell the offered securities directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved. We will describe the terms of our direct sales in our prospectus supplement.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallocated to them. A prospectus supplement will also state the proceeds to us from the sale of offered securities, any initial public offering price and other terms of the offering of those offered securities.

Our agents, underwriters and dealers, or their affiliates, may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase offered securities from us at the public offering price and on terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. If we use delayed delivery contracts, we will disclose that we are using them in our prospectus supplement and will tell you when we will demand payment and delivery of the securities. The delayed delivery contracts will be subject only to the conditions we set forth in our prospectus supplement.

We may enter into agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

LEGAL OPINIONS

Schiff Hardin & Waite, Chicago, Illinois, will pass upon the validity of the securities offered by this prospectus for us. The opinions with respect to the securities may be subject to assumptions regarding future action to be taken by us and the trustee, if applicable, in connection with the issuance and sale of the securities, the specific terms of the securities and other matters that may affect the validity of securities but that cannot be ascertained on the date of those opinions. Peter V. Fazio, Jr., a partner of the firm who also serves as Executive Vice President and General Counsel of NiSource, holds approximately 11,400 shares of NiSource common stock.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedules incorporated in this prospectus by reference from NiSource's Current Report on Form 8-K dated July 15, 2003 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report which is incorporated herein by reference (which report expresses an unqualified opinion and includes an explanatory paragraph related to the adoption of Financial Accounting Standards No. 133, "Accounting for Derivatives Instruments and Hedging Activities," as amended, on January 1, 2001 and Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," on January 1, 2002 and the adoption of the October 2002 consensus of EITF Issue No. 02-03, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities"), and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Source



**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
 PSC CASE NO. 2007-00008
 INFORMATION REQUESTED BY THE ATTORNEY GENERAL
 DATED APRIL 10, 2007**

NiSource, Inc.
 Equity Offerings

Date of Issue	Date of Announcement	Date of Registration	Number of Shares Issued	Price per Share to Public	Price per Share (Net to Company)	Selling Exp. As % of gross Issue Amount	Net Proceeds to Company
November 13, 2002	November 6, 2002	November 6, 2002	36,000,000	\$18.30	\$17.75	3.01%	\$639,000,000 (a)
November 27, 2002	November 6, 2002	November 6, 2002	5,400,000	\$18.30	\$17.75	3.01%	\$95,850,000 (a)

(a) Net proceeds to NiSource after deducting underwriting discounts and commissions.

Note: Supporting documents related to the equity offering are on attachments F, G, H.

<DOCUMENT>
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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): November 6, 2002

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.)
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NISOURCE FINANCE CORP.
 (Exact Name of Registrant as Specified in Charter)

Indiana (State or Other Jurisdiction of Incorporation)	333-49330-01 (Commission File Number)	35-2105468 (IRS Employer Identification No.)
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801 East 86th Avenue,
 Merrillville, Indiana 46410
 (877) 647-5990
 (Address and Telephone Number
 of Principal Executive Offices)

ITEM 5. OTHER EVENTS

On November 6, 2002, NiSource Inc. entered into a Terms Agreement with Banc of America Securities LLC, Credit Suisse First Boston Corporation, Dresdner Kleinwort Wasserstein Securities LLC, Salomon Smith Barney Inc., TD Securities (USA) Inc. and Wachovia Securities, Inc. with respect to the offering and sale of 36,000,000 shares of NiSource Inc. common stock at a price to public of \$18.30 per share. The sale is scheduled to close on November 13, 2002. In connection with the offering, NiSource granted the underwriters a 30-day option to purchase up to an additional 5,400,000 shares of common stock to

cover over-allotments, if any. The Terms Agreement incorporates by reference an Underwriting Agreement of NiSource Inc. with respect to common stock, preferred stock and guaranties of debt securities and NiSource Finance Corp. with respect to debt securities, dated November 6, 2002 (the "Underwriting Agreement")

A copy of the Underwriting Agreement is filed as Exhibits 1.1 to this Report on Form 8-K, and is hereby incorporated by reference herein.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits

The following exhibit is filed herewith:

99.1 Underwriting Agreement, dated November 6, 2002

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.

Date: November 7, 2002

By: /s/ Jeffrey W. Grossman

Name: Jeffrey W. Grossman
Title: Vice President and Controller

NISOURCE FINANCE CORP.

Date: November 7, 2002

By: /s/ Jeffrey W. Grossman

Name: Jeffrey W. Grossman
Title: Vice President

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Underwriting Agreement, dated November 6, 2002

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Prospectus Supplement

(To Prospectus Dated November 20, 2000)

36,000,000 Shares



NiSource Inc.

Common Stock

Our common stock is listed on The New York Stock Exchange under the trading symbol "NI." The last reported sale price on November 6, 2002 was \$18.30 per share.

Investing in our common stock involves risks. See "Risk Factors" on page S-6.

	Per Share	Total
Offering Price	\$ 18.30	\$658,800,000
Discounts and Commissions to Underwriters	\$ 0.549	\$ 19,764,000
Offering Proceeds to NiSource	\$17.751	\$639,036,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

NiSource has granted the underwriters the right to purchase up to an additional 5,400,000 shares of common stock to cover any over-allotments. The underwriters can exercise this right at any time within 30 days after the offering. The underwriters expect to deliver the shares of common stock to investors on or about November 13, 2002.

Joint Book-Running Managers

Banc of America Securities LLC

Credit Suisse First Boston

Dresdner Kleinwort Wasserstein

Salomon Smith Barney

TD Securities

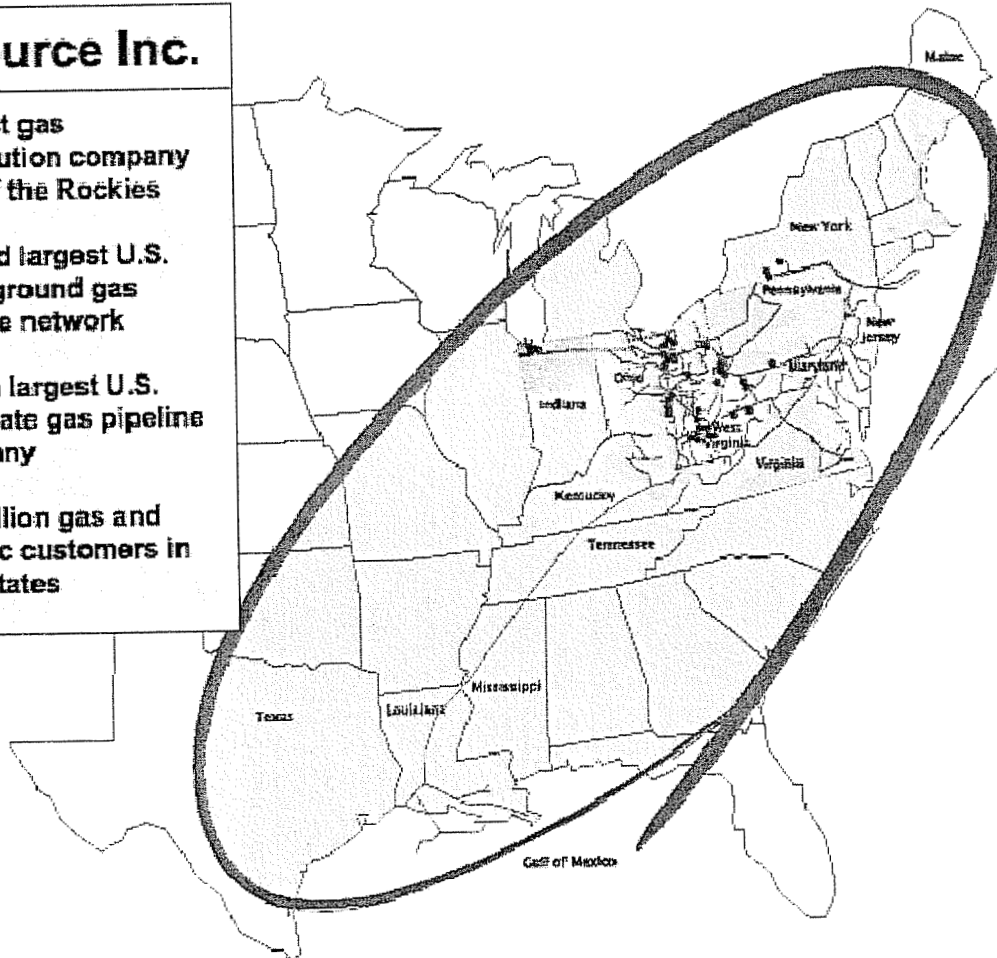
Wachovia Securities

November 6, 2002.

The Energy Corridor

NiSource Inc.

- Largest gas distribution company east of the Rockies
- Second largest U.S. underground gas storage network
- Fourth largest U.S. interstate gas pipeline company
- 3.6 million gas and electric customers in nine states



This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this common stock offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” information into this prospectus and prospectus supplement. This means that we can disclose important information to you by referring you to another document that NiSource has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus and prospectus supplement. Information that NiSource files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus and prospectus supplement to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed February 22, 2002;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2002 and June 30, 2002;
- our Current Reports on Form 8-K filed May 21, 2002 and November 1, 2002; and
- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by the prospectus supplement.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

SUMMARY

This summary highlights certain information appearing elsewhere in this document. This summary is not complete and does not contain all of the information that you should consider before purchasing the common stock. You should carefully read the “Risk Factors” section beginning on page S-6 of this prospectus supplement to determine whether an investment in our common stock is appropriate for you. Unless the context requires otherwise, references to “we,” “us” or “our” refer collectively to NiSource and its subsidiaries.

NiSource

Overview

NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to 3.6 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England.

We are the largest regulated natural gas distribution company, as measured by number of customers, operating east of the Rockies. Our principal subsidiaries include the Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. We derive substantially all our revenues and earnings from the operating results of our subsidiaries. Our primary businesses are:

- gas distribution;
- gas transmission and storage; and
- electric operations.

As discussed in “Recent Developments” below, we recently announced our intention to sell the operations of our exploration and production segment.

Strategy

We are focused on utilizing our core regulated gas and electric businesses to serve customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic and

Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. The acquisition of Columbia Energy Group in November 2000 furthered this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution and storage assets in Ohio and the Mid-Atlantic and Columbia's interstate transmission assets. We are committed to maximizing our efficiency in our core regulated operations without compromising customer service and safety.

Gas Distribution

We are the nation's second largest regulated gas distribution company based on volume of gas sales, with on average over 2.3 billion cubic feet per day. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas under the Columbia Gas name to approximately 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 765,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 327,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage

Our gas and transmission storage subsidiaries own and operate an interstate pipeline network of approximately 16,130 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, the companies serve customers in 17 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, Columbia Gas Transmission Corporation operates one of the nation's largest underground natural gas storage systems, capable of storing approximately 670 billion cubic feet of natural gas.

Columbia Gas Transmission is also participating in the proposed 442-mile Millennium Pipeline Project. As proposed, the project will transport approximately 700 billion cubic feet of natural gas per day from the Lake Erie region to markets in New York and the northeast United States. The Federal Energy Regulatory Commission recently issued a certificate authorizing construction and operation of the pipeline.

Electric Operations

We generate and distribute electricity to the public through our subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 434,000 customers in 21 counties in the northern part of Indiana. Northern Indiana owns and operates three coal-fired electric generating stations with a net capacity of 2,694 megawatts, three gas fired combustion turbine generating units with a net capacity of 186 megawatts and two hydroelectric generating plants with a net capacity of 10 megawatts, for a total system net capacity of 2,890 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 2001, Northern Indiana generated 93.2% and purchased 6.8% of its electric requirements.

Other Operations

We provide energy-related services including gas marketing, electric transmission, bulk power and power trading, and participate in the development of merchant power projects. Through our subsidiary EnergyUSA-TPC Corp., we provide natural gas sales to industrial and commercial customers and engage in natural gas marketing activities. Through our subsidiary, Primary Energy, Inc., we develop, build, own, operate and manage industrial based energy projects. Primary Energy develops on-site, industrial-based energy solutions for large complexes having multiple energy flows, such as electricity, steam, by-product fuels or heated water. We participate in real estate, telecommunications and other businesses. We have built a fiber optics network for voice and data communication along our pipeline rights-of-way between New York and Washington D.C.

Non-Core Divestitures

On January 28, 2002, we sold the stock of SM&P Utility Resources, Inc. to The Laclede Group, Inc. for \$37.9 million, recognizing an after-tax gain of \$12.5 million. The net assets of SM&P were reported as assets held for sale on the consolidated balance sheets as of December 31, 2001.

On April 30, 2002, we sold the assets of the Indianapolis Water Company and other assets of IWC Resources Corporation and its subsidiaries to the City of Indianapolis for \$540 million, resulting in an after-tax gain of \$7.5 million. Also in April 2002, we sold our interest in White River Environmental Partnership, an IWC investment, to the other partners for \$8 million, approximating book value. At March 31, 2002 and December 31, 2001, the water utilities' operations were reported as discontinued operations.

On July 1, 2002, in order to scale back our energy trading portfolio, we sold our net obligations under a significant portion of our gas forward transaction portfolio, physical storage inventory and associated agreements to a third party. In accordance with the terms of the agreement, we paid \$6.8 million to settle the net obligations.

On October 11, 2002, we announced our intention to sell Columbia Energy Resources, Inc. and its subsidiaries, including Columbia Natural Resources, Inc., our natural gas exploration and production business.

THE OFFERING

Common stock offered 36,000,000

Common stock to be
outstanding after the
offering 243,792,000

Use of proceeds We will use the net proceeds from the sale of common stock to repay \$281.5 million of Columbia Energy Group debentures due November 28, 2002 and to repay short-term borrowings.

New York Stock Exchange symbol NI

The number of shares of common stock offered and to be outstanding immediately after this offering does not include:

- shares of common stock that the underwriters have an option to purchase from us within 30 days of the date of this prospectus supplement;
- shares issuable upon the exercise of outstanding stock options held by our employees, executive officers and directors; and
- shares issuable upon settlement of our Corporate Premium Income Equity Securities (PIES) or our Stock Appreciation Income Linked Securities (SAILS).

RISK FACTORS

In deciding whether to invest in our common stock, you should consider carefully the following factors that could cause our operating results and financial condition to be materially adversely affected. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance. You should also consider the information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as updated by our subsequent reports on Form 10-Q and Form 8-K. Each of the risks described below could result in a decrease in the value of our common stock and your investment therein.

We have substantial indebtedness, which could adversely affect our financial condition.

We have a significant amount of indebtedness outstanding as a result of our acquisition of Columbia Energy Group. We had total consolidated indebtedness of approximately \$7.7 billion outstanding as of November 1, 2002.

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- limit our ability to pay dividends at the current rate;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to our competitors that are less leveraged;
- result in a downgrade in our ratings; and
- increase our vulnerability to general adverse economic and industry conditions.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and interest coverage ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our outstanding debt obligations. Any such acceleration would cause a material adverse change in our financial condition.

Our strategy to improve our balance sheet is dependent on our ability to access capital markets.

We have historically relied on commercial paper markets and fixed income capital markets as a source of liquidity for capital requirements not satisfied by the cash flow from our operations.

In January 2002, Standard and Poor's reaffirmed our BBB senior unsecured long-term credit rating and our A2 commercial paper rating with a negative outlook. However, on February 1, 2002, Moody's Investor Service downgraded our senior unsecured long-term credit rating to Baa3 and our commercial paper rating to P3 with a negative outlook. As a split-rated A2/ P3 commercial paper issuer, we have had our access to the commercial paper market significantly constrained and have met our liquidity needs by using our \$500 million revolving credit facility, which expires in March 2003, and our \$1.25 billion dollar facility, which expires in March 2004. As of November 1, 2002, \$473.0 million was available under these facilities. We expect to refinance a portion of our short-term borrowing requirements in the fixed-income capital markets.

If we are not able to access capital at competitive rates, our ability to implement our strategy to improve our balance sheet will be adversely affected. This could result in a ratings downgrade. A further downgrade of our

credit rating will further adversely affect our ability to access one or more financial markets, which could negatively affect our financial results.

Further credit ratings downgrades will increase our financing costs and the costs of maintaining certain contractual relationships.

If our current ratings are downgraded, our borrowing costs will increase, as will the costs of maintaining certain contractual relationships. Additionally, if our ratings were to decline below investment grade, we would lose the ability to finance under certain receivables sales facilities.

Columbia Energy Group's current unsecured long-term credit is rated BBB by Standard & Poor's and Baa2 by Moody's. If either of these ratings were to decline below its current level, Columbia would be immediately required to post approximately \$261 million in collateral (including letters of credit) to support an indemnity obligation relating to a forward sale of natural gas made by its exploration and production business. Posting collateral would adversely impact our liquidity. The exploration and production business is currently for sale.

We will need additional capital to refinance indebtedness that is scheduled to mature and for other working capital purposes, which we may not be able to obtain.

After this offering, we will be required to obtain significant additional capital in 2002 and 2003 to execute our business plan, meet working capital needs and repay existing indebtedness scheduled to mature during the period. In particular, we will be required to repay, refinance or extend the following indebtedness:

- \$281.5 million of Columbia's 6.61% Series B Debentures due November 28, 2002;
- \$300 million of NiSource's 5 3/4% Notes due April 15, 2003;
- \$750 million of NiSource's 7 1/2% Notes due November 15, 2003; and
- NiSource's \$500 million 364-day credit facility expiring March 20, 2003.

If we are unable to obtain additional capital to repay this debt, are unable to extend or renew our 364-day credit facility, are unable to remarket the securities underlying our PIES, or are unable to consummate the sale of our exploration and production segment in a timely manner, our operations could be materially adversely affected.

The terms of our settlement with the Indiana Utility Regulatory Commission will result in credits to consumers.

On September 23, 2002, the Indiana Utility Regulatory Commission approved a settlement agreement that entitles electric customers of Northern Indiana Public Service Company to receive an amount intended to approximate \$55.0 million each year in credits to their electric bills for 49 months. Northern Indiana's electric customers, other than those on certain contract rates, will receive a credit of approximately six percent of the electric portion of their monthly Northern Indiana bill. The settlement was the result of months of negotiations among Northern Indiana, the Indiana Office of Utility Consumer Counselor, and a group of commercial and industrial customers.

The Indiana Utility Regulatory Commission has denied a petition for reconsideration, and the approval of the settlement is currently being appealed. There can be no assurances that the appeal will not result in further proceedings before the Indiana Utility Regulatory Commission, or that such proceedings will not result in a further reduction in rates.

Increased federal and state environmental regulation of NO_x emissions will require us to incur large capital expenditures.

The Environmental Protection Agency has recently approved Indiana state rules intended to reduce nitrogen oxide (NO_x) levels from several sources, including industrial and utility boilers. The rules are part of a program

intended to reduce ozone levels in the eastern United States. Compliance with the NOx limits contained in these rules is required by May 31, 2004. Capital estimates of our NOx control compliance costs range from \$200 to \$300 million over the next two years. Actual compliance costs may vary depending on a number of factors including market demand/resource constraints, uncertainty of future equipment and construction costs, and the potential need for additional control technology.

A significant portion of the gas and electricity we sell is used for heating and air conditioning. Accordingly, our operating results fluctuate depending on the weather.

Our energy sales are sensitive to variations in weather conditions. We forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. For example, record warm weather in our markets in the first quarter of 2002 negatively affected basic earnings by 16 cents per share, when compared to the long-term historical average, and by 12 cents per share, when compared to the comparable period in 2001.

Our electric operations are subject to economic conditions in certain industries.

Our electric operations in northern Indiana have been and may continue to be adversely affected by substantial declines in sales to industrial customers, particularly to steel and steel related industries. While there recently has been some recovery in steel and steel related industries, there can be no assurances as to whether this trend will continue or, if so, whether sales will return to historical levels.

Recent events that are beyond our control have increased the level of public and regulatory scrutiny of our industry. Governmental and market reactions to these events may have negative impacts on our business, financial condition and access to capital.

As a result of the energy crisis in California during the summer of 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, recently discovered accounting irregularities at public companies in general and energy companies in particular, and investigations by governmental authorities into energy trading activities, companies in the regulated and unregulated utility business have been under a generally increased amount of public and regulatory scrutiny and suspicion. Recently discovered accounting irregularities have caused regulators and legislators to review current accounting practices, financial disclosures and companies' relationships with their independent auditors. The capital markets and ratings agencies also have increased their level of scrutiny. We believe that we are complying with all applicable laws and accounting standards, but it is difficult or impossible to predict or control what

effect these types of events may have on our business, financial condition or access to the capital markets.

As a result of these events, Congress passed the Sarbanes-Oxley Act of 2002. It is unclear what additional laws or regulations may develop, and we cannot predict the ultimate impact of any future changes in accounting regulations or practices in general with respect to public companies, the energy industry or our operations specifically. Any new accounting standards could affect the way we are required to record revenues, assets and liabilities. These changes in accounting standards could lead to negative impacts on reported earnings or increases in liabilities that could, in turn, affect our reported results of operations.

Our Whiting merchant energy project is operating at a loss.

Our Primary Energy subsidiary has developed a merchant energy facility at BP's Whiting, Indiana refinery. This facility uses natural gas to generate electricity for sale in the wholesale markets and is expected, after plant modifications, to generate steam for industrial use. Recent developments in the wholesale power market have resulted in depressed wholesale power prices, which have substantially reduced revenues for participants in the market. We expect that the facility will operate at a loss in the near term based on the current market view of forward pricing for gas and electricity. We estimate that the after-tax loss for 2002 will be approximately \$20.0 million. The profitability of the project in future periods will depend on, among other things, prevailing prices in the energy markets and regional load dispatch patterns.

Your ability to recover from our former auditors, Arthur Andersen LLP, may be limited.

On May 21, 2002, the Board of Directors of NiSource, upon recommendation of its Audit Committee, dismissed Arthur Andersen LLP as the independent public accountants for NiSource and its subsidiaries, Columbia and Northern Indiana, and retained Deloitte & Touche LLP to serve as the independent public accountants of NiSource and its subsidiaries for 2002.

Andersen completed its audit of NiSource's consolidated financial statements for the year ended December 31, 2001 and issued its report with respect to such consolidated financial statements on January 29, 2002. Subsequently, Andersen was convicted of obstruction of justice for activities relating to its previous work for Enron Corp. and has ceased to audit publicly held companies. Because Andersen is unlikely to survive, purchasers of the common stock may not be able to recover against Andersen for any claims they may have under securities or other laws as a result of Andersen's previous role as our independent public accountants and as author of the audit report for the audited financial statements incorporated by reference in this prospectus supplement.

RECENT DEVELOPMENTS

Financial Results

On October 28, 2002, we reported our financial results for the quarter ended September 30, 2002. For the third quarter of 2002, net income was \$23.2 million, or \$0.11 per share, compared to a net loss of \$21.0 million, or a loss of \$0.10 share, in the third quarter of 2001. For the nine months ended September 30, 2002, we reported net income of \$290.4 million, or \$1.41 per share, compared to \$149.3 million, or \$0.73 per share, for the first nine months of 2001. All per share amounts are for basic shares.

Proposed Sale of Exploration and Production Business

On October 11, 2002, we announced our intention to sell our natural gas exploration and production business, consisting of Columbia Energy Resources, Inc. and its subsidiaries, including Columbia Natural Resources, Inc.

Adjustments to Minimum Pension Liability

Due to the decline in the equity markets, the fair value of our pension fund assets has decreased since September 30, 2001. In addition, the discount rate used to measure the accumulated benefit obligation has decreased. These events have resulted in an increase in our estimated minimum pension liability. We recorded an additional minimum pension liability adjustment at September 30, 2002. The adjustment resulted in a decrease to stockholders' equity of \$196.5 million after-tax.

EITF Issue No. 02-3

At meetings held in June 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue 1 of EITF Issue No. 02-3, requiring that all gains and losses on energy trading contracts and related physical transactions must be shown net in the income statement. The consensus was effective for financial statements issued for periods ending after July 15, 2002. On October 28, 2002, we reported our earnings for the three- and nine-month periods ended September 30, 2002 and, in accordance with the EITF consensus, reflected all trading transactions on a net basis. The information in the press release regarding prior periods also was adjusted to reflect the new presentation.

A summary of the EITF meeting held on October 25, 2002, which was not made available until October 30, indicates that the EITF effectively superseded the consensus reached during the June meetings. The summary indicates that the requirement to present gains and losses on energy trading contracts on a net basis would be applicable to fiscal periods beginning after December 15, 2002. We expect a draft of the minutes of the EITF meeting to be made available after November 7, 2002.

If the minutes are issued as expected, we will adopt the rules requiring net presentation effective January 1, 2003 and will continue to report trading activities for physically-settled contracts on a gross basis, in accordance with our historical practice, through the end of 2002. If the information contained in our October 28, 2002 press release had been presented in accordance with our historical practice, each of consolidated gross revenues and consolidated cost of sales for the three months ended September 30, 2002 and 2001 would have been higher by \$106.0 million and \$621.2 million, respectively, and for the nine months ended September 30, 2002 and 2001 would have been higher by \$870.9 million and \$2,406.1 million, respectively. All of the increase is attributable to our merchant operations. Operating income for all periods would remain as reported in the press release.

USE OF PROCEEDS

Our net proceeds from the sale of the 36,000,000 shares of our common stock in this offering after deducting underwriting discounts and commissions and estimated offering expenses payable by us will be \$638,736,000 (\$734,591,400 if the underwriters' over-allotment option in this offering is exercised in full). We expect to use approximately \$290.8 million of the net proceeds from the sale of our common stock in this offering to repay all of Columbia's outstanding 6.61% Series B Debentures due November 28, 2002, and to advance the balance of the proceeds to NiSource Finance Corp. to repay short-term bank borrowings having an annual interest rate of 2.49% as of October 31, 2002.

CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at June 30, 2002. The "As Adjusted" column shows our capitalization and short term indebtedness at June 30, 2002, after giving effect to the sale of the common stock pursuant to this offering and the anticipated use of net proceeds, as described under the caption "Use of Proceeds." This table should be read in conjunction with our audited consolidated financial statements and related notes for the year ended December 31, 2001, incorporated by reference in this prospectus supplement and accompanying prospectus.

June 30, 2002

	Actual	As Adjusted
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(in thousands)

Long-term debt (excluding amounts due within one year)	\$ 5,930.5	\$ 5,930.5
Company-obligated mandatorily redeemable security of trust holding solely parent company debentures (PIES)	345.0	345.0

Cumulative preferred stocks	86.1	86.1
Common shareholders' equity	3,579.7	4,218.4
Total capitalization	\$ 9,941.3	\$ 10,580.0
Short-term borrowings (including current portion of long-term debt) (a)	\$ 1,693.5	\$ 1,054.8

(a) Excludes \$43.0 million of preferred stock redeemed on October 14, 2002 pursuant to mandatory redemption provisions.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock is traded on the New York Stock Exchange under the symbol "NI." The following table sets forth, for the periods indicated, the range of high and low sale prices for our common stock. On November 6, 2002, the last reported sale price for our common stock was \$18.30 per share.

	Common Stock	
	High	Low
Year Ended December 31, 2000		
First Quarter	\$21.69	\$12.75
Second Quarter	\$19.31	\$16.13
Third Quarter	\$26.56	\$18.13
Fourth Quarter	\$31.50	\$23.56
Year Ended December 31, 2001		

First Quarter	\$31.20	\$25.87
Second Quarter	\$32.55	\$26.15
Third Quarter	\$28.70	\$22.20
Fourth Quarter	\$24.48	\$18.25
Year Ended December 31, 2002		
First Quarter	\$24.14	\$19.00
Second Quarter	\$24.99	\$20.71
Third Quarter	\$22.05	\$16.25
Fourth Quarter (through November 6, 2002)	\$18.52	\$14.51

As of October 31, 2002, there were 47,743 holders of record of our common stock.

Annual dividends paid in 2001 were \$1.16 per share and paid or declared in 2002 were \$1.16 per share. Our board of directors declared the most recent dividend on

August 27, 2002, which will be paid on November 20, 2002 to holders of record as of October 31, 2002. Future dividends will be paid at the discretion of the board of directors and will be determined after consideration of various factors, including the earnings and financial condition of NiSource and its subsidiaries.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following financial information is only a summary, and you should read it together with our historical consolidated financial statements and the related notes incorporated by reference in this document.

	Year Ended December 31,			Six Months Ended
	1999(a)	2000(a)	2001	June 30, 2002
(\$ in millions)				
Income Statement Data				
Gross revenues	\$3,273.5	\$6,030.7	\$9,458.7	\$3,582.0
Operating income	437.9	557.4	1,008.9	680.3
Income from continuing operations (b)	153.9	141.1	212.1	262.7
Cash Flow				

Information

EBITDA (c)	732.9	935.5	1,650.6	956.7
Cash interest, net of amounts capitalized	152.7	244.5	518.0	223.7
Capital expenditures	313.0	357.3	668.1	249.8
Cash flows from operations	418.1	(15.2)	1,042.6	876.1

**As of
June 30, 2002**

(\$ in millions)

Balance Sheet Data

Total assets	\$16,757.2
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Short-term borrowings	1,693.5
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Capitalization:

Long-term debt	5,930.5
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Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely Company debentures	345.0
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Preferred stocks of subsidiaries	86.1
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Common stockholders' equity	3,579.7
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Total capitalization	9,941.3
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(a) Results for 1999 and 2000 are not directly comparable to results for 2001 due to the acquisition of Columbia, which occurred on November 1, 2000.

(b) Includes our exploration and production operations, which we announced on October 11, 2002 are for sale.

(c) EBITDA is defined as operating income before depreciation and amortization (excludes other income and income taxes). EBITDA is not a measure of performance under GAAP. While EBITDA should not be considered as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity, management understands that EBITDA is customarily used as a measure in evaluating companies.

MATERIAL UNITED STATES TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

The following summary describes the material United States federal income and estate tax consequences of the purchase, ownership and disposition of common stock by a Non-United States Holder (as defined below) as of the date hereof. This discussion does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state and local consequences that may be relevant to Non-United States Holders in light of their personal circumstances. Special rules may apply to certain Non-United States Holders, such as certain United States expatriates, “controlled foreign corporations,” “passive foreign investment companies,” “foreign personal holding companies,” corporations that accumulate earnings to avoid United States federal income tax, financial institutions, insurance companies, tax-exempt organizations, certain former citizens or former long-term residents of the United States, broker-dealers, traders in securities and Non-United States Holders that hold our common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or other integrated investments, that are subject to special treatment under the Internal Revenue Code of 1986, as amended (the “Code”). Such Non-United States Holders should consult their own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in United States federal income and estate tax consequences different from those discussed below.

If a partnership holds common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Persons who are partners of partnerships holding common stock should consult their own tax advisors.

As used herein, a “United States Holder” means a holder of common stock that for United States federal income tax purposes is (i) a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or any political subdivision thereof or treated as a United States corporation under the Code or the United States Treasury regulations, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person. A “Non-United States Holder” is a holder that is not a United States Holder.

An individual may be treated as a resident of the United States in any calendar year for United States federal income tax purposes, instead of a nonresident, by, among other ways, being present in the United States on at least 31 days in that calendar year and for

an aggregate of at least 183 days during a 3-year period ending in the current calendar year. For purposes of this calculation, you would count all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are taxed for United States federal income purposes in the same manner as United States citizens. Such Non-United States Holders should consult their own tax advisors for any United States federal income tax consequences arising pursuant to this calculation.

IN CONSIDERING THE PURCHASE, OWNERSHIP OR DISPOSITION OF COMMON STOCK, YOU SHOULD CONSULT YOUR OWN TAX ADVISOR CONCERNING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IN LIGHT OF YOUR PARTICULAR SITUATION AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

Dividends

Dividends paid to a Non-United States Holder of common stock generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-United States Holder within the United States, and, where a tax treaty applies, are attributable to a United States permanent establishment of the Non-United States Holder, are not subject to the withholding tax, but instead are subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates. Certain certification and disclosure requirements must be satisfied for effectively connected

income to be exempt from withholding. Any such effectively connected dividends received by a foreign corporation may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A Non-United States Holder that wishes to claim the benefit of an applicable treaty rate (and avoid backup withholding as discussed below in “— Information Reporting and Backup Withholding Tax”) for dividends paid will be required (a) to complete Internal Revenue Service (“IRS”) Form W-8BEN (or other applicable form) and certify under penalties of perjury that such holder is not a United States person or (b) if the common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain Non-United States Holders that are entities rather than individuals.

A Non-United States Holder eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

Gain on Disposition of Common Stock

A Non-United States Holder generally will not be subject to United States federal income tax or any withholding thereof with respect to gain realized on a sale or other disposition of our common stock unless one of the following applies:

- The gain is effectively connected with the Non-United States Holder’s conduct of a trade or business in the United States or, alternatively, if an income tax treaty applies, is attributable to a permanent establishment maintained by the Non-United States Holder in the United States. In these cases, the Non-United States Holder will generally be taxed on its net gain derived from the disposition at the regular graduated rates and in the manner applicable to United States persons and, if the Non-United States Holder is a foreign corporation, the “branch profits tax” described above may also apply.
- The Non-United States Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements. In this case, the Non-United States Holder will be subject to a 30% tax on the gain derived from the disposition.
- Our common stock constitutes a United States real property interest by reason of our status as a “United States real property holding corporation,” or a “USRPHC,” for United States federal income tax purposes at any time during the shorter of the 5-year period ending on the date you dispose of our common stock or the period the Non-U.S. Holder held our common stock. We believe that we are not currently and will

not become a USRPHC. The determination of whether we are a USRPHC depends on the fair market value of our United States real property interests relative to the fair market value of our other business assets, and there can be no assurance that we will not become a USRPHC in the future. As long as our common stock is “regularly traded on an established securities market” within the meaning of Section 897(c)(3) of the Code, however, such common stock will be treated as a United States real property interest only if you owned directly or indirectly more than 5 percent of our common stock during the shorter of the 5-year period ending on the date you dispose of such regularly traded common stock or the period you held our common stock and we were a USRPHC during such period. If we are or were to become a USRPHC and a Non-United States Holder owned directly or indirectly more than 5% of our common stock during the period described above or our common stock is not “regularly traded on an established securities market,” then a Non-United States Holder would generally be subject to United States federal income tax on its net gain derived from the disposition of our common stock at regular graduated rates.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is not a citizen or resident of the United States for federal estate tax purposes at the time of death will be included in that individual’s gross estate for United States federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and,

therefore, may be subject to United States federal estate tax. Estates of non-resident aliens are generally allowed a statutory credit that has the effect of offsetting the United States federal estate tax imposed on the first \$60,000 of the taxable estate.

Information Reporting and Backup Withholding Tax

We must report annually to the IRS and to each Non-United States Holder the amount of dividends paid to that holder and the tax withheld from those dividends. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of the information returns reporting those dividends and withholding may also be made available to the tax authorities in the country in which the Non-United States Holder is a resident under the provisions of an applicable income tax treaty or agreement.

Under some circumstances, United States Treasury regulations require backup withholding and additional information reporting on reportable payments on common stock. The gross amount of dividends paid to a Non-United States Holder that fails to certify its Non-United States Holder status in accordance with applicable United States Treasury regulations generally will be reduced by backup withholding at the applicable rate (currently 30%).

The payment of the proceeds of the sale or other disposition of common stock by a Non-United States Holder to or through the United States office of any broker, United States or foreign, generally will be reported to the IRS and reduced by backup withholding, unless the Non-United States Holder either certifies its status as a Non-United States Holder under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds of the disposition of common stock by a Non-United States Holder to or through a non-United States office of a non-United States broker will not be reduced by backup withholding or reported to the IRS, unless the non-United States broker has certain enumerated connections with the United States. In general, the payment of proceeds from the disposition of common stock by or through a non-United States office of a broker that is a United States person or has certain enumerated connections with the United States will be reported to the IRS and may be reduced by backup withholding at the applicable rate (currently 30%) unless the broker receives a statement from the Non-United States Holder that certifies its status as a Non-United States Holder under penalties of perjury or the broker has documentary evidence in its files that the holder is a Non-United States Holder.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-United States Holder can be refunded or credited against the Non-United States Holder's U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS in a timely manner. These backup withholding and information reporting rules are complex and Non-United States

Holders are urged to consult their own tax advisors regarding the application of these rules to them.

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UNDERWRITING

We are offering the shares of our common stock described in this prospectus supplement through a number of underwriters. Banc of America Securities LLC and Credit Suisse First Boston Corporation are acting as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each of the underwriters has severally agreed to purchase from us, the number of shares of common stock listed next to its name in the following table:

Underwriter	Number of Shares
Banc of America Securities LLC	13,500,000
Credit Suisse First Boston Corporation	13,500,000
Dresdner Kleinwort Wasserstein Securities LLC	2,250,000
Salomon Smith Barney Inc.	2,250,000
TD Securities (USA) Inc.	2,250,000
Wachovia Securities, Inc.	2,250,000
Total	36,000,000

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the shares if they buy any of them. The underwriters will sell the shares to the public when and if the underwriters buy the shares from us.

The underwriters will initially offer the shares to the public at the price specified on the cover page of this prospectus supplement. The underwriters may allow to selected dealers a concession of not more than \$0.3294 per share. The underwriters may also allow, and any dealers may reallow, a concession of not more than \$0.10 per share to selected other dealers. If all the shares are not sold at the public offering price, the underwriters may change the public offering price and the other selling terms. Our common stock is offered subject to a number of conditions, including:

- receipt and acceptance of our common stock by the underwriters, and
- the underwriters' right to reject orders in whole or in part.

We have granted the underwriters an option to purchase up to 5,400,000 additional shares of our common stock at the public offering price less the underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering any over-allotments made in connection with this offering. The underwriters have 30 days from the date of this prospectus supplement to exercise this option. If the underwriters exercise this option, they will each purchase additional shares approximately in proportion to the amounts specified in the table above.

The following table shows, on a per share and total basis, the public offering price, underwriting discounts and commissions to be paid to the underwriters and proceeds before expenses to us, assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Per Share	No Exercise	Full Exercise
Public offering price	\$ 18.30	\$658,800,000	\$757,620,000
Underwriting discounts and commissions	\$ 0.549	\$ 19,764,000	\$ 22,728,600

Proceeds to NiSource	\$17,751	\$639,036,000	\$734,891,400
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We estimate that the expenses of this offering, not including the underwriting discounts and commissions, will be approximately \$300,000. These expenses are payable by us.

We have entered into a lock-up agreement with the underwriters. Under this agreement, we may not, without the prior written approval of the representatives, offer, sell, contract to sell or otherwise dispose of or hedge our common stock or securities convertible into or exchangeable for our common stock (other than issuances of common stock pursuant to the conversion or exchange of convertible securities or the exercise of warrants or options, grants of employee stock options or issuance of common stock pursuant to the exercise of such options).

These restrictions will be in effect for a period of 90 days after the date of this prospectus supplement. At any time and without notice, the representatives may, in their sole discretion, release all or some of the securities from this lock-up agreement.

We will indemnify the underwriters against various liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to payments the underwriters may be required to make in respect of those liabilities.

Our common stock is listed on the New York Stock Exchange under the symbol “NI.”

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock, including:

- stabilizing transactions;
- short sales;
- syndicate covering transactions;
- imposition of penalty bids; and
- purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. Stabilizing transactions may include making short sales of our common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock from us or in the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked” shorts, which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares pursuant to the over-allotment option.

A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The representatives may also impose a penalty bid on underwriters and selling group members. This means that if the representatives purchase shares in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters or selling group members that sold those shares as part of this offering to repay the concession received by them.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

The underwriters and their affiliates have provided certain commercial banking, financial advisory and investment banking services to us and our affiliates for which they have received customary fees. Credit Suisse First Boston, a Swiss bank and an affiliate of Credit Suisse First Boston Corporation, is a lead arranger, syndication agent and a lender under our three-year revolving credit agreement. Citibank, N.A., an affiliate of Salomon Smith Barney Inc., and Toronto Dominion (Texas), Inc., an affiliate of TD Securities (USA) Inc., are co-documentation agents, and Bank of America, N.A., an affiliate of Banc of America Securities LLC, Citicorp USA, Inc., Toronto Dominion (Texas), Inc. and Wachovia Bank, National Association, formerly known as First Union National Bank, an affiliate of Wachovia Securities, Inc. are lenders, under our three-year revolving credit agreement. Bank of America, N.A., Credit Suisse First Boston, Citicorp USA, Inc., Toronto Dominion (Texas),

Inc. and Wachovia Bank, National Association are lenders under our 364-day revolving credit agreement. In addition, we have retained Credit Suisse First Boston Corporation as financial advisor in connection with our intended sale of Columbia Energy Resources and its affiliates, our natural gas exploration and production business. The underwriters and their affiliates may from time to time engage in future transactions with us and our affiliates and provide services to us and our affiliates in the ordinary course of their business.

Approximately \$170.2 million of the proceeds of this offering will be paid to affiliates of the underwriters to reduce borrowings under our three-year revolving credit agreement and our 364-day revolving credit agreement. Because more than ten percent of the proceeds of this offering, not including underwriting compensation, will be received by members or affiliates of members of the National Association of Securities Dealers participating in this offering, this offering is being conducted in compliance with the NASD Conduct Rule 2710(c)(8). Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering, as a bona fide independent market (as defined in the NASD Conduct Rules) exists for our common stock.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of our common stock in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of common stock are made. Any resale of our common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Canadian purchasers are advised to seek legal advice prior to any resale of our common stock.

Representations of Purchasers

By purchasing our common stock in Canada and accepting a purchase confirmation a purchaser is representing to us and the dealer from whom the purchase confirmation is received that

- the purchaser is entitled under applicable provincial securities laws to purchase the common stock without the benefit of a prospectus qualified under those securities laws;
- where required by law, that the purchaser is purchasing as principal and not as agent; and
- the purchaser has reviewed the text above under Resale Restrictions.

Rights of Action — Ontario Purchasers Only

Under Ontario securities legislation, a purchaser who purchases a security offered by this prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the shares, for rescission against us in the event that this prospectus contains a misrepresentation. A purchaser will be deemed to have relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the shares. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the shares. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the shares were offered to the purchaser and if the purchaser is shown to have purchased the

securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the shares as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of our common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the common stock in their particular circumstances and about the eligibility of the common stock for investment by the purchaser under relevant Canadian legislation.

Relationship with Affiliates of Certain Underwriters

We are in compliance with the terms of the indebtedness owed by us to affiliates of Credit Suisse First Boston Corporation, Banc of America Securities LLC, Salomon Smith Barney Inc., TD Securities (USA) Inc. and Wachovia Securities, Inc. The decision of Credit Suisse First Boston Corporation, Banc of America Securities LLC, Salomon Smith Barney Inc., TD Securities (USA) Inc. and Wachovia Securities, Inc. to distribute our shares of common stock was not influenced by their respective affiliates that are our lenders and those affiliates had no involvement in determining whether or when to distribute our shares of common stock under this offering or the terms of this offering. Credit Suisse First Boston Corporation, Banc of America Securities LLC, Salomon Smith Barney Inc., TD Securities (USA) Inc. and Wachovia Securities, Inc. will not receive any benefit from this offering other than the underwriting discounts and commissions paid by us.

LEGAL MATTERS

The validity of the common stock will be passed upon for us by Schiff Hardin & Waite, Chicago, Illinois. Peter V. Fazio, Jr., a partner of the firm who also serves as executive vice president and general counsel of NiSource, holds approximately 11,400 shares of NiSource's common stock. The underwriters have been represented by Dewey Ballantine LLP, New York, New York.

EXPERTS

The consolidated financial statements and schedules of NiSource incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

PROSPECTUS

\$2,500,000,000



NiSource Inc.

Common Stock

Preferred Stock

Guarantees of Debt Securities

NiSource Finance Corp.

Debt Securities

Guaranteed as Set Forth in This Prospectus by NiSource Inc.

NiSource Inc. may offer, from time to time, in amounts, at prices and on terms that it will determine at the time of offering, any or all of the following:

- shares of common stock, including preferred stock purchase rights;
- shares of preferred stock, in one or more series.

NiSource Finance Corp., a wholly owned subsidiary of NiSource, may offer from time to time in amounts, at prices and on terms to be determined at the time of the offering, one or more series of its debt securities. NiSource will fully and unconditionally guarantee the obligations of NiSource Finance under any debt securities issued under this prospectus or any prospectus supplement.

We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional

information about our plan of distribution for the securities under the heading “Plan of Distribution” beginning on page 19 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the applicable prospectus supplement. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 20, 2000.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration or continuous offering process. Under this process, NiSource may offer shares of its common stock or preferred stock, and NiSource Finance may offer various series of its debt securities guaranteed by NiSource, from time to time using this prospectus and related prospectus supplements. These securities may be offered up to a total amount of \$2.5 billion.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities and guarantees we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information described under the heading “Where You Can Find More Information.”

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC offices mentioned under the heading “Where You Can Find More Information.”

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

References to “NiSource” refer to NiSource Inc. and references to “NiSource Finance” refer to NiSource Finance Corp. Unless the context requires otherwise, references to “we,” “us” or “our” refer collectively to NiSource and its subsidiaries, including NiSource Finance. References to “securities” refer collectively to the common stock, preferred stock, debt securities and guarantees of debt securities registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC's public reference rooms at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, Seven World Trade Center, Suite 1300, New York, New York 10048, and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain additional information about the public reference rooms by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (<http://www.sec.gov>) that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC, including NiSource.

You may also read reports, proxy statements and other documents relating to NiSource at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document that NiSource, or one of its corporate predecessors, NiSource Inc. (incorporated in Indiana) and Columbia Energy Group, has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. Information that NiSource files with the SEC after the date of this prospectus will

automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference our Current Reports on Form 8-K dated November 1, 2000, November 3, 2000, November 6, 2000 (as amended November 7, 2000) and November 7, 2000 and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities. We also incorporate by reference the following documents filed with the SEC by our corporate predecessor NiSource Inc. (incorporated in Indiana) (SEC File Number 1-9779):

- NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;
- NiSource's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000;
- NiSource's Current Reports on Form 8-K dated February 14, 2000, February 24, 2000, March 3, 2000, April 3, 2000, April 25, 2000, June 13, 2000, September 1, 2000, September 13, 2000 and October 31, 2000; and
- NiSource's definitive joint proxy statement/ prospectus dated April 24, 2000.

We also incorporate by reference the following documents filed with the SEC by our corporate predecessor Columbia Energy Group (SEC File Number 1-1098):

- Columbia's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;
- Columbia's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000; and
- Columbia's Current Reports on Form 8-K dated January 27, 2000, April 13, 2000, May 3, 2000, May 12, 2000, May 22, 2000, June 2, 2000, June 15, 2000, July 14, 2000, October 2, 2000, October 12, 2000, October 16, 2000 and November 1, 2000.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (219) 853-5200.

NiSource maintains an Internet site at <http://www.nisource.com> which contains information concerning NiSource and its subsidiaries. The information contained at NiSource's Internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

We have filed this prospectus with the SEC as part of a registration statement on Form S-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

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FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, in any prospectus supplement and in the documents incorporated by reference are forward-looking statements within the meaning of the securities laws. These statements concern our plans, expectations and objectives for future operations. Any statement that is not a historical fact is a forward-looking statement. We use the words “estimate,” “intend,” “expect,” “believe,” “anticipate” and similar expressions to identify forward-looking statements, but some of these statements may use other phrasing. NiSource undertakes no obligation to release any revisions to these forward-looking statements publicly to reflect events or circumstances after the date of this prospectus or accompanying prospectus supplement or to reflect the occurrence of unanticipated events. While we make the forward-looking statements in good faith and believe they are based on reasonable assumptions, these statements are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include:

- the weather;
- the federal and state regulatory environment, including changes in environmental and other laws and regulations to which we are subject;
- the economic climate;
- growth in our service territories;
- customers’ usage patterns and preferences;
- the degree to which and the speed with which competition changes the utility industry;
- fluctuation in supply and demand for energy commodities and the timing and extent of changes in commodity prices;
- changing conditions in the capital and equity markets;
- whether, and the extent to which, we achieve efficiencies and cost savings from the integration of the former NiSource and Columbia Energy Group businesses; and
- other uncertainties, all of which are difficult to predict, and many of which are beyond our control, including factors we discuss in this prospectus and any prospectus supplement and our filings with the SEC.


Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus, the date of the accompanying prospectus supplement or, in the case of documents incorporated by reference, the date of those documents.

NISOURCE INC.

Overview: NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to 3.6 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England. On November 1, 2000, NiSource completed its acquisition of Columbia Energy Group for an aggregate consideration of approximately \$6 billion, with 30% of the consideration paid in common stock and 70% of the consideration paid in cash and SAILSSM (units each consisting of a zero coupon debt security coupled with a forward equity contract). NiSource also assumed approximately \$2 billion in Columbia debt.

As a result of the acquisition, NiSource is the largest natural gas distribution company, as measured by number of customers, operating east of the Rockies. NiSource's principal subsidiaries include the Columbia Energy Group, a vertically-integrated natural gas distribution, transmission, storage and exploration and production holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource's business lines include:

- natural gas distribution;
- natural gas transmission and storage;
- exploration and production;
- electric operations; and
- growth products and services.

				
Gas Distribution	Gas Transmission and Storage	Exploration and Production	Electric Operations	Growth Products and Services
<ul style="list-style-type: none">• 3.2 million customers in nine states• 51,700 miles of distribution pipelines	<ul style="list-style-type: none">• 16,500 miles of pipeline in 16 states• 270 Bcf of underground gas storage	<ul style="list-style-type: none">• Based primarily in Appalachia and Canada• Proved gas reserves of 266 Bcf	<ul style="list-style-type: none">• 426,000 customers in northern Indiana• 3,362 MW of coal and gas-fired generation	<ul style="list-style-type: none">• Primary Energy (co-generation)• Distributed generation• Energy U.S.A. - TPC (energy marketing)

Strategy. NiSource is focused on becoming the premier energy company serving customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic and Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. NiSource believes natural gas will be the fuel of choice to meet the corridor's growing energy needs. The merger with Columbia furthers this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution, storage and exploration and production assets in Ohio, the Mid-Atlantic and Appalachia and Columbia's interstate transmission assets.

Gas Distribution. NiSource has the nation's second largest volume of gas sales, on average over 2.3 billion cubic feet per day. Through its wholly-owned subsidiary, Columbia Energy Group, NiSource

owns five distribution subsidiaries that provide natural gas under the Columbia Gas name to nearly 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. NiSource also distributes natural gas to approximately 751,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, NiSource's subsidiaries, Bay State Gas Company and Northern Utilities, Inc., distribute natural gas to more than 320,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. NiSource's subsidiaries, Columbia Gas Transmission Corporation and Columbia Gulf Transmission Company, own and operate an interstate pipeline network of approximately 16,250 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, Columbia Gas Transmission and Columbia Gulf serve customers in 15 northeastern, mid-Atlantic, midwestern and southern states and the District of Columbia. In addition, Columbia Gas Transmission operates one of the nation's largest underground natural gas storage systems capable of storing approximately 670 billion cubic feet of natural gas.

Columbia Gas Transmission is also participating in the proposed 442-mile Millennium Pipeline Project that has been submitted to the Federal Energy Regulatory Commission for approval. As proposed, the project will have the capacity to transport approximately 700 billion cubic feet of natural gas per day from the Lake Erie region to eastern markets.

NiSource's wholly-owned subsidiaries own and operate interstate pipelines connecting northwest Indiana and Ohio as well as Massachusetts and Maine. In addition, NiSource owns a 19% interest in a pipeline linking production areas in New Brunswick, Canada to Maine, New Hampshire and Massachusetts.

Exploration and Production. NiSource also owns Columbia Energy Resources, Inc., an exploration and production subsidiary that explores for, develops, gathers and produces natural gas and oil in Appalachia and Canada. As of December 31, 1999, Columbia Energy Resources held interests in approximately 3.9 million net acres of gas and oil leases and had proved gas reserves of nearly 966 billion cubic feet of natural gas equivalent. Columbia Energy Resources owns and operates 8,188 wells as well as 6,069 miles of gathering facilities.

Electric Operations. NiSource generates and distributes electricity to the public through its subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 426,000 customers in 30 counties in the northern part of Indiana. Northern Indiana owns and operates four coal-fired electric generating stations with a net capability of 3,179 megawatts, four gas fired combustion turbine generating units with a net capability of 203 megawatts and two hydroelectric

generating plants with a net capability of 10 megawatts, for a total system net capability of 3,392 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 1999, Northern Indiana generated 89.9% and purchased 10.1% of its electric requirements.

Growth Products and Services. NiSource develops unregulated power projects through its subsidiary, Primary Energy, Inc. Primary Energy works with industrial customers in managing the engineering, construction, operation and maintenance of “inside the fence” cogeneration plants that provide cost-effective, long-term sources of energy for energy-intensive facilities.

NiSource provides non-regulated energy services through its wholly-owned subsidiary Energy USA, Inc. Energy USA and its subsidiaries provide to customers in 22 states a variety of energy-related services, including gas marketing and asset management services and underground utility locating and marking services. NiSource expanded its gas marketing and trading operations with the April 1999 acquisition of TPC Corporation, now renamed Energy USA-TPC Corp., a natural gas asset management company. In addition, NiSource has invested in a number of distributed generation technologies including fuel cells and microturbine ventures.

NiSource is completing a fiber optics network for voice and data communication along its pipeline rights-of-way between New York and Washington D.C.

Through its wholly-owned subsidiary, IWC Resources Corporation and its subsidiaries, NiSource supplies water to residential, commercial and industrial customers and for fire protection service in Indianapolis, Indiana and surrounding areas.

Non-Core Divestitures. In connection with the Columbia merger, NiSource has sold or is divesting certain businesses judged to be non-core to NiSource's energy strategy. Subsequent to the announcement of the Columbia acquisition, NiSource sold Market Hub Partners, which owns and operates salt cavern gas storage facilities in Texas and Louisiana, and Columbia completed the divestiture of its interest in the Cove Point LNG facilities, its retail electric supply business and four qualifying facility power plants. Columbia recently announced a definitive agreement for the sale of its electric generation business, and NiSource announced a definitive agreement to sell its Miller Pipeline subsidiary. After-tax proceeds from these asset sales are expected to total approximately \$640 million. NiSource is pursuing the sale of Columbia's propane and petroleum businesses and other smaller non-core businesses. As part of the SEC order approving the Columbia merger, NiSource has been ordered to divest its water utility business by November 2003.

NISOURCE FINANCE CORP.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource.

NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana. Before the acquisition of Columbia Energy Group, NiSource conducted its financing activities through NiSource Capital Markets, Inc., a first-tier subsidiary of NiSource. We expect NiSource to conduct all future financing through NiSource Finance. We currently intend to merge NiSource Capital Markets into NiSource Finance within the next twelve months, subject to obtaining required consents and approvals.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement to repay short-term borrowings incurred in NiSource's November 2000 acquisition of Columbia Energy Group.

RATIOS OF EARNINGS TO FIXED CHARGES

NiSource's corporate predecessors were NiSource Inc. (incorporated in Indiana) and Columbia Energy Group. The following are ratios of earnings to fixed charges for each of the periods indicated for each of the corporate predecessors, and for NiSource on a pro forma basis for the fiscal year ended December 31, 1999 and the nine months and twelve months ended September 30, 2000, accounting for the acquisition of Columbia Energy Group as a purchase business combination and giving effect to the acquisition as if it had occurred at the beginning of the periods presented:

	Fiscal Year Ended December 31					Nine Months Ended	Twelve Months Ended
	1995	1996	1997	1998	1999	September 30, 2000(1)	
: Inc. a) f gs to	3.28	3.21	3.10	2.87	2.14	2.45	2.2
i f gs to	N/A	2.78	3.20	3.81	4.03	3.52	4.0
: Pro					1.56	1.63	1.7

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(1) Results for the twelve months and nine months ended September 30, 2000 are not necessarily indicative of results for the fiscal year ending December 31, 2000.

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

DESCRIPTION OF CAPITAL STOCK

General

The authorized capital stock of NiSource consists of 420,000,000 shares, \$0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares are reserved for issuance under NiSource's Shareholder Rights Plan. Each share of NiSource common stock includes one preferred share purchase right. Each preferred share purchase right entitles its holder to purchase one-hundredth (1/100) of a Series A Junior Participating Preferred Share at a price of \$60 per one-hundredth of a share, subject to adjustment. The preferred share purchase rights will become exercisable if a person or group acquires 25% or more of the voting power of NiSource or announces a tender or exchange offer following which the person or group would hold 25% or more of NiSource's voting power. If such an acquisition were consummated, or if NiSource were acquired by the person or group in a merger or other business combination, then each preferred share purchase right would be exercisable for that number of shares of NiSource common stock or the acquiring company's common stock having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will also become exercisable on or after the date on which the 25% threshold has been triggered, if NiSource is acquired in a merger or other business combination in which NiSource is not the survivor or in which NiSource is the survivor but its common stock is changed into or exchanged for securities of another entity, cash or other property, or 50% or more of the assets or earning power of NiSource and its subsidiaries is sold. At that time, each preferred share purchase right will become exercisable for that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will not be exercisable in this instance if the person who acquired sufficient shares of stock to reach the 25% threshold acquired its stock under an offer at a price and on terms which the board of directors determines is fair to stockholders and that is in the best interests of NiSource, provided that the per share price offered in the merger or other business combination is not less than the price paid in the offer and the form of consideration offered in the merger or other business combination is the same as that paid in the offer. NiSource may redeem the preferred share purchase rights at a price of \$.01 per right prior to the occurrence of an event that causes the preferred share purchase rights to be exercisable for shares of common stock. The preferred share purchase rights will expire on March 12, 2010.

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. NiSource's board of directors is classified into three classes of directors with staggered three-year terms. The directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-

outstanding shares of stock of NiSource voting together as a single class. Unless the board of directors determines otherwise or except as otherwise required by law, vacancies on the board or newly-created directorships may be filled only by the affirmative vote of directors then in office, even though less than a quorum. If the board of directors or applicable Delaware law confers power on stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by affirmative vote of 80% of the combined voting power of the outstanding shares of stock of NiSource entitled to vote. Stockholders may not cumulate their votes, and stockholder action may be taken only at a duly called meeting and not by written consent. The certificate of incorporation also provides that special meetings of stockholders may be called only by a majority of the total number of authorized directors. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

NiSource is currently subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from

engaging, under certain circumstances, in a “business combination,” which includes a merger or sale of more than 10% of the corporation’s assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation’s outstanding voting stock without the prior approval of the corporation’s board of directors.

The following summaries of provisions of our common stock and preferred stock are not necessarily complete. You are urged to read carefully NiSource’s certificate of incorporation and bylaws which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Common Stock

NiSource common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange, under the symbol “NI.” Common stockholders may receive dividends if and when declared by the board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations to any preferred stockholders have been satisfied. All common stock will be fully paid and non-assessable. Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive rights or cumulative voting rights. Common stockholders will be notified of any stockholders’ meeting according to applicable law. If NiSource liquidates, dissolves or winds-up its business, either voluntarily or involuntarily, common stockholders will share equally in the assets remaining after creditors and preferred stockholders are paid.

Preferred Stock

The board of directors can, without approval of stockholders, issue one or more series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences and limitations of each series, including any dividend rights, voting rights, conversion rights, redemption rights and liquidation preferences, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in control of NiSource and make it harder to remove incumbent management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of common stock. All preferred stock will be fully paid and non-assessable.

The terms of the preferred stock that NiSource may offer will be established by or pursuant to a resolution of the board of directors of NiSource and will be issued under certificates of designation or through amendments to NiSource’s certificate of incorporation. If NiSource offers to sell preferred stock, it will describe the specific terms of the preferred stock in a supplement to this prospectus. NiSource will also indicate in

the supplement whether the general terms and provisions described in this prospectus apply to the preferred stock that NiSource may offer.

The following terms of the preferred stock, as applicable, will be set forth in a prospectus supplement relating to the preferred stock:

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;
- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;

- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

The terms, if any, on which the preferred stock may be exchanged for or converted into shares of common stock or any other security and, if applicable, the conversion or exchange price, or how it will be calculated, and the conversion or exchange period will be set forth in the applicable prospectus supplement.

The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates, which will have an aggregate liquidation preference equal to that of the preferred stock represented by the global certificate.

Each global certificate will:

- be registered in the name of a depositary or a nominee of the depositary identified in the prospectus supplement;

- be deposited with such depository or nominee or a custodian for the depository; and
- bear a legend regarding the restrictions on exchanges and registration of transfer and any other matters as may be provided for under the certificate of designation.

DESCRIPTION OF THE DEBT SECURITIES

NiSource Finance may issue the debt securities, in one or more series, from time to time under an Indenture, dated as of November 14, 2000, among NiSource Finance, NiSource, as guarantor, and The Chase Manhattan Bank, as trustee. The Chase Manhattan Bank, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have filed a copy of the Indenture as an exhibit to the registration statement of which this prospectus forms a part.

This section briefly summarizes some of the terms of the debt securities and the Indenture. This section does not contain a complete description of the debt securities or the Indenture. The description of the debt securities is qualified in its entirety by the provisions of the Indenture. References to section numbers in this description of the debt securities, unless otherwise indicated, are references to section numbers of the Indenture.

General

The Indenture does not limit the amount of debt securities that may be issued. The Indenture provides for the issuance of debt securities from time to time in one or more series. The terms of each series of debt securities may be established in a supplemental indenture or in resolutions of NiSource Finance's Board of Directors or a committee of the board.

The debt securities:

- are direct senior unsecured obligations of NiSource Finance;
- are equal in right of payment to any other senior unsecured obligations of NiSource Finance; and
- are guaranteed on a senior unsecured basis by NiSource.

NiSource Finance is a special purpose financing subsidiary formed solely as a financing vehicle for NiSource and its subsidiaries. Therefore, the ability of NiSource Finance to pay its obligations under the debt securities is dependent upon the receipt by it of payments from NiSource. If NiSource were not to make such payments for any reason, the holders of the debt securities would have to rely on the enforcement of NiSource's guarantee described below.

If NiSource Finance uses this prospectus to offer debt securities, an accompanying prospectus supplement will describe the following terms of the debt securities being offered, to the extent applicable:

- the title;
- any limit on the aggregate principal amount;
- the date or dates on which NiSource Finance will pay principal;
- the right, if any, to extend the date or dates on which NiSource Finance will pay principal;
- the interest rates or the method of determining them and the date interest begins to accrue;
- the interest payment dates and the regular record dates for any interest payment dates;
- the right, if any, to extend the interest payment periods and the duration of any extension;
- the place or places where NiSource Finance will pay principal and interest;
- the terms and conditions of any optional redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- the terms and conditions of any optional purchase or repayment, including the date after which, and the price or prices at which, holders may require NiSource Finance to purchase, or a third party may require holders to sell, securities;

- the terms and conditions of any mandatory or optional sinking fund redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- whether bearer securities will be issued;
- the denominations in which NiSource Finance will issue securities;
- the currency or currencies in which NiSource Finance will pay principal and interest;
- any index or indices used to determine the amount of payments;
- the portion of principal payable on declaration of acceleration of maturity;
- any additional events of default or covenants of NiSource Finance or NiSource applicable to the debt securities;
- whether NiSource Finance will pay additional amounts in respect of taxes and similar charges on debt securities held by a United States alien and whether NiSource Finance may redeem those debt securities rather than pay additional amounts;
- whether NiSource Finance will issue the debt securities in whole or in part in global form and, in such case, the depository for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;
- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and
- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of

acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to regulation. Northern Indiana Public Service Company's debt indenture also provides that Northern Indiana will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits. Furthermore, as long as any shares of Northern Indiana's cumulative preferred stock are outstanding, Northern Indiana may not declare or pay cash dividends on its common shares in excess of 75% of its net income, provided that Northern Indiana may declare and pay cash dividends if the sum of (1) Northern Indiana's capital applicable to stock junior to the cumulative preferred stock plus (2) the surplus, after giving effect to such dividends, is at least 25% of the sum of (a) all of Northern Indiana's

obligations under any outstanding bonds, notes, debentures or other securities plus (b) Northern Indiana's total capital and surplus. Future dividends will depend upon adequate retained earnings, adequate future earnings and the absence of adverse developments. In addition, NiSource is registered as a holding company under the Public Utility Holding Company Act of 1935. As a result, the corporate and financial activities of NiSource and each of its subsidiaries (including their ability to pay dividends to NiSource) are subject to regulation by the SEC.

NiSource's holding company status also means that its right to participate in any distribution of the assets of any of its subsidiaries upon liquidation, reorganization or otherwise is subject to the prior claims of the creditors of each of the subsidiaries (except to the extent that the claims of NiSource itself as a creditor of a subsidiary may be recognized). Since this is true for NiSource, it is also true for the creditors of NiSource (including the holders of the debt securities).

Conversion Rights

The terms, if any, on which a series of debt securities may be exchanged for or converted into shares of common stock or preferred stock of NiSource will be set forth in the applicable prospectus supplement.

Denomination, Registration and Transfer

NiSource Finance may issue the debt securities as registered securities in certificated form or as global securities as described under the heading "Book-Entry Issuance." Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue registered debt securities in denominations of \$1,000 or integral multiples of \$1,000. (See Section 302.)

If NiSource Finance issues the debt securities as registered securities, NiSource Finance will keep at one of its offices or agencies a register in which it will provide for the registration and transfer of the debt securities. NiSource Finance will appoint that office or agency the security registrar for the purpose of registering and transferring the debt securities.

The holder of any registered debt security may exchange the debt security for registered debt securities of the same series having the same stated maturity date and original issue date, in any authorized denominations, in like tenor and in the same aggregate principal amount. The holder may exchange those debt securities by surrendering them in a place of payment maintained for this purpose at the office or agency NiSource Finance has appointed securities registrar. Holders may present the debt securities for exchange or registration of transfer, duly endorsed or accompanied by a duly executed written instrument of transfer satisfactory to NiSource Finance and the

securities registrar. No service charge will apply to any exchange or registration of transfer, but NiSource Finance may require payment of any taxes and other governmental charges as described in the Indenture. (See Section 305.)

If debt securities of any series are redeemed, NiSource Finance will not be required to issue, register transfer of or exchange any debt securities of that series during the 15 business day period immediately preceding the day the relevant notice of redemption is given. That notice will identify the serial numbers of the debt securities being redeemed. After notice is given, NiSource Finance will not be required to issue, register the transfer of or exchange any debt securities that have been selected to be either partially or fully redeemed, except the unredeemed portion of any debt security being partially redeemed. (See Section 305.)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, on each interest payment date, NiSource Finance will pay interest on each debt security to the person in whose name that debt security is registered as of the close of business on the record date relating to that interest payment date. If NiSource

Finance defaults in the payment of interest on any debt security, it may pay that defaulted interest to the registered owner of that debt security:

- as of the close of business on a date that the indenture trustee selects, which may not be more than 15 days or less than 10 days before the date NiSource Finance proposes to pay the defaulted interest, or
- in any other lawful manner that does not violate the requirements of any securities exchange on which that debt security is listed and that the indenture trustee believes is acceptable.

(See Section 307.)

Unless otherwise indicated in the applicable prospectus supplement, NiSource Finance will pay the principal of and any premium or interest on the debt securities when they are presented at the office of the indenture trustee, as paying agent. NiSource Finance may change the place of payment on the debt securities, appoint one or more additional paying agents, and remove any paying agent.

Redemption

The applicable prospectus supplement will contain the specific terms on which NiSource Finance may redeem a series of debt securities prior to its stated maturity. NiSource Finance will send a notice of redemption to holders at least 30 days but not more than 60 days prior to the redemption date. The notice will state:

- the redemption date;
- the redemption price;
- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);
- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;
- the place or places of payment; and
- whether the redemption is for a sinking fund.

(See Section 1104.)

On or before any redemption date, NiSource Finance will deposit an amount of money with the indenture trustee or with a paying agent sufficient to pay the redemption price. (See Section 1105.)

If NiSource Finance is redeeming less than all the debt securities, the indenture trustee will select the debt securities to be redeemed using a method it considers fair and appropriate. After the redemption date, holders of redeemed debt securities will have no rights with respect to the debt securities except the right to receive the redemption price and any unpaid interest to the redemption date. (See Section 1103.)

Consolidation, Merger, Conveyance, Transfer or Lease

Neither NiSource Finance nor NiSource shall consolidate or merge with any other corporation or convey, transfer or lease substantially all of its assets or properties to any entity unless:

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;

- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and
- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

The Indenture does not give holders of the debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance to incur indebtedness or to declare or pay dividends on its capital stock.

Limitation on Liens

As long as any debt securities remain outstanding, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any debt secured by any mortgage, security interest, pledge, lien or other encumbrance on any property owned by NiSource Finance, NiSource or that subsidiary, except intercompany indebtedness, without also securing the debt securities equally and ratably with (or prior to) the new debt, unless the total amount of all of the secured debt would not exceed 10% of the consolidated net tangible assets of NiSource and its subsidiaries (other than utilities).

In addition, the lien limitations do not apply to NiSource Finance's, NiSource's and any subsidiary's ability to do the following:

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;
- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource and any subsidiary;
- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;
- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;
- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property,

including mortgages for pollution control or industrial revenue bonds;

- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;
- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;
- to continue mortgages existing on the date of the Indenture; and
- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

Events of Default

The Indenture provides, with respect to any outstanding series of debt securities, that any of the following events constitutes an “Event of Default”:

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;
- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;
- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;
- NiSource Finance or NiSource defaults in the performance of or breaches any covenant or warranty in the Indenture for 90 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- NiSource Finance or NiSource Capital Markets defaults under any bond, debenture, note or other evidence of indebtedness for money borrowed by NiSource Finance or NiSource Capital Markets, or NiSource Finance or NiSource Capital Markets 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, and in the event such debt has become due as the result of an acceleration, such acceleration is not rescinded or annulled or such debt is not paid within 60 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- the NiSource guarantee ceases to be in full force and effect in any material respect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or
- certain events of bankruptcy, insolvency or reorganization of NiSource Finance, NiSource Capital Markets or NiSource.

(See Section 501.)

If an Event of Default occurs with respect to debt securities of a particular series, the indenture trustee or the holders of 33% in principal amount of the outstanding debt securities of that series may declare the debt securities of that series due and payable immediately. (See Section 502.)

The holders of a majority in principal amount of the outstanding debt securities of a particular series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee under the Indenture, or exercising any trust or power conferred on the indenture trustee with respect to the debt securities of that series. The indenture trustee may refuse to follow directions that are in conflict with law or the Indenture, that expose the indenture trustee to personal liability or that are unduly prejudicial to other holders. The indenture trustee may take any other action it deems proper that is not inconsistent with those directions. (See Section 512.)

The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past default under the Indenture and its consequences, except a default:

- in respect of a payment of principal of, or premium, if any, or interest on any debt security; or
- in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected debt security.

(See Section 513.)

At any time after the holders of the debt securities of a series declare that the debt securities of that series are due and immediately payable, a majority in principal amount of the outstanding holders of debt securities of that series may rescind and cancel the declaration and its consequences: (1) before the indenture trustee has obtained a judgment or decree for money, (2) if all defaults (other than the non-payment of principal which have become due solely by the declaration) have been waived or cured, and (3) NiSource or NiSource Finance has paid or deposited with the indenture trustee an amount sufficient to pay:

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by the declaration;
- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due the indenture trustee under the Indenture.

(See Section 502.)

Modification of Indenture

NiSource Finance, NiSource and the indenture trustee may modify or amend the Indenture, without the consent of the holders of any debt securities, for any of the following purposes:

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no

outstanding debt securities entitled to the benefit of the provision);

- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

The Indenture provides that we and the indenture trustee may amend the Indenture or the debt securities with the consent of the holders of a majority in principal amount of the then outstanding debt securities of each series affected by the amendment voting as one class. However, without the consent of

each holder of any outstanding debt securities affected, an amendment or modification may not, among other things:

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;
- change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- impair a holder's right to institute suit for the enforcement of any payment after the stated maturity or after any redemption date or repayment date;
- reduce the percentage of holders of debt securities necessary to modify or amend the Indenture or to consent to any waiver under the Indenture;
- change any obligation of NiSource Finance to maintain an office or agency in each place of payment or to maintain an office or agency outside the United States;
- modify the obligations of NiSource under its guarantee in any way adverse to the interests of the holders of the debt securities; and
- modify these requirements or reduce the percentage of holders of debt securities necessary to waive any past default of certain covenants.

(See Section 902.)

Satisfaction and Discharge

Under the Indenture, NiSource Finance can terminate its obligations with respect to debt securities of any series not previously delivered to the indenture trustee for cancellation when those debt securities:

- have become due and payable;

- 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 indenture trustee for giving notice of redemption.

NiSource Finance may terminate its obligations with respect to the debt securities of that series by depositing with the indenture trustee, as trust funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the debt securities of that series. In that case, the Indenture will cease to be of further effect and NiSource Finance's obligations will be satisfied and discharged with respect to that series (except as to NiSource Finance's obligations to pay all other amounts due under the Indenture and to provide certain officers' certificates and opinions of counsel to the indenture trustee). At the expense of NiSource Finance, the indenture trustee will execute proper instruments acknowledging the satisfaction and discharge. (See Section 401.)

Book-Entry Issuance

Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue any debt securities offered under this prospectus as “global securities.” We will describe the specific terms for issuing any debt security as a global security in the prospectus supplement relating to that debt security.

Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company, or DTC, will act as the depository for any global securities. NiSource Finance will issue global securities as fully registered securities registered in the name of DTC’s nominee, Cede & Co. NiSource Finance will issue one or more fully registered global securities for each issue of debt securities, each in the aggregate principal or stated amount of such issue, and will deposit the global securities with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered under the provisions of Section 17A of the Securities Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants’ accounts, thereby eliminating the need for physical movement of securities certificates. DTC’s direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC’s book-entry system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear through or maintain a custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under DTC’s system must be made by or through a direct participant, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security — the beneficial owner — is in turn recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchases, but they should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the participants through which they entered into the transactions. Transfers of ownership interest in the securities are accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all global securities that are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities. Under its usual procedures, DTC will mail an omnibus proxy to NiSource Finance as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and any premium, interest or other payments on the global securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on that date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC, NiSource Finance, NiSource or the indenture trustee, subject to any statutory or regulatory requirements in effect at the time. Payment of redemption payments, principal and any premium, interest or other payments to DTC is the responsibility of NiSource Finance and the applicable paying agent, disbursement of payments to direct participants will be the responsibility of DTC, and disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

If applicable, redemption notices will be sent to Cede & Co. If less than all of the debt securities of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the global securities at any time by giving reasonable notice to NiSource Finance or the indenture trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the securities are required to be printed and delivered.

NiSource Finance may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the securities will be printed and delivered.

We have provided the foregoing information with respect to DTC to the financial community for information purposes only. We do not intend the information to serve as a representation, warranty or contract modification of any kind. We have received the information in this section concerning DTC and DTC's system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Governing Law

The Indenture and the debt securities are governed by the internal laws of the State of New York.

Information Concerning the Indenture Trustee

Prior to default, the indenture trustee will perform only those duties specifically set forth in the Indenture. After default, the indenture trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. The indenture trustee is under no obligation to exercise any of the powers vested in it by the Indenture at the request of any holder of debt securities unless the holder offers the indenture trustee reasonable indemnity against the costs, expenses and liability that the indenture trustee might incur in exercising those powers. The indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if it reasonably believes that it may not receive repayment or adequate indemnity. (See Section 601.)

The indenture trustee, The Chase Manhattan Bank, is also the indenture trustee for NiSource Capital Markets' senior and subordinated debt indentures and the indenture governing the debenture portion of NiSource's Stock Appreciation Income Linked Securities ("SAILS"). The Chase Manhattan Bank is the property trustee, and Chase Manhattan Bank Delaware is the Delaware trustee, for the preferred securities

included in NiSource's Premium Income Equity Securities ("PIESSM"). The Chase Manhattan Bank is the purchase contract agent and collateral agent for the NiSource PIES and SAILS. The Chase Manhattan Bank also lends to Columbia Energy Group and extends a letter of credit facility to NiSource Capital Markets. ChaseMellon Shareholder Services, L.L.C., an affiliate of The Chase Manhattan Bank, is the transfer agent and registrar for the common stock, the rights agent for NiSource's preferred stock purchase rights and the exchange agent for the merger in connection with NiSource's acquisition of Columbia.

PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. The prospectus supplement with respect to any offering of securities will describe the specific terms of the securities being offered, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the proceeds to NiSource or NiSource Finance from the sale;
- any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallocated or paid to dealers; and
- any securities exchange on which the offered securities may be listed.

Through Underwriters. If we use underwriters in the sale of the securities, the underwriters will acquire the offered securities for their own account. We will execute an underwriting agreement with an underwriter or underwriters once an agreement for sale of the securities is reached. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may sell the offered securities directly or through underwriting syndicates represented by managing underwriters. Unless otherwise stated in the prospectus supplement relating to offered securities, the obligations of the underwriters to purchase those offered securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of those offered securities if they purchase any of them.

Through Dealers. If we use a dealer to sell the securities, we will sell the offered securities to the dealer as principal. The dealer may then resell those offered securities at varying prices determined at the time of resale. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

Through Agents. If we use agents in the sale of securities, we may designate one or more agents to sell offered securities. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly to Purchasers. We may sell the offered securities directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved. We will describe the terms of our direct sales in our prospectus supplement.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallocated to them. A prospectus supplement will also state the proceeds to us from the sale of offered securities, any initial public offering price and other terms of the offering of those offered securities.

Our agents, underwriters and dealers, or their affiliates, may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase offered securities from us at the public offering price and on terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. If we use delayed delivery contracts, we will disclose that we are using them in our prospectus supplement and will tell you when we will demand payment and delivery of the securities. The delayed delivery contracts will be subject only to the conditions we set forth in our prospectus supplement.

We may enter into agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

LEGAL OPINIONS

Schiff Hardin & Waite, Chicago, Illinois, will pass upon the validity of the securities offered by this prospectus for us. The opinions with respect to the securities may be subject to assumptions regarding future action to be taken by us and the trustee, if applicable, in connection with the issuance and sale of the securities, the specific terms of the securities and other matters that may affect the validity of securities but that cannot be ascertained on the date of those opinions. Peter V. Fazio, Jr., a partner of the firm who also serves as general counsel of NiSource, holds approximately 11,400 shares of NiSource common stock.

EXPERTS

The consolidated financial statements and schedules of NiSource Inc. (incorporated in Indiana) and the consolidated financial statements of Columbia Energy Group incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

36,000,000 Shares



Common Stock

**Prospectus Supplement
November 6, 2002**

**Banc of America Securities Credit Suisse First Boston
LLC**

Dresdner Kleinwort Wasserstein

Salomon Smith Barney

TD Securities

Wachovia Securities



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EXHIBIT 99.1

\$2,500,000,000

NISOURCE INC.

COMMON STOCK
PREFERRED STOCK
GUARANTEES OF DEBT SECURITIES

NISOURCE FINANCE CORP.

DEBT SECURITIES
FULLY AND UNCONDITIONALLY GUARANTEED AS TO
PAYMENT OF PRINCIPAL, PREMIUM
(IF ANY) AND INTEREST (IF ANY) BY
NISOURCE INC.

UNDERWRITING AGREEMENT

1. INTRODUCTORY. NiSource Inc., a Delaware corporation ("NISOURCE"), proposes to issue and sell from time to time certain of its common stock, par value \$.01 per share ("COMMON STOCK") and preferred stock, and to issue guarantees of the debt securities issued from time to time by NiSource Finance Corp. as described herein, and NiSource Finance Corp., an Indiana corporation and a wholly owned subsidiary of NiSource ("NISOURCE FINANCE"), proposes to issue and sell from time to time certain of its unsecured debt securities, in each case registered under the registration statement referred to in Section 2(a) ("REGISTERED SECURITIES").

The Registered Securities constituting debt securities will be issued under an indenture, dated as of November 14, 2000 ("INDENTURE"), among NiSource Finance, NiSource and The Chase Manhattan Bank, as Trustee, in one or more series, which series may vary as to interest rates, maturities, redemption provisions, selling prices and other terms. The Registered Securities constituting debt securities will be guaranteed as to principal, premium, if any, interest, if any, and additional amounts, if any, by NiSource pursuant to the guarantee set forth in the Indenture, which guarantee will be endorsed on each debt security, authenticated and delivered pursuant to the Indenture (the "GUARANTEE" and, collectively, the "GUARANTEES").

The Registered Securities constituting preferred stock may be issued in one or more series, which series may vary as to dividend rates, redemption provisions, selling prices and other terms.

Particular series or offerings of Registered Securities will be sold pursuant to a Terms Agreement referred to in Section 3, for resale in accordance with terms of offering determined at the time of

sale.

The Registered Securities involved in any such offering are hereinafter referred to as the "OFFERED SECURITIES". The firm or

firms which agree to purchase the Offered Securities are hereinafter referred to as the "UNDERWRITERS" of such securities, and the representative or representatives of the Underwriters, if any, specified in a Terms Agreement referred to in Section 3 are hereinafter referred to as the "REPRESENTATIVES"; provided, however, that if the Terms Agreement does not specify any representative of the Underwriters, the term "Representatives", as used in this Agreement (other than in Sections 2(b), 5(d) and 6 and the second sentence of Section 3), shall mean the Underwriters.

2. REPRESENTATIONS AND WARRANTIES OF NISOURCE AND NISOURCE FINANCE. NiSource and NiSource Finance, as of the date of each Terms Agreement referred to in Section 3, represent and warrant to, and agree with, the Underwriters that:

(a) A registration statement (No. 333-49330), including a prospectus, relating to the Registered Securities has been filed with the Securities and Exchange Commission ("COMMISSION") and has become effective. Such registration statement, as amended at the time of any Terms Agreement referred to in Section 3, is hereinafter referred to as the "REGISTRATION STATEMENT", and the prospectus included in such Registration Statement, as supplemented as contemplated by Section 3 to reflect the terms of the Offered Securities (if they are debt securities or preferred stock) and the terms of the offering of the Offered Securities, as first filed with the Commission pursuant to and in accordance with Rule 424(b) ("RULE 424(b)") under the Securities Act of 1933 ("ACT"), including all material incorporated by reference therein, is hereinafter referred to as the "PROSPECTUS". No document has been or will be prepared or distributed in reliance on Rule 434 under the Act.

(b) On the effective date of the registration statement relating to the Registered Securities, such registration statement conformed in all respects to the requirements of the Act, the Trust Indenture Act of 1939 ("TRUST INDENTURE ACT") and the rules and regulations of the Commission ("RULES AND REGULATIONS") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and on the date of each Terms Agreement referred to in Section 3, the Registration Statement and the Prospectus will conform in all respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and neither of such documents will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to NiSource or NiSource Finance by any Underwriter through the Representatives, if any, specifically for use therein.

(c) NiSource has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and NiSource is duly qualified to transact business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction.

(d) NiSource Finance has been duly incorporated and is an existing corporation in good standing under the laws of the State of Indiana, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and NiSource Finance is duly qualified to transact business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; all of the issued and outstanding capital stock of NiSource Finance has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock of NiSource Finance is owned by NiSource free from liens, encumbrances and defects.

(e) Each significant subsidiary (as defined in Rule 405 under the Act) of NiSource (each direct and indirect significant subsidiary of NiSource other than NiSource Finance being hereinafter referred to as a "SIGNIFICANT SUBSIDIARY" and all such direct and indirect significant subsidiaries of NiSource other than NiSource Finance being hereinafter referred to collectively as the "SIGNIFICANT SUBSIDIARIES"), has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and each Significant Subsidiary is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued and is fully paid and nonassessable; and except as otherwise disclosed in the Prospectus, all of the capital stock of each Significant Subsidiary is owned by NiSource, directly or through subsidiaries, free from liens, encumbrances and defects.

(f) If the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource: The Indenture has

been duly authorized by each of NiSource and NiSource Finance and has been duly qualified under the Trust Indenture Act; the

Offered Securities which are debt securities have been duly authorized by NiSource Finance; the Offered Securities which are Guarantees have been duly authorized by NiSource; and when the Offered Securities are delivered and paid for pursuant to the Terms Agreement on the Closing Date (as defined below) or pursuant to Delayed Delivery Contracts (as hereinafter defined), the Indenture will have been duly executed and delivered by each of NiSource and NiSource Finance, such Offered Securities will have been duly executed, authenticated, issued and delivered and will conform to the descriptions thereof contained in the Prospectus and the Indenture and such Offered Securities which are debt securities will constitute valid and legally binding obligations of NiSource Finance, and such Offered Securities which are Guarantees of such debt securities will constitute valid and legally binding obligations of NiSource, in each case, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(g) If the Offered Securities are preferred stock: The Offered Securities have been duly authorized and, when the Offered Securities have been delivered and paid for in accordance with the Terms Agreement on the Closing Date, such Offered Securities will have been validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; and the stockholders of NiSource have no preemptive rights with respect to the Offered Securities.

(h) If the Offered Securities are Common Stock: The Offered Securities and all other outstanding shares of capital stock of NiSource have been duly authorized; all outstanding shares of capital stock of NiSource are, and, when the Offered Securities have been delivered and paid for in accordance with the Terms Agreement on the Closing Date, such Offered Securities will have been validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; and the stockholders of NiSource have no preemptive rights with respect to the Offered Securities.

(i) If the Offered Securities are convertible into Common Stock: When the Offered Securities are delivered and paid for pursuant to the Terms Agreement on the Closing Date, such Offered Securities will be convertible into Common Stock of NiSource in accordance with their terms (if the Offered Securities are preferred stock) or the Indenture (if the Offered Securities are debt securities); the shares of Common Stock initially issuable upon conversion of such Offered Securities have been duly authorized and reserved for issuance upon such conversion and, when issued upon such conversion, will be validly issued, fully

paid and nonassessable; the outstanding shares of Common Stock have been duly authorized and validly issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectus; and the stockholders of NiSource have no preemptive rights with respect to the Common Stock.

(j) If the Offered Securities are Common Stock or are convertible into Common Stock: Except as disclosed in the Prospectus, there are no contracts, agreements or understandings between NiSource or NiSource Finance and any person that would give rise to a valid claim against NiSource, NiSource Finance or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the sale of the Offered Securities.

(k) If the Offered Securities are Common Stock or are convertible into Common Stock: Except for the obligations of NiSource and NiSource Finance pursuant to the Registration Rights Agreement dated November 9, 2000 and except for registration obligations in connection with the remarketing of NiSource's Stock Appreciation Income Linked Securities ("SAILS{SM}") and Premium Income Equity Securities ("PIES{SM}"), there are no contracts, agreements or understandings between NiSource or NiSource Finance and any person granting such person the right to require NiSource or NiSource Finance to file a registration statement under the Act with respect to any securities of NiSource or NiSource Finance owned or to be owned by such person or to require NiSource or NiSource Finance to include such securities with the securities registered pursuant to the Registration Statement or with any securities being registered pursuant to any other registration statement filed by NiSource or NiSource Finance under the Act.

(l) If the Offered Securities are Common Stock or are convertible into Common Stock: The outstanding shares of Common Stock are listed on The New York Stock Exchange (the "STOCK EXCHANGE") and the Offered Securities (if they are Common Stock) or the Common Stock into which the Offered Securities are convertible (if they are convertible) have been approved for listing on the Stock Exchange, subject to notice of issuance. If the Offered Securities are debt securities or preferred stock: The Offered Securities have been approved for listing on the stock exchange indicated in the Terms Agreement, subject to notice of issuance.

(m) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by the Terms Agreement (including the provisions of this Agreement) in connection with the issuance and sale of the Offered Securities by NiSource and/or NiSource Finance, as the case may be, except such as have been obtained and made under the Act and,

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if the Offered Securities are debt securities, the Trust Indenture Act, and such as may be required under the Public Utility Holding Company Act of 1935, as amended, and under state securities laws.

(n) The execution, delivery and performance of the Indenture (if the Offered Securities are debt securities), the Terms Agreement (including the provisions of this Agreement) and any Delayed Delivery Contracts and the issuance and sale of the Offered Securities and, if the Offered Securities are debt

securities issued by NiSource Finance and guaranteed by NiSource or preferred stock, compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, (i) the charter or by-laws of NiSource, NiSource Finance or any subsidiary of NiSource (each direct and indirect subsidiary of NiSource other than NiSource Finance being hereinafter referred to as a "SUBSIDIARY" and all such direct and indirect subsidiaries of NiSource other than NiSource Finance being hereinafter referred to collectively as the "SUBSIDIARIES"), (ii) any statute, any rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over NiSource, NiSource Finance or any Subsidiary or any of their properties, or (iii) any agreement or instrument to which NiSource, NiSource Finance or any Subsidiary is a party or by which NiSource, NiSource Finance or any Subsidiary is bound or to which any of the properties of NiSource, NiSource Finance or any Subsidiary is subject, except in the case of clauses (ii) and (iii) where such violation, breach or default would not, individually or in the aggregate, have a material adverse effect on the condition (financial or other), business, properties or results of operations of NiSource, NiSource Finance and the Subsidiaries taken as a whole ("MATERIAL ADVERSE EFFECT") and would not materially and adversely affect the ability of either NiSource or NiSource Finance to perform its obligations under the Indenture (if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource), the Terms Agreement (including the provisions of this Agreement) or any Delayed Delivery Contracts, or which would otherwise be material in the context of the sale of the Offered Securities; and each of NiSource and NiSource Finance has full power and authority to authorize, issue and sell the Offered Securities as contemplated by the Terms Agreement (including the provisions of this Agreement).

(o) The Terms Agreement (including the provisions of this Agreement) and, if the Offered Securities are debt securities or preferred stock, any Delayed Delivery Contracts have each been duly authorized, executed and delivered by NiSource and/or NiSource Finance, as the case may be.

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(p) Except as disclosed in the Prospectus, NiSource, NiSource Finance and the Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, encumbrances and defects that would materially interfere with the use made or to be made thereof by them or would, individually or in the aggregate, have a Material Adverse Effect; and except as disclosed in the Prospectus, NiSource, NiSource Finance and the Subsidiaries hold any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or to be made thereof by them or would, individually or in the aggregate, have a Material Adverse Effect.

(q) NiSource, NiSource Finance and the Subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by them and have not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to NiSource, NiSource Finance or any of the Subsidiaries would individually or in the aggregate have a Material Adverse Effect.

(r) Except as disclosed in the Prospectus, none of NiSource, NiSource Finance or any Significant Subsidiary has any material contingent liability.

(s) Except as disclosed in the Prospectus, there are no pending actions, suits, proceedings or investigations against or affecting NiSource, NiSource Finance or any Subsidiary or any of their respective properties, assets or operations that could, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect or to affect materially and adversely the ability of either NiSource or NiSource Finance to perform its obligations under the Indenture (if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource), the Terms Agreement (including the provisions of this Agreement) or any Delayed Delivery Contracts, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits, proceedings or investigations are threatened or, to the knowledge of NiSource or NiSource Finance, contemplated.

(t) The financial statements of NiSource, NiSource Inc., an Indiana corporation and a predecessor of NiSource ("NISOURCE INDIANA"), and Columbia Energy Group, a Delaware corporation and a predecessor of NiSource ("COLUMBIA ENERGY"), included in the Registration Statement and Prospectus present fairly the financial position of the entity presented and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and, except as

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otherwise disclosed in the Prospectus, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis with all other financial statements presented for such entity; any schedules included in the Registration Statement present fairly the information required to be stated therein; and the assumptions used in preparing the pro forma financial statements, the other pro forma financial information and the adjusted capitalization included in the Registration Statement and the Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical financial statement amounts.

(u) Except as disclosed in the Prospectus, since the date

NiSource and/or NiSource Finance, as the case may be, agree as the time for payment and delivery, being herein and in the Terms Agreement referred to as the "CLOSING DATE"), the place of delivery and payment and any details of the terms of offering that should be reflected in the prospectus supplement relating to the offering of the Offered Securities. For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the Closing Date (if later than the otherwise applicable settlement date) shall be the date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering, other than Contract Securities (as defined below) for which payment of funds and delivery of securities shall be as hereinafter provided. The obligations of the Underwriters to purchase the Offered Securities will be several and not joint. It is understood that the Underwriters propose to offer the Offered Securities for sale as set forth in the Prospectus.

If the Terms Agreement provides for sales of Offered Securities pursuant to delayed delivery contracts, NiSource and/or NiSource Finance, as the case may be, authorize the Underwriters to solicit offers to purchase Offered Securities pursuant to delayed delivery contracts substantially in the form of Annex I attached hereto ("DELAYED DELIVERY CONTRACTS") with such changes therein as NiSource and/or NiSource Finance, as the case may be, may authorize or approve. Delayed Delivery Contracts are to be with institutional investors, including commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions. On the Closing Date NiSource and/or NiSource Finance will pay, as compensation, to the Representatives for the accounts of the Underwriters, the fee set forth in such Terms Agreement in respect of the principal amount or number of shares of Offered Securities to

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be sold pursuant to Delayed Delivery Contracts ("CONTRACT SECURITIES"). The Underwriters will not have any responsibility in respect of the validity or the performance of Delayed Delivery Contracts. If NiSource and/or NiSource Finance execute and deliver Delayed Delivery Contracts, the Contract Securities will be deducted from the Offered Securities to be purchased by the several Underwriters and the aggregate principal amount or number of shares of Offered Securities to be purchased by each Underwriter will be reduced pro rata in proportion to the principal amount or number of shares of Offered Securities set forth opposite each Underwriter's name in such Terms Agreement, except to the extent that the Lead Underwriter determines that such reduction shall be otherwise than pro rata and so advises NiSource and/or NiSource Finance. NiSource and/or NiSource Finance will advise the Lead Underwriter not later than the business day prior to the Closing Date of the principal amount or number of shares of Contract Securities.

If the Offered Securities are preferred stock or Common Stock, the certificates for the Offered Securities delivered to the Underwriters on the Closing Date will be in definitive form, and if the Offered Securities are debt securities, the Offered Securities delivered to the Underwriters on the Closing Date will be in definitive fully registered form, in each case in such denominations and registered in such names as the Lead Underwriter requests.

If the Offered Securities are debt securities and the Terms

Agreement specifies "Book-Entry Only" settlement or otherwise states that the provisions of this paragraph shall apply, NiSource Finance will deliver against payment of the purchase price the Offered Securities in the form of one or more permanent global securities in definitive form (the "GLOBAL SECURITIES") deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent global securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Prospectus. Payment for the Offered Securities shall be made by the Underwriters in Federal (same day) funds by official check or checks or wire transfer to an account previously designated by NiSource Finance at a bank acceptable to the Lead Underwriter, in each case drawn to the order of NiSource Finance at the place of payment specified in the Terms Agreement on the Closing Date, against delivery to the Trustee as custodian for DTC of the Global Securities representing all of the Offered Securities.

4. CERTAIN AGREEMENTS OF NISOURCE AND NISOURCE FINANCE. Each of NiSource and NiSource Finance agrees with the several Underwriters that it will furnish to counsel for the Underwriters, one copy of the executed registration statement relating to the Registered Securities, including all exhibits, in the form it became effective and of all amendments thereto and that, in connection with each offering of Offered Securities:

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(a) NiSource and NiSource Finance will file the Prospectus with the Commission pursuant to and in accordance with Rule 424(b)(2) (or, if applicable and if consented to by the Lead Underwriter, subparagraph (5)) not later than the second business day following the execution and delivery of the Terms Agreement.

(b) NiSource and NiSource Finance will advise the Lead Underwriter promptly of any proposal to amend or supplement the Registration Statement or the Prospectus and will afford the Lead Underwriter a reasonable opportunity to comment on any such proposed amendment or supplement; and NiSource and NiSource Finance will also advise the Lead Underwriter promptly of the filing of any such amendment or supplement and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) NiSource will comply with the provisions of the Act, the Securities Exchange Act of 1934, as amended, and the Rules and Regulations so as to permit completion of the distribution of the Offered Securities as contemplated by the applicable Terms Agreement (including the provisions of this Agreement), the Registration Statement and the Prospectus. If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer, any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of

the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, NiSource and NiSource Finance promptly will notify the Lead Underwriter of such event and will promptly prepare and file with the Commission, at the expense of NiSource and NiSource Finance, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Lead Underwriter's consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 5 hereof.

(d) As soon as practicable, but not later than 16 months, after the date of each Terms Agreement, NiSource will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the later of (i) the effective date of the registration statement relating to the Registered Securities, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of such Terms Agreement and (iii) the date of NiSource's most recent Annual Report on Form 10-K filed with the Commission prior to the date of such Terms

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Agreement, which will satisfy the provisions of Section 11(a) of the Act.

(e) NiSource or NiSource Finance will furnish to the Representatives copies of the Registration Statement, including all exhibits, any related preliminary prospectus, any related preliminary prospectus supplement, the Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Lead Underwriter reasonably requests. NiSource or NiSource Finance will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) NiSource or NiSource Finance will arrange for the qualification of the Offered Securities for sale under the laws of such jurisdictions as the Lead Underwriter designates and will continue such qualifications in effect so long as required for the distribution, provided that, in connection with such qualification, neither NiSource nor NiSource Finance shall be required to qualify as a foreign corporation or file a general consent to service of process in any such jurisdiction.

(g) During the period of five years after the date of any Terms Agreement, NiSource will furnish to the Representatives and, upon request, to each of the other Underwriters, if any, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and NiSource will furnish to the Representative (i) as soon as available, a copy of each report and any definitive proxy statement of NiSource filed with the Commission under the Securities Exchange Act of 1934 or mailed to stockholders, and (ii) from time to time, such other information concerning NiSource or NiSource Finance as the Lead Underwriter may reasonably request.

(h) Each of NiSource and/or NiSource Finance, as the case may be, will pay all expenses incident to the performance of its obligations under the Terms Agreement (including the provisions of this Agreement), any filing fees or other expenses (including fees and disbursements of counsel) in connection with qualification of the Registered Securities for sale under the laws of such jurisdictions as the Lead Underwriter may designate and the printing of memoranda relating thereto, any fees charged by investment rating agencies for the rating of the Offered Securities (if they are debt securities or preferred stock), any applicable filing fee incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any review by the National Association of Securities Dealers, Inc. of the Registered Securities, and any travel expenses of its officers and employees and any other expenses incurred by it in connection with attending or hosting meetings with prospective purchasers of Registered Securities.

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(i) If the Offered Securities are debt securities or preferred stock, neither NiSource nor NiSource Finance will offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to United States dollar-denominated debt securities issued by NiSource Finance and guaranteed by NiSource and having a maturity of more than one year from the date of issue (if the Offered Securities are debt securities) or any series of preferred stock issued by NiSource (if the Offered Securities are preferred stock), or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Representatives for a period beginning at the time of execution of the Terms Agreement and ending the number of days after the Closing Date specified under "Blackout" in the Terms Agreement.

(j) If the Offered Securities are Common Stock or are convertible into Common Stock, NiSource will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to, any additional shares of its Common Stock or securities convertible into or exchangeable or exercisable for any shares of its Common Stock, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Representatives for a period beginning at the time of execution of the Terms Agreement and ending the number of days after the Closing Date specified under "Blackout" in the Terms Agreement, except issuances of Common Stock pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options, in each case outstanding on the date of the Terms Agreement, grants of employee stock options pursuant to the terms of a plan in effect on the date of the Terms Agreement, or issuances of Common Stock pursuant to the exercise of such options.

5. CONDITIONS OF THE OBLIGATIONS OF THE UNDERWRITER. The obligations of the several Underwriters to purchase and pay for the

Offered Securities will be subject to the accuracy of the representations and warranties on the part of NiSource and NiSource Finance herein, to the accuracy of the statements of officers of NiSource and NiSource Finance made pursuant to the provisions hereof, to the performance by each of NiSource and NiSource Finance of its obligations hereunder and to the following additional conditions precedent:

(a) On or prior to the date of the Terms Agreement, the Representatives shall have received a letter, dated the date of delivery thereof, of Deloitte & Touche LLP confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating to the effect that:

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(i) in their opinion the unaudited financial statements for the six-month period ended June 30, 2002 and any related schedules and any summary of earnings related thereto of NiSource examined by them and included in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 71, Interim Financial Information, on the unaudited financial statements for the applicable three-month and six-month periods ended March 31, 2002 and June 30, 2002 included in the Registration Statement;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial statements of NiSource, inquiries of officials of NiSource who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements, if any, and any summary of earnings relating thereto and included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements and summary of earnings for them to be in conform it with generally accepted accounting principles;

(B) if any unaudited "capsule" information is contained in the Prospectus, the unaudited consolidated operating revenues, gross income, net income and net income per share amounts or other amounts constituting such "capsule" information and described in such letter do not agree with the corresponding amounts set forth in the unaudited consolidated financial statements or were not determined on a basis substantially consistent

with that of the corresponding amounts in the audited statements of income;

(C) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than three business days prior to the date of such letter, there was any change in the capital stock or any increase in short-term indebtedness or long-term debt of NiSource and its consolidated subsidiaries or, at the date of the latest

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available balance sheet read by such accountants, there was any decrease in consolidated net current assets or net assets, as compared with amounts shown on the latest balance sheet included in the Prospectus; except in all cases set forth in this clause (C) for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; or

(D) for the period from the closing date of the latest income statement included in the Prospectus to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year and with the period of corresponding length ended the date of the latest income statement included in the Prospectus, in consolidated operating revenues, operating income or net income; except in all cases set forth in this clause (D) for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter;

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of NiSource subject to the internal controls of the accounting system of NiSource or are derived from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

All financial statements and schedules included in material incorporated by reference into the Prospectus shall be deemed included in the Prospectus for purposes of this subsection.

(b) The Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 4(a) of this Agreement. No stop order suspending the effectiveness of the Registration Statement or of any part thereof shall have been issued and no proceedings for that

purpose shall have been instituted or, to the knowledge of NiSource, NiSource Finance or any Underwriter, shall be contemplated by the Commission.

(c) Subsequent to the execution of the Terms Agreement, there shall not have occurred (i) any change, or any development

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or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of NiSource, NiSource Finance and the Subsidiaries taken as one enterprise which, in the judgment of a majority in interest of the Representatives, is material and adverse and makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities; (ii) any downgrading in the rating of any debt securities or preferred stock of NiSource or NiSource Finance, as the case may be, by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of NiSource or NiSource Finance, as the case may be, (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the judgment of a majority in interest of the Underwriters including any Representatives, be likely to prejudice materially the success of the proposed issue, sale or disposition of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any material suspension or material limitation of trading in securities generally on the Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of NiSource or NiSource Finance on any exchange or in the over-the-counter market; (v) any banking moratorium declared by U.S. Federal or New York authorities; (vi) any major disruption of settlements of securities or clearance services in the United States or (vii) any attack on outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of a majority in interest of the Underwriters, including any Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities.

(d) The Representatives shall have received an opinion, dated the Closing Date, of Schiff Hardin & Waite, counsel for NiSource and NiSource Finance, to the effect that:

(i) NiSource has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described

in the Prospectus; and NiSource is duly qualified to

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transact business as a foreign corporation and is in good standing under the laws of the State of Indiana;

(ii) NiSource Finance has been duly incorporated and is a validly existing corporation under the laws of the State of Indiana, with corporate power and authority to own its properties and conduct its business as described in the Prospectus;

(iii) If the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource: The Indenture has been duly authorized, executed and delivered by each of NiSource and NiSource Finance and has been duly qualified under the Trust Indenture Act; the Offered Securities which are debt securities have been duly authorized by NiSource Finance; the Offered Securities which are Guarantees have been duly authorized by NiSource; the Offered Securities which are debt securities have been duly executed and, when authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) or sold pursuant to Delayed Delivery Contracts, will constitute, legal, valid and binding obligations of NiSource Finance enforceable against NiSource Finance in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Offered Securities which are guarantees of debt securities have been duly executed and, when the debt securities on which the guarantees are endorsed are authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) or sold pursuant to Delayed Delivery Contracts, will constitute, legal, valid and binding obligations of NiSource entitled to the benefits of the Indenture and enforceable against NiSource in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Offered Securities other than any Contract Securities conform, and any Contract Securities, when so delivered and sold will conform, as to legal matters in all material respects to the descriptions thereof contained in the Prospectus;

(iv) If the Offered Securities are preferred stock: The Offered Securities have been duly authorized; the Offered Securities other than any Contract Securities when delivered

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to and paid for by the Underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) will be validly issued, fully paid and nonassessable; any Contract Securities, when delivered and sold pursuant to Delayed Delivery Contracts, will be validly issued, fully paid and non-assessable; and the Offered Securities other than any Contract Securities conform, and any Contract Securities, when so delivered and sold, will conform, as to legal matters in all material respects to the descriptions thereof contained in the Prospectus; and the stockholders of NiSource have no statutory preemptive rights with respect to the Offered Securities;

(v) If the Offered Securities are Common Stock: The Offered Securities have been duly authorized and when delivered to and paid for by the underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) will be validly issued, fully paid and nonassessable and conform as to legal matters in all material respects to the description thereof contained in the Prospectus; and the stockholders of NiSource have no statutory preemptive rights with respect to the Offered Securities;

(vi) If the Offered Securities are convertible into Common Stock: The Offered Securities other than any Contract Securities are, and any Contract Securities, when (if the Offered Securities are debt securities) executed, authenticated, issued and delivered in the manner provided in the Indenture and sold pursuant to Delayed Delivery Contracts or (if the Offered Securities are preferred stock) when issued, delivered and sold pursuant to Delayed Delivery Contracts, will be convertible into Common Stock in accordance with (if they are debt securities) the Indenture or (if they are preferred stock) their terms; the shares of Common Stock initially issuable upon conversion of the Offered Securities have been duly authorized and reserved for issuance upon such conversion and, when issued upon such conversion, will be validly issued, fully paid and nonassessable; the Common Stock conforms as to legal matters in all material respects to the description thereof contained in the Prospectus; and the stockholders of NiSource have no statutory preemptive rights with respect to the Common Stock;

(vii) If the Offered Securities are Common Stock or are convertible into Common Stock: Except for the obligations of NiSource and NiSource Finance pursuant to the Registration Rights Agreement dated November 9, 2000 and except for registration obligations in connection with the remarketing of NiSource's SAILS and PIES, there are no contracts, agreements or understandings known to such

counsel between NiSource or NiSource Finance and any person granting such person the right to require NiSource or

NiSource Finance to file a registration statement under the Act with respect to any securities of NiSource or NiSource Finance owned or to be owned by such person or to require NiSource or NiSource Finance to include such securities with the securities registered pursuant to the Registration Statement or with any securities being registered pursuant to any other registration statement filed by NiSource or NiSource Finance under the Act;

(viii) Neither the execution and delivery by each of NiSource and NiSource Finance of the Terms Agreement (including the provisions of this Agreement) nor the performance by each of NiSource and NiSource Finance of their respective obligations under the Terms Agreement (including the provisions of this Agreement) requires any consent or approval of any nature from or filing with any governmental authority of any of the State of Illinois, the State of Indiana or the United States of America, nor is any such consent, approval or filing required by the Delaware General Corporation Law;

(ix) NiSource is a "PUBLIC UTILITY HOLDING COMPANY" within the meaning of the Public Utility Holding Company Act of 1935, as amended, and is registered in compliance therewith. All necessary approvals under the Public Utility Holding Company Act of 1935, as amended, for the issuance and sale of the Offered Securities and, if the Offered Securities are preferred stock or debt securities issued by NiSource Finance and guaranteed by NiSource, compliance with the terms and provisions thereof, have been obtained, except to the extent that any failure to obtain such approvals or to comply with the terms thereof, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or to materially and adversely affect the ability of either NiSource or NiSource Finance to perform its obligations under the Indenture (if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource), the Terms Agreement (including the provisions of this Agreement) or any Delayed Delivery Contracts, or which would otherwise not be material in the context of the sale of the Offered Securities;

(x) Neither NiSource nor NiSource Finance is and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectus, neither will be an "INVESTMENT COMPANY" as defined in the Investment Company Act of 1940;

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(xi) Each of the Significant Subsidiaries has been duly incorporated and is a corporation validly existing and, where applicable, in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own its properties and to conduct its business as described in the Prospectus; and each Significant

Subsidiary is duly qualified to transact business as a foreign corporation in good standing in each of the jurisdictions set forth opposite the name of such Significant Subsidiary on a schedule attached to the opinion;

(xii) To the knowledge of such counsel, based in part upon a review of the stock register of each of NiSource Finance, NiSource Capital Markets, Inc., Columbia Energy and Northern Indiana Public Service Company (collectively, the "SPECIFIED SUBSIDIARIES"), all of the issued and outstanding capital stock of each of the Specified Subsidiaries (except for, as disclosed in the Prospectus, the issued and outstanding shares of preferred stock of Northern Indiana Public Service Company) is owned by NiSource, directly or through subsidiaries. There is no perfected lien upon the outstanding shares of capital stock of any of the Specified Subsidiaries and, to the knowledge of such counsel, there is no other lien, security interest, charge or encumbrance upon the capital stock of any of the Specified Subsidiaries;

(xiii) To the knowledge of such counsel, except as disclosed in the Prospectus, there are no pending or threatened actions, suits, proceedings or investigations against or affecting NiSource, NiSource Finance or any Subsidiary or any of their respective properties, assets or operations that could reasonably be expected to, individually or in the aggregate, materially and adversely affect the ability of either NiSource or NiSource Finance to perform its obligations under the Terms Agreement (including the provisions of this Agreement) or which could be reasonably be expected to have a Material Adverse Effect;

(xiv) The execution and delivery by each of NiSource and NiSource Finance of the Terms Agreement (including the provisions of this Agreement) do not, and the performance by each of NiSource and NiSource Finance of its respective obligations under the Terms Agreement (including the provisions of this Agreement), including the issuance and sale of the Offered Securities, will not, (i) violate the certificate or articles of incorporation or by-laws of NiSource or NiSource Finance, (ii) violate any law, rule or regulation applicable to NiSource or NiSource Finance and generally applicable to transactions of the type contemplated by the Terms Agreement (including the provisions of this Agreement) undertaken by issuers engaged

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in businesses similar to the businesses of NiSource and NiSource Finance, (iii) violate any judgment, injunction, order or decree identified by an officer of NiSource or NiSource Finance as material to NiSource, NiSource Finance and the Subsidiaries taken as a whole (which judgments, injunctions, orders and decrees, if any, shall be set forth in a certificate attached to the opinion), or (iv) breach or result in a default under any indenture, mortgage, instrument or agreement which is filed as an exhibit to or filed as an exhibit through incorporation by reference to

either NiSource's Annual Report on Form 10-K for the year ended on the December 31 preceding the date of delivery of such opinion or any Quarterly Report on Form 10-Q or Report on Form 8-K filed subsequent to the date of such Form 10-K;

(xv) The descriptions in the Registration Statement and in the Prospectus of any statutes, legal and governmental proceedings, contracts and documents, insofar as such statements purport to constitute summaries of matters of law and legal conclusions with respect thereto, are correct in all material respects; and such counsel do not know of any legal or governmental proceedings pending to which NiSource, NiSource Finance or any Subsidiary is a party or to which any of their respective properties is subject that are required to be described in the Registration Statement or the Prospectus and are not so described, or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not so described or filed as required;

(xvi) The Registration Statement has become effective under the Act, the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) specified in such opinion on the date specified therein, and, to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or



Prospectus supplement to prospectus dated November 20, 2000



NiSource Finance Corp.

\$345,000,000

6.15% Notes due 2013

Unconditionally Guaranteed by NiSource Inc.

We will pay interest on the notes on March 1 and September 1 of each year, beginning September 1, 2003. The notes will mature on March 1, 2013. We may redeem the notes at any time by paying the greater of principal and interest on the notes or a "make-whole" amount. The notes will be unsecured obligations and will rank equally with our unsecured senior indebtedness. The notes will be issued only in denominations of \$1,000 and integral multiples of \$1,000.

Investing in the notes involves risk. See "Risk Factors" beginning on page S-8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price	100%	\$345,000,000
Underwriting commissions	(1)	(1)
Proceeds, before expenses, to NiSource Finance	100%	\$345,000,000(2)

(1) NiSource Finance has agreed to pay the underwriters a commission of 0.65% of the principal amount of notes offered, or an aggregate commission of \$2,242,500.

(2) While the notes are offered to the public for cash, we expect that the underwriter will purchase the notes from us primarily by delivering debentures of our subsidiary, NiSource Capital Markets. The debentures are part of NiSource's Premium Income Equity Securities, or "PIES."

The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from February 19, 2003.

Deutsche Bank Securities

The date of this prospectus supplement is February 13, 2003.

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this note offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” information into this prospectus and prospectus supplement. This means that we can disclose important information to you by referring you to another document that NiSource has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus and prospectus supplement. Information that NiSource files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus and prospectus supplement to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed February 22, 2002;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2002, June 30, 2002 and September 30, 2002;
- our Current Reports on Form 8-K dated May 21, 2002, November 1, 2002 and November 7, 2002; and
- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by the prospectus supplement.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

SUMMARY

This summary highlights certain information appearing elsewhere in this document. This summary is not complete and does not contain all of the information that you should consider before purchasing the notes. You should carefully read the "Risk Factors" section beginning on page S-8 of this prospectus supplement to determine whether an investment in our notes is appropriate for you. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries.

NiSource Inc.

Overview. NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to approximately 3.6 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England.

We are the largest regulated natural gas distribution company, as measured by number of customers, operating east of the Rocky Mountains. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission, storage and production holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. We derive substantially all our revenues and earnings from the operating results of our subsidiaries. Our primary business segments are:

- gas distribution;
- gas transmission and storage;
- electric operations; and
- exploration and production.

Strategy. We are focused on using our core regulated gas and electric businesses to serve customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic, New England and Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. The acquisition of Columbia Energy Group in November 2000 furthered this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution and storage assets in Ohio and the Mid-Atlantic and Columbia's interstate transmission assets. We are committed to maximizing our efficiency in our core regulated operations without compromising customer service and safety.

Gas Distribution. We are the nation's third largest regulated gas distribution company based on volume of gas sales, with an average volume of over 2.3 billion cubic feet per day. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas under the Columbia Gas name to approximately 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 765,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc.

Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 327,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. Our gas transmission and storage subsidiaries own and operate an interstate pipeline network of approximately 16,130 miles extending from offshore in

On January 28, 2003, our subsidiary Columbia Natural Resources, Inc. sold its interest in a natural gas exploration and production joint venture in New York state for \$95.0 million. The interests sold represented approximately 39 billion cubic feet equivalent of natural gas reserves,

or approximately 3.5 percent of Columbia Natural Resources' total reserves. The 2002 production from the joint venture assets was approximately 6 billion cubic feet equivalent, or approximately 11 percent of our total 2002 production.

We have decided to exit the telecommunications business due to overcapacity in the market for dark fiber, resulting in a non-cash charge to discontinued operations of \$51.3 million after tax. This charge will be reflected in the fourth quarter of 2002.

NiSource Finance Corp.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the notes will be fully and unconditionally guaranteed by NiSource.

NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana. Before the acquisition of Columbia Energy Group, NiSource conducted its financing activities through NiSource Capital Markets, Inc., a first-tier subsidiary of NiSource. We expect NiSource to conduct all future financing through NiSource Finance.

The Offering

Issuer	NiSource Finance Corp.
Securities Offered	\$345,000,000 aggregate principal amount of 6.15% Notes due 2013.
Guarantee	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the notes.
Issue Price	100% plus accrued interest from February 19, 2003.
Interest	6.15% per year. Interest on the notes is payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2003.
Optional Redemption	We may redeem all or part of the notes at any time at our 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 and (2) a "make-whole" amount based on the yield of a comparable U.S. Treasury security plus 0.35%.
Ranking	<p>The notes will be senior, unsecured obligations of NiSource Finance ranking equally in right of payment with other senior indebtedness of NiSource Finance.</p> <p>The guarantee will be a senior, unsecured obligation of NiSource, ranking equally in right of payment with other senior indebtedness of NiSource. Because NiSource is a holding company that derives substantially all of its income from operating subsidiaries, the guarantee will effectively be subordinated to debt and preferred stock at the subsidiary level.</p>

The Indenture does not limit the amount of debt that NiSource Finance,
NiSource or any of its subsidiaries may incur.

Limitation on Liens	Subject to certain exceptions, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any secured debt, except intercompany indebtedness, without also securing the notes, unless the total amount of all of the secured debt would not exceed 10% of our consolidated net tangible assets.
Use of Proceeds	The underwriter is offering the notes to the public for cash. We expect that the underwriter will purchase the notes from us primarily for debentures of our subsidiary, NiSource Capital Markets, which are one component of NiSource's Premium Income Equity Securities, or "PIES," issued in 1999. The underwriter purchased the debentures for cash in a remarketing conducted on February 13, 2003. The other component of a PIES is a stock purchase contract obligating the holder to purchase a certain number of NiSource common shares for \$50 on February 19, 2003. NiSource will receive the net proceeds of the remarketing in satisfaction of the PIES holders' obligations under the stock purchase contracts. The net proceeds, after estimated expenses, to NiSource under the stock purchase contracts will be approximately \$344.1 million, which we will use to repay short-term indebtedness and for general corporate purposes.

For additional information regarding the Notes, see "Supplemental Description of the Notes."

the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, the companies serve customers in 17 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, Columbia Gas Transmission Corporation operates one of the nation's largest underground natural gas storage systems, capable of storing approximately 670 billion cubic feet of natural gas.

Electric Operations. We generate and distribute electricity through our subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 437,000 customers in 21 counties in the northern part of Indiana. Northern Indiana owns and operates three coal-fired electric generating stations with a net capacity of 2,694 megawatts, three gas-fired combustion turbine generating units with a net capacity of 186 megawatts and two hydroelectric generating plants with a net capacity of 10 megawatts, for a total system net capacity of 2,890 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 2002, Northern Indiana generated 72.6% and purchased 27.4% of its electric requirements.

Exploration and Production. We own over 1.1 trillion cubic feet equivalent of proven natural gas reserves, located primarily within the Appalachian region as well as Canada. We have entered into forward sales contracts with Mahonia II Limited to provide natural gas through February 2006. As of September 30, 2002, we had a remaining obligation to deliver 125.1 billion cubic feet of natural gas under these contracts. The contractual price for this natural gas is currently below market. We also have financial interests in over 8,000 wells and own and operate approximately 6,200 miles of gathering pipelines. We recently announced our decision no longer to invest in exploratory drilling and to focus instead on maximizing production from our existing assets, while actively seeking opportunities to monetize the value of these assets.

Other Operations. We provide energy-related services, including gas marketing, electric transmission, bulk power and power trading, and participate in the development of merchant power projects. Through our subsidiary EnergyUSA-TPC Corp., we provide natural gas sales to industrial and commercial customers and engage in natural gas marketing activities. Through our subsidiary, Primary Energy, Inc., we develop, build, own, operate and manage industrial-based energy projects. Primary Energy develops on-site, industrial-based energy solutions for large complexes having multiple energy flows, such as electricity, steam, by-product fuels or heated water. We participate in real estate and other businesses.

Non-Core Divestitures. On January 28, 2002, we sold the stock of SM&P Utility Resources, Inc. to The Laclede Group, Inc. for \$37.9 million, recognizing an after-tax gain of \$12.5 million. The net assets of SM&P were reported as assets held for sale on the consolidated balance sheets as of December 31, 2001.

On April 30, 2002, we sold the assets of the Indianapolis Water Company and other assets of IWC Resources Corporation and its subsidiaries to the City of Indianapolis for \$540.0 million, resulting in an after-tax gain of \$7.5 million. Also in April 2002, we sold our interest in White River Environmental Partnership, an IWC investment, to the other partners for \$8.0 million, approximating book value. The water utilities' operations were reported as discontinued operations for all periods in 2001 and 2002.

On July 1, 2002, in order to scale back our energy trading portfolio, we sold our net obligations under a significant portion of our gas forward transaction portfolio, physical storage inventory and associated agreements to a third party. In accordance with the terms of the agreement, we paid \$6.8 million to settle the net obligations.

RISK FACTORS

In deciding whether to invest in the notes, you should consider carefully the following factors that could materially adversely affect our operating results and financial condition. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance. You should also consider the information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as updated by our subsequent reports on Form 10-Q and Form 8-K. Each of the risks described below could result in a decrease in the value of the notes and your investment therein.

We have substantial indebtedness, which could adversely affect our financial condition.

We have a significant amount of indebtedness outstanding as a result of our acquisition of Columbia Energy Group. We had total consolidated indebtedness of approximately \$7.2 billion outstanding as of December 31, 2002.

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to our competitors that are less leveraged;
- result in a downgrade in our ratings; and
- increase our vulnerability to general adverse economic and industry conditions.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and interest coverage ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our outstanding debt obligations. Any such acceleration would cause a material adverse change in our financial condition.

Our strategy to improve our balance sheet depends upon our ability to access capital markets.

We have historically relied on commercial paper markets and fixed income capital markets as a source of liquidity for capital requirements not satisfied by the cash flow from our operations.

In January 2002 and more recently in January 2003, Standard and Poor's reaffirmed our BBB senior unsecured long-term credit rating and our A2 commercial paper rating with a negative outlook. However, on February 1, 2002, Moody's Investor Service downgraded our senior unsecured long-term credit rating to Baa3 and our commercial paper rating to P3 with a negative outlook. Moody's confirmed this rating in January 2003. As a split-rated A2/ P3 commercial paper issuer, we have had our access to the commercial paper market significantly constrained and have met our liquidity needs by using our \$500 million revolving credit facility,

which expires in March 2003, and our \$1.25 billion facility, which expires in March 2004. As of January 31, 2003, \$1,041 million was available under these facilities. We expect to refinance a portion of our short-term borrowing requirements in the fixed-income capital markets.

If we are not able to access capital at competitive rates, our ability to implement our strategy to improve our balance sheet will be adversely affected. This could result in a ratings downgrade. In addition, if we are unable to sell or otherwise monetize the balance of our natural gas exploration and production business, our credit ratings could be downgraded. A further downgrade of our credit rating would further adversely affect our ability to access one or more financial markets, which could negatively affect our financial results.

Further credit ratings downgrades will increase our financing costs and the costs of maintaining certain contractual relationships.

If our current ratings are downgraded, our borrowing costs will increase, as will the costs of maintaining certain contractual relationships. Additionally, if our ratings were to decline below investment grade, we would lose the ability to finance under certain receivables sales facilities.

Columbia Energy Group's current unsecured long-term credit is rated BBB by Standard & Poor's and Baa2 by Moody's. If either of these ratings were to decline below its current level, Columbia would be immediately required to post approximately \$261 million in collateral (including letters of credit) to support an indemnity obligation relating to a forward sale of natural gas made by its exploration and production business. Posting collateral would adversely impact our liquidity.

We will need additional capital to refinance indebtedness that is scheduled to mature and for other working capital purposes, which we may not be able to obtain.

After this offering, we will be required to obtain significant additional capital in 2003 to execute our business plan, meet working capital needs and repay existing indebtedness scheduled to mature during the period. In particular, we will be required to repay, refinance or extend the following indebtedness:

- NiSource Finance's \$500 million 364-day credit facility expiring March 2003;
- \$300 million of NiSource Finance's 5 3/4% Notes due April 15, 2003; and
- \$750 million of NiSource Finance's 7 1/2% Notes due November 15, 2003.

If we are unable to obtain additional capital to repay this debt, our operations and liquidity could be materially adversely affected.

The terms of our settlement with the Indiana Utility Regulatory Commission will result in credits to consumers.

On September 23, 2002, the Indiana Utility Regulatory Commission approved a settlement agreement that entitles electric customers of Northern Indiana Public Service Company to receive an amount intended to approximate \$55.0 million each year in credits to their electric bills for 49 months. Northern Indiana's electric customers, other than those on certain contract rates, will receive a credit of approximately six

percent of the electric portion of their monthly Northern Indiana bill. The settlement was the result of months of negotiations among Northern Indiana, the Indiana Office of Utility Consumer Counselor and a group of commercial and industrial customers.

The Indiana Utility Regulatory Commission has denied a petition for reconsideration, and the approval of the settlement is currently being appealed. There can be no assurances that the appeal will not result in further proceedings before the Indiana Utility Regulatory Commission, or that such proceedings will not result in a further reduction in rates.

Increased federal and state environmental regulation of NOx emissions will require us to incur large capital expenditures.

The Environmental Protection Agency has recently approved Indiana state rules intended to reduce nitrogen oxide (NOx) levels from several sources, including industrial and utility boilers. The rules are part of a program intended to reduce ozone levels in the eastern United States. Compliance with the NOx limits contained in these rules is required by May 31, 2004. Capital estimates of our NOx control compliance costs range from \$200 to \$300 million over the next two years. Actual compliance costs may vary depending on a number of factors including market demand/resource constraints, uncertainty of future equipment and construction costs, and the potential need for additional control technology.

A significant portion of the gas and electricity we sell is used for heating and air conditioning. Accordingly, our operating results fluctuate depending on the weather.

Our energy sales are sensitive to variations in weather conditions. We forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. For example, record warm weather in our markets in the first quarter of 2002 negatively affected basic earnings by 16 cents per share, when compared to the long-term historical average, and by 12 cents per share, when compared to the comparable period in 2001.

Our electric operations are subject to economic conditions in certain industries.

Our electric operations in northern Indiana have been and may continue to be adversely affected by substantial declines in sales to industrial customers. In particular, the steel and steel related industries have been adversely impacted by recent events and market conditions, with two major customers declaring bankruptcy. There can be no assurances whether sales will return to historical levels.

Recent events that are beyond our control have increased the level of public and regulatory scrutiny of our industry. Governmental and market reactions to these events may have negative impacts on our business, financial condition and access to capital.

As a result of the energy crisis in California during the summer of 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, recently discovered accounting irregularities at public companies in general and energy companies in particular, and investigations by governmental authorities into energy trading activities, companies in the regulated and unregulated utility business have been under a generally increased amount of public and regulatory scrutiny and suspicion. Recently discovered accounting irregularities have caused regulators and legislators to review current accounting practices, financial disclosures and companies' relationships with their independent auditors. The capital markets and ratings agencies also have increased their level of scrutiny. We believe that we are complying with all applicable laws and accounting standards, but it is difficult or impossible to predict or control what effect these types of events may have on our business, financial condition or access to the capital markets.

As a result of these events, Congress passed the Sarbanes-Oxley Act of 2002. It is unclear what additional laws or regulations may develop, and we cannot predict the ultimate impact of any future changes in accounting regulations or practices in general with respect to public companies, the energy industry or our operations specifically.

Our Whiting merchant energy project is operating at a loss.

Our Primary Energy subsidiary has developed a merchant energy facility at BP's Whiting, Indiana refinery. This facility uses natural gas to generate electricity for sale in the wholesale

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markets and is expected, after plant modifications, to generate steam for industrial use. Recent developments in the wholesale power market have resulted in depressed wholesale power prices, which have substantially reduced revenues for participants in the market. We expect that the facility will operate at a loss in the near term based on the current market view of forward pricing for gas and electricity. We estimate that the after-tax loss for 2002 was approximately \$20.0 million. The profitability of the project in future periods will depend on, among other things, prevailing prices in the energy markets and regional load dispatch patterns.

Your ability to recover from our former auditors, Arthur Andersen LLP, for any potential financial misstatements may be limited.

On May 21, 2002, the Board of Directors of NiSource, upon recommendation of its Audit Committee, dismissed Arthur Andersen LLP as the independent public accountants for NiSource and its subsidiaries, Columbia and Northern Indiana, and retained Deloitte & Touche LLP to serve as the independent public accountants of NiSource and its subsidiaries for 2002.

Andersen completed its audit of NiSource's consolidated financial statements for the year ended December 31, 2001 and issued its report with respect to such consolidated financial statements on January 29, 2002. Subsequently, on June 15, 2002 Andersen was convicted of obstruction of justice charges arising from the government's investigation of Enron Corporation and has ceased to audit publicly held companies. Because Andersen is unlikely to survive, purchasers of Notes may not be able to recover against Andersen for any claims they may have under securities or other laws as a result of Andersen's previous role as our independent public accountants and as author of the audit report for the audited financial statements incorporated by reference in this prospectus.

USE OF PROCEEDS

The underwriter is offering the notes to the public for cash. We expect that the underwriter will purchase the notes from us by delivering \$344,664,600 principal amount of 5.90% Senior Debentures due 2005 of NiSource Capital Markets, Inc., which the underwriter agreed to purchase for cash in a remarketing conducted on February 13, 2003, and \$335,400 in cash. We are paying Deutsche Bank Securities Inc. a commission of \$2,242,500 in connection with this transaction.

The Senior Debentures comprise one component of the Premium Income Equity Securities, or "PIES," that NiSource issued in 1999. The other component of a PIES is a stock purchase contract obligating the holder to purchase a certain number of NiSource common shares for \$50 on February 19, 2003. A PIES holder could elect to pay for the stock in cash or cash equivalents, or with the proceeds from the remarketing of his Senior Debentures. Under the terms of the PIES, substantially all of the Senior Debentures were remarketed to Deutsche Bank Securities Inc. on February 13, 2003 for \$344,664,600. NiSource will receive the net proceeds from the remarketing of \$339,664,600 principal amount of Senior Debentures, plus approximately \$5.3 million in separate cash and cash equivalents, in satisfaction of the PIES holders' obligations under the stock purchase contracts and will issue to the PIES holders approximately 13.1 million shares of common stock. We expect the net proceeds to us from the remarketing and related payments under the stock purchase contracts to be approximately \$344.1 million, after the remarketing agent's fees and estimated expenses.

NiSource will advance the payments received under the stock purchase contracts to NiSource Finance to repay short-term bank borrowings having an annual interest rate of 2.094% as of January 31, 2003 and for general corporate purposes.

CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at September 30, 2002 (1) on a consolidated basis, (2) on a consolidated basis as adjusted to reflect the sale of 41.4 million shares of NiSource common stock in a November 2002 public offering and (3) on a consolidated basis as further adjusted to reflect (a) the settlement of the purchase contracts included in the PIES, (b) the remarketing of the NiSource Capital Markets Senior Debentures included in the PIES, (c) the issuance and sale of the Notes and (d) the use of the net proceeds as set forth under "Use of Proceeds." This table should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2001, incorporated by reference in this prospectus supplement and accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus.

September 30, 2002			
	Actual	As Adjusted for the November 2002 Common Stock Offering	As Further Adjusted for the PIES and the Notes
(in millions)			
Long-term debt (excluding amounts due within one year)	\$ 5,792.9	\$ 5,792.9	\$ 6,137.9
Company-obligated mandatorily redeemable security of trust holding solely parent company debentures (PIES)(a)	345.0	345.0	—
Cumulative preferred stocks	85.5	85.5	85.5
Common stockholders' equity	3,343.0	4,077.9	4,422.9
Total capitalization	\$ 9,566.4	\$ 10,301.3	\$ 10,646.3
Short-term borrowings (including current portion of long-term debt)(b)	\$ 2,025.3	\$ 1,290.4	\$ 946.3

(a) Upon dissolution of the trust on February 13, 2003, these securities (consisting of the Debentures) will be reclassified as long-term debt.

(b) Excludes \$43.0 million of preferred stock redeemed on October 14, 2002 pursuant to mandatory redemption provisions.

RATIO OF EARNINGS TO FIXED CHARGES

The following are ratios of our earnings to fixed charges for each of the periods indicated:

Nine Months Ended	Fiscal Year Ended December 31				
	2001	2000	1999	1998	1997
September 30, 2002	2.08	1.64	1.84	2.14	2.87
					3.10

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following financial information is only a summary, and you should read it together with our historical consolidated financial statements and the related notes incorporated by reference in this document.

	Nine Months Ended September 30, 2002	2001	2000(a)	1999(a)
(in millions)				
Income Statement Data:				
Gross Revenues	\$4,648.1	\$9,458.7	\$6,030.7	\$3,273.5
Operating Income	863.6	1,008.9	557.4	437.9
Income from continuing operations	285.9	212.1	141.1	153.9
Cash Flow Information:				
EBITDA(b)	1,285.1	1,650.6	935.5	732.9
Cash interest, net of amounts capitalized	260.7	518.0	244.5	152.7
Capital expenditures	373.7	668.1	357.3	313.0
Cash flows from operations	900.5	1,042.6	(15.2)	418.1
			As of September 30, 2002	
Balance Sheet Data:				
			(in millions)	
Total assets			\$16,627.1	
Short term borrowings (including current portion of long-term debt)(c)			2,025.3	
Capitalization:				

Long Term debt (excluding amounts due within one year)	5,792.9
Company-obligated mandatorily redeemable security of trust holding solely parent company debentures (PIES)(d)	345.0
Cumulative Preferred Stocks, excluding amounts due within one year	85.5
Common shareholders' equity	3,343.0
Total capitalization	9,566.4

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- (a) Results for 1999 and 2000 are not directly comparable to results for 2001 due to the acquisition of Columbia Energy Group, which occurred on November 1, 2000.
- (b) EBITDA is defined as operating income before depreciation and amortization (excludes other income and income taxes). EBITDA is not a measure of performance under GAAP. While EBITDA should not be considered as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity, management understands that EBITDA is customarily used as a measure in evaluating companies.
- (c) Excludes \$43.0 million of preferred stock redeemed on October 14, 2002 pursuant to mandatory redemption provisions.
- (d) Upon dissolution of the trust on February 13, 2003, these securities will be reclassified as long-term debt.

RECENT RESULTS OF OPERATIONS

On January 30, 2003, we reported our financial results for the year ended December 31, 2002. For the year ended December 31, 2002, income from continuing operations was \$425.7 million, or \$2.02 per share, compared to \$226.4 million or \$1.10 per share, in fiscal year 2001. Net income for the year ended December 31, 2002 was \$372.5 million, or \$1.77 per share, compared to \$216.2 million or \$1.05 per share, in 2001. All per share amounts are for basic shares.

SUPPLEMENTAL DESCRIPTION OF THE NOTES

Please read the following information concerning the notes in conjunction with the statements under “Description of the Debt Securities” in the accompanying prospectus, which the following information supplements and, if there are any inconsistencies, supersedes. The following description is not complete. The notes will be issued under the Indenture, dated November 14, 2000, that we have entered into with JPMorgan Chase Bank (formerly The Chase Manhattan Bank), as trustee. The Indenture is described in the accompanying prospectus and is filed as an exhibit to the registration statement under which the notes are being offered and sold.

General

We will offer up to \$345 million of 6.15% Notes due 2013 as a series of notes under the Indenture. The notes will be fully and unconditionally guaranteed by NiSource. See “Guarantee of NiSource” in the accompanying prospectus.

The notes will constitute part of the senior debt of NiSource Finance and are equal in right of payment to any other senior unsecured obligations of NiSource Finance. The notes will not be subject to any mandatory redemption or sinking fund payments.

Interest Payments

The entire principal amount of the notes will mature and become due and payable, together with any accrued and unpaid interest, on March 1, 2013. Each note will bear interest at the annual rate set forth on the cover page of this prospectus supplement beginning February 19, 2003. The interest will be paid semi-annually on March 1 and September 1, commencing September 1, 2003. Interest will be paid to the person in whose name the Note is registered at the close of business on February 15 and August 15 immediately preceding March 1, and September 1. We will compute the amount of interest payable on the basis of a 360-day year of twelve 30-day months.

Optional Redemption

We may redeem all or part of the notes at any time at our 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.

As used herein:

“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 maturity date 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 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 (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 0.35%.

“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 maturity date 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.

“Quotation Agent” means the Reference Treasury Dealer selected by the trustee after consultation with us.

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

“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.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, 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.

Selection and Notice of Redemption

If we are 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.

We will redeem notes in increments of \$1,000. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. However, we will not know the exact redemption price until 3 business days before the redemption date. Therefore, the notice of redemption will only describe how the redemption price will be calculated.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount thereof to be redeemed. We will issue a note in principal amount equal to the unredeemed portion of the original note in the name of the holder thereof upon cancellation of the original note. Notes called for redemption will become due on the date fixed for redemption. On or after the redemption date, interest will cease to accrue on notes or portions of them called for redemption.

Forms and Denominations

The Notes will be issued as one or more global securities in the name of a nominee of the Depository Trust Company and will be available only in book-entry form. See “Book-Entry Issuance” in the accompanying prospectus. The Notes are available for purchase in multiples of \$1,000.

Additional Notes

We may, without the consent of the holders of the notes, create and issue additional notes ranking equally with the notes offered hereby in all respects, including having the same CUSIP number, so that such additional notes would be consolidated and form a single series with the notes offered hereby and would have the same terms as to status, redemption or otherwise as the notes offered hereby. No additional notes may be issued if an Event of Default has occurred and is continuing with respect to the notes.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, and entities whose underlying assets are considered to include “plan assets” of such plans, accounts and arrangements (each, a “Plan”).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition or holding of Notes by an ERISA Plan with respect to which NiSource, NiSource Finance or the underwriter is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or “PTCEs,” that may apply to the acquisition and holding of the notes. These class exemptions include PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. There can be no assurance that a particular purchase of notes will satisfy all of the conditions of any such exemptions.

Because of the foregoing, the notes should not be purchased or held by any person investing “plan assets” of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable similar laws.

Representation

By acceptance of a note, each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that (i) no portion of the assets used by such purchaser or transferee to acquire and hold the note constitutes assets of any Plan, (ii) the Plan is a governmental plan as defined in Section 3 of ERISA which is not subject to the provisions of Title I of ERISA or Section 401 of the Code or (iii) the purchase and holding of the note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation under any applicable similar laws because such purchase and holding satisfies the conditions of an administrative, statutory or class exemption, including PTCE 91-38, 90-1, 84-14, 95-60 or 96-23.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

UNDERWRITING

Subject to the terms and conditions of the underwriting agreement, Deutsche Bank Securities Inc., as underwriter, has agreed to purchase from us the following principal amount of notes at the public offering price less the underwriting commissions set forth on the cover page of this prospectus supplement:

Underwriter	Principal Amount of Notes
Deutsche Bank Securities Inc.	\$ 345,000,000
Total	\$ 345,000,000

The underwriting agreement provides that the obligations of the underwriter to purchase the notes offered hereby are subject to certain conditions precedent and that the underwriter will purchase all of the notes offered by this prospectus supplement if any of these notes are purchased.

In addition, we estimate that our share of the total expenses of this offering, excluding underwriting commissions, will be approximately \$200,000.

We have agreed to indemnify the underwriter against some specified types of liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriter may be required to make in respect of any of these liabilities.

The underwriter has advised us that it does not intend to confirm sales to any account over which it exercises discretionary authority.

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriter may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering, the underwriter may purchase and sell the notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions.

Short sales involve the sale by the underwriter of a greater principal amount of notes than they are required to purchase in the offering. The underwriter may close out any short position by purchasing notes in the open market. A short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the notes in the open market prior to the completion of the offering.

Stabilizing transactions consist of various bids for or purchases of the notes made by the underwriter in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the notes. Additionally, these purchases may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise.

We have been advised by the underwriter that it may make the notes available for distribution on the Internet through a third-party system operated by Market Axess Inc., an Internet-based communications technology provider. We have also been advised by the underwriter that Market Axess Inc. is providing the system as a conduit for communications

between the underwriter and its customers and is not a party to any transactions. We have been advised by the underwriter that Market Axess Inc. is a registered broker-dealer and will receive compensation from the underwriter based on transactions conducted through the system. We have been advised by the underwriter that it will make the notes available to its customers through the Internet on the same terms as distributions of the notes made through other channels. Other than this prospectus supplement, the accompanying prospectus and any registration statement of which they form a part, each in electronic format as filed with the SEC, the information on any Web site is not a part of this prospectus supplement, the accompanying prospectus or any registration statement of which they form a part.

Deutsche Bank AG New York, an affiliate of the underwriter, is a lender under our three-year revolving credit agreement. The underwriter and its affiliates may from time to time engage in future transactions with us and our affiliates and provide services to us and our affiliates in the ordinary course of their business.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Schiff Hardin & Waite, Chicago, Illinois. Peter V. Fazio, Jr., a partner of the firm who also serves as executive vice president and general counsel of NiSource holds approximately 11,400 shares of NiSource's common stock. The underwriter has been represented by Dewey Ballantine LLP, New York, New York.

EXPERTS

The consolidated financial statements and schedules of NiSource incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

PROSPECTUS

\$2,500,000,000



NiSource Inc.

Common Stock

Preferred Stock

Guarantees of Debt Securities

NiSource Finance Corp.

Debt Securities

Guaranteed as Set Forth in This Prospectus by NiSource Inc.

NiSource Inc. may offer, from time to time, in amounts, at prices and on terms that it will determine at the time of offering, any or all of the following:

- shares of common stock, including preferred stock purchase rights;
- shares of preferred stock, in one or more series.

NiSource Finance Corp., a wholly owned subsidiary of NiSource, may offer from time to time in amounts, at prices and on terms to be determined at the time of the offering, one or more series of its debt securities. NiSource will fully and unconditionally guarantee the obligations of NiSource Finance under any debt securities issued under this prospectus or any prospectus supplement.

We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading "Plan of Distribution" beginning on page 19 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the applicable prospectus supplement. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 20, 2000.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration or continuous offering process. Under this process, NiSource may offer shares of its common stock or preferred stock, and NiSource Finance may offer various series of its debt securities guaranteed by NiSource, from time to time using this prospectus and related prospectus supplements. These securities may be offered up to a total amount of \$2.5 billion.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities and guarantees we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information described under the heading “Where You Can Find More Information.”

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC offices mentioned under the heading “Where You Can Find More Information.”

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

References to “NiSource” refer to NiSource Inc. and references to “NiSource Finance” refer to NiSource Finance Corp. Unless the context requires otherwise, references to “we,” “us” or “our” refer collectively to NiSource and its subsidiaries, including NiSource Finance. References to “securities” refer collectively to the common stock, preferred stock, debt securities and guarantees of debt securities registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC's public reference rooms at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, Seven World Trade Center, Suite 1300, New York, New York 10048, and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain additional information about the public reference rooms by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (<http://www.sec.gov>) that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC, including NiSource.

You may also read reports, proxy statements and other documents relating to NiSource at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document that NiSource, or one of its corporate predecessors, NiSource Inc. (incorporated in Indiana) and Columbia Energy Group, has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. Information that NiSource files with the SEC after the date of this prospectus will

automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference our Current Reports on Form 8-K dated November 1, 2000, November 3, 2000, November 6, 2000 (as amended November 7, 2000) and November 7, 2000 and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities. We also incorporate by reference the following documents filed with the SEC by our corporate predecessor NiSource Inc. (incorporated in Indiana) (SEC File Number 1-9779):

- NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;
- NiSource's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000;
- NiSource's Current Reports on Form 8-K dated February 14, 2000, February 24, 2000, March 3, 2000, April 3, 2000, April 25, 2000, June 13, 2000, September 1, 2000, September 13, 2000 and October 31, 2000; and
- NiSource's definitive joint proxy statement/ prospectus dated April 24, 2000.

We also incorporate by reference the following documents filed with the SEC by our corporate predecessor Columbia Energy Group (SEC File Number 1-1098):

- Columbia's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;
- Columbia's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000; and
- Columbia's Current Reports on Form 8-K dated January 27, 2000, April 13, 2000, May 3, 2000, May 12, 2000, May 22, 2000, June 2, 2000, June 15, 2000, July 14, 2000, October 2, 2000, October 12, 2000, October 16, 2000 and November 1, 2000.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (219) 853-5200.

NiSource maintains an Internet site at <http://www.nisource.com> which contains information concerning NiSource and its subsidiaries. The information contained at NiSource's Internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

We have filed this prospectus with the SEC as part of a registration statement on Form S-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, in any prospectus supplement and in the documents incorporated by reference are forward-looking statements within the meaning of the securities laws. These statements concern our plans, expectations and objectives for future operations. Any statement that is not a historical fact is a forward-looking statement. We use the words “estimate,” “intend,” “expect,” “believe,” “anticipate” and similar expressions to identify forward-looking statements, but some of these statements may use other phrasing. NiSource undertakes no obligation to release any revisions to these forward-looking statements publicly to reflect events or circumstances after the date of this prospectus or accompanying prospectus supplement or to reflect the occurrence of unanticipated events. While we make the forward-looking statements in good faith and believe they are based on reasonable assumptions, these statements are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include:

- the weather;
- the federal and state regulatory environment, including changes in environmental and other laws and regulations to which we are subject;
- the economic climate;
- growth in our service territories;
- customers’ usage patterns and preferences;
- the degree to which and the speed with which competition changes the utility industry;
- fluctuation in supply and demand for energy commodities and the timing and extent of changes in commodity prices;
- changing conditions in the capital and equity markets;
- whether, and the extent to which, we achieve efficiencies and cost savings from the integration of the former NiSource and Columbia Energy Group businesses; and
- other uncertainties, all of which are difficult to predict, and many of which are beyond our control, including factors we discuss in this prospectus and any prospectus supplement and our filings with the SEC.


Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus, the date of the accompanying prospectus supplement or, in the case of documents incorporated by reference, the date of those documents.

NISOURCE INC.

Overview. NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to 3.6 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England. On November 1, 2000, NiSource completed its acquisition of Columbia Energy Group for an aggregate consideration of approximately \$6 billion, with 30% of the consideration paid in common stock and 70% of the consideration paid in cash and SAILSSM (units each consisting of a zero coupon debt security coupled with a forward equity contract). NiSource also assumed approximately \$2 billion in Columbia debt.

As a result of the acquisition, NiSource is the largest natural gas distribution company, as measured by number of customers, operating east of the Rockies. NiSource's principal subsidiaries include the Columbia Energy Group, a vertically-integrated natural gas distribution, transmission, storage and exploration and production holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource's business lines include:

- natural gas distribution;
- natural gas transmission and storage;
- exploration and production;
- electric operations; and
- growth products and services.

				
Gas Distribution	Gas Transmission and Storage	Exploration and Production	Electric Operations	Growth Products and Services
<ul style="list-style-type: none"> • 3.2 million customers in nine states • 51,700 miles of distribution pipelines 	<ul style="list-style-type: none"> • 16,500 miles of pipeline in 16 states • 670 Bcf of underground gas storage 	<ul style="list-style-type: none"> • Based primarily in Appalachia and Canada • Proved gas reserves of 965 Bcf 	<ul style="list-style-type: none"> • 425,000 customers in northern Indiana • 3,382 MW of coal and gas-fired generation 	<ul style="list-style-type: none"> • Primary Energy (co-generation) • Distributed generation • Energy U.S.A. - TPC (energy marketing)

Strategy. NiSource is focused on becoming the premier energy company serving customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic and Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. NiSource believes natural gas will be the fuel of choice to meet the corridor's growing energy needs. The merger with Columbia furthers this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution, storage and exploration and production assets in Ohio, the Mid-Atlantic and Appalachia and Columbia's interstate transmission assets.

Gas Distribution. NiSource has the nation's second largest volume of gas sales, on average over 2.3 billion cubic feet per day. Through its wholly-owned subsidiary, Columbia Energy Group, NiSource

owns five distribution subsidiaries that provide natural gas under the Columbia Gas name to nearly 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. NiSource also distributes natural gas to approximately 751,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, NiSource's subsidiaries, Bay State Gas Company and Northern Utilities, Inc., distribute natural gas to more than 320,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. NiSource's subsidiaries, Columbia Gas Transmission Corporation and Columbia Gulf Transmission Company, own and operate an interstate pipeline network of approximately 16,250 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, Columbia Gas Transmission and Columbia Gulf serve customers in 15 northeastern, mid-Atlantic, midwestern and southern states and the District of Columbia. In addition, Columbia Gas Transmission operates one of the nation's largest underground natural gas storage systems capable of storing approximately 670 billion cubic feet of natural gas.

Columbia Gas Transmission is also participating in the proposed 442-mile Millennium Pipeline Project that has been submitted to the Federal Energy Regulatory Commission for approval. As proposed, the project will have the capacity to transport approximately 700 billion cubic feet of natural gas per day from the Lake Erie region to eastern markets.

NiSource's wholly-owned subsidiaries own and operate interstate pipelines connecting northwest Indiana and Ohio as well as Massachusetts and Maine. In addition, NiSource owns a 19% interest in a pipeline linking production areas in New Brunswick, Canada to Maine, New Hampshire and Massachusetts.

Exploration and Production. NiSource also owns Columbia Energy Resources, Inc., an exploration and production subsidiary that explores for, develops, gathers and produces natural gas and oil in Appalachia and Canada. As of December 31, 1999, Columbia Energy Resources held interests in approximately 3.9 million net acres of gas and oil leases and had proved gas reserves of nearly 966 billion cubic feet of natural gas equivalent. Columbia Energy Resources owns and operates 8,188 wells as well as 6,069 miles of gathering facilities.

Electric Operations. NiSource generates and distributes electricity to the public through its subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 426,000 customers in 30 counties in the northern part of Indiana. Northern Indiana owns and operates four coal-fired electric generating stations with a net capability of 3,179 megawatts, four gas fired combustion turbine generating units with a net capability of 203 megawatts and two hydroelectric

generating plants with a net capability of 10 megawatts, for a total system net capability of 3,392 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 1999, Northern Indiana generated 89.9% and purchased 10.1% of its electric requirements.

Growth Products and Services. NiSource develops unregulated power projects through its subsidiary, Primary Energy, Inc. Primary Energy works with industrial customers in managing the engineering, construction, operation and maintenance of “inside the fence” cogeneration plants that provide cost-effective, long-term sources of energy for energy-intensive facilities.

NiSource provides non-regulated energy services through its wholly-owned subsidiary Energy USA, Inc. Energy USA and its subsidiaries provide to customers in 22 states a variety of energy-related services, including gas marketing and asset management services and underground utility locating and marking services. NiSource expanded its gas marketing and trading operations with the April 1999 acquisition of TPC Corporation, now renamed Energy USA-TPC Corp., a natural gas asset management company. In addition, NiSource has invested in a number of distributed generation technologies including fuel cells and microturbine ventures.

NiSource is completing a fiber optics network for voice and data communication along its pipeline rights-of-way between New York and Washington D.C.

Through its wholly-owned subsidiary, IWC Resources Corporation and its subsidiaries, NiSource supplies water to residential, commercial and industrial customers and for fire protection service in Indianapolis, Indiana and surrounding areas.

Non-Core Divestitures. In connection with the Columbia merger, NiSource has sold or is divesting certain businesses judged to be non-core to NiSource's energy strategy. Subsequent to the announcement of the Columbia acquisition, NiSource sold Market Hub Partners, which owns and operates salt cavern gas storage facilities in Texas and Louisiana, and Columbia completed the divestiture of its interest in the Cove Point LNG facilities, its retail electric supply business and four qualifying facility power plants. Columbia recently announced a definitive agreement for the sale of its electric generation business, and NiSource announced a definitive agreement to sell its Miller Pipeline subsidiary. After-tax proceeds from these asset sales are expected to total approximately \$640 million. NiSource is pursuing the sale of Columbia's propane and petroleum businesses and other smaller non-core businesses. As part of the SEC order approving the Columbia merger, NiSource has been ordered to divest its water utility business by November 2003.

NISOURCE FINANCE CORP.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource.

NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana. Before the acquisition of Columbia Energy Group, NiSource conducted its financing activities through NiSource Capital Markets, Inc., a first-tier subsidiary of NiSource. We expect NiSource to conduct all future financing through NiSource Finance. We currently intend to merge NiSource Capital Markets into NiSource Finance within the next twelve months, subject to obtaining required consents and approvals.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement to repay short-term borrowings incurred in NiSource's November 2000 acquisition of Columbia Energy Group.

RATIOS OF EARNINGS TO FIXED CHARGES

NiSource's corporate predecessors were NiSource Inc. (incorporated in Indiana) and Columbia Energy Group. The following are ratios of earnings to fixed charges for each of the periods indicated for each of the corporate predecessors, and for NiSource on a pro forma basis for the fiscal year ended December 31, 1999 and the nine months and twelve months ended September 30, 2000, accounting for the acquisition of Columbia Energy Group as a purchase business combination and giving effect to the acquisition as if it had occurred at the beginning of the periods presented:

	Fiscal Year Ended December 31					Nine Months Ended	Twelve Months Ended
	1995	1996	1997	1998	1999	September 30, 2000(1)	
NiSource Inc. (a) Earnings to Fixed Charges	3.28	3.21	3.10	2.87	2.14	2.45	2.3
Columbia Energy Group (a) Earnings to Fixed Charges	N/A	2.78	3.20	3.81	4.03	3.52	4
NiSource Pro Forma					1.56	1.63	

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(1) Results for the twelve months and nine months ended September 30, 2000 are not necessarily indicative of results for the fiscal year ending December 31, 2000.

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

DESCRIPTION OF CAPITAL STOCK

General

The authorized capital stock of NiSource consists of 420,000,000 shares, \$0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares are reserved for issuance under NiSource's Shareholder Rights Plan. Each share of NiSource common stock includes one preferred share purchase right. Each preferred share purchase right entitles its holder to purchase one-hundredth (1/100) of a Series A Junior Participating Preferred Share at a price of \$60 per one-hundredth of a share, subject to adjustment. The preferred share purchase rights will become exercisable if a person or group acquires 25% or more of the voting power of NiSource or announces a tender or exchange offer following which the person or group would hold 25% or more of NiSource's voting power. If such an acquisition were consummated, or if NiSource were acquired by the person or group in a merger or other business combination, then each preferred share purchase right would be exercisable for that number of shares of NiSource common stock or the acquiring company's common stock having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will also become exercisable on or after the date on which the 25% threshold has been triggered, if NiSource is acquired in a merger or other business combination in which NiSource is not the survivor or in which NiSource is the survivor but its common stock is changed into or exchanged for securities of another entity, cash or other property, or 50% or more of the assets or earning power of NiSource and its subsidiaries is sold. At that time, each preferred share purchase right will become exercisable for that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will not be exercisable in this instance if the person who acquired sufficient shares of stock to reach the 25% threshold acquired its stock under an offer at a price and on terms which the board of directors determines is fair to stockholders and that is in the best interests of NiSource, provided that the per share price offered in the merger or other business combination is not less than the price paid in the offer and the form of consideration offered in the merger or other business combination is the same as that paid in the offer. NiSource may redeem the preferred share purchase rights at a price of \$.01 per right prior to the occurrence of an event that causes the preferred share purchase rights to be exercisable for shares of common stock. The preferred share purchase rights will expire on March 12, 2010.

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. NiSource's board of directors is classified into three classes of directors with staggered three-year terms. The directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-

outstanding shares of stock of NiSource voting together as a single class. Unless the board of directors determines otherwise or except as otherwise required by law, vacancies on the board or newly-created directorships may be filled only by the affirmative vote of directors then in office, even though less than a quorum. If the board of directors or applicable Delaware law confers power on stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by affirmative vote of 80% of the combined voting power of the outstanding shares of stock of NiSource entitled to vote. Stockholders may not cumulate their votes, and stockholder action may be taken only at a duly called meeting and not by written consent. The certificate of incorporation also provides that special meetings of stockholders may be called only by a majority of the total number of authorized directors. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

NiSource is currently subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from

engaging, under certain circumstances, in a “business combination,” which includes a merger or sale of more than 10% of the corporation’s assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation’s outstanding voting stock without the prior approval of the corporation’s board of directors.

The following summaries of provisions of our common stock and preferred stock are not necessarily complete. You are urged to read carefully NiSource’s certificate of incorporation and bylaws which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Common Stock

NiSource common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange, under the symbol “NI.” Common stockholders may receive dividends if and when declared by the board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations to any preferred stockholders have been satisfied. All common stock will be fully paid and non-assessable. Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive rights or cumulative voting rights. Common stockholders will be notified of any stockholders’ meeting according to applicable law. If NiSource liquidates, dissolves or winds-up its business, either voluntarily or involuntarily, common stockholders will share equally in the assets remaining after creditors and preferred stockholders are paid.

Preferred Stock

The board of directors can, without approval of stockholders, issue one or more series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences and limitations of each series, including any dividend rights, voting rights, conversion rights, redemption rights and liquidation preferences, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in control of NiSource and make it harder to remove incumbent management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of common stock. All preferred stock will be fully paid and non-assessable.

The terms of the preferred stock that NiSource may offer will be established by or pursuant to a resolution of the board of directors of NiSource and will be issued under certificates of designation or through amendments to NiSource’s certificate of incorporation. If NiSource offers to sell preferred stock, it will describe the specific terms of the preferred stock in a supplement to this prospectus. NiSource will also indicate in

the supplement whether the general terms and provisions described in this prospectus apply to the preferred stock that NiSource may offer.

The following terms of the preferred stock, as applicable, will be set forth in a prospectus supplement relating to the preferred stock:

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;
- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;

- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

The terms, if any, on which the preferred stock may be exchanged for or converted into shares of common stock or any other security and, if applicable, the conversion or exchange price, or how it will be calculated, and the conversion or exchange period will be set forth in the applicable prospectus supplement.

The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates, which will have an aggregate liquidation preference equal to that of the preferred stock represented by the global certificate.

Each global certificate will:

- be registered in the name of a depositary or a nominee of the depositary identified in the prospectus supplement;

- be deposited with such depository or nominee or a custodian for the depository; and
- bear a legend regarding the restrictions on exchanges and registration of transfer and any other matters as may be provided for under the certificate of designation.

DESCRIPTION OF THE DEBT SECURITIES

NiSource Finance may issue the debt securities, in one or more series, from time to time under an Indenture, dated as of November 14, 2000, among NiSource Finance, NiSource, as guarantor, and The Chase Manhattan Bank, as trustee. The Chase Manhattan Bank, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have filed a copy of the Indenture as an exhibit to the registration statement of which this prospectus forms a part.

This section briefly summarizes some of the terms of the debt securities and the Indenture. This section does not contain a complete description of the debt securities or the Indenture. The description of the debt securities is qualified in its entirety by the provisions of the Indenture. References to section numbers in this description of the debt securities, unless otherwise indicated, are references to section numbers of the Indenture.

General

The Indenture does not limit the amount of debt securities that may be issued. The Indenture provides for the issuance of debt securities from time to time in one or more series. The terms of each series of debt securities may be established in a supplemental indenture or in resolutions of NiSource Finance's Board of Directors or a committee of the board.

The debt securities:

- are direct senior unsecured obligations of NiSource Finance;
- are equal in right of payment to any other senior unsecured obligations of NiSource Finance; and
- are guaranteed on a senior unsecured basis by NiSource.

NiSource Finance is a special purpose financing subsidiary formed solely as a financing vehicle for NiSource and its subsidiaries. Therefore, the ability of NiSource Finance to pay its obligations under the debt securities is dependent upon the receipt by it of payments from NiSource. If NiSource were not to make such payments for any reason, the holders of the debt securities would have to rely on the enforcement of NiSource's guarantee described below.

If NiSource Finance uses this prospectus to offer debt securities, an accompanying prospectus supplement will describe the following terms of the debt securities being offered, to the extent applicable:

- the title;
- any limit on the aggregate principal amount;
- the date or dates on which NiSource Finance will pay principal;
- the right, if any, to extend the date or dates on which NiSource Finance will pay principal;
- the interest rates or the method of determining them and the date interest begins to accrue;
- the interest payment dates and the regular record dates for any interest payment dates;
- the right, if any, to extend the interest payment periods and the duration of any extension;
- the place or places where NiSource Finance will pay principal and interest;
- the terms and conditions of any optional redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- the terms and conditions of any optional purchase or repayment, including the date after which, and the price or prices at which, holders may require NiSource Finance to purchase, or a third party may require holders to sell, securities;

- the terms and conditions of any mandatory or optional sinking fund redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- whether bearer securities will be issued;
- the denominations in which NiSource Finance will issue securities;
- the currency or currencies in which NiSource Finance will pay principal and interest;
- any index or indices used to determine the amount of payments;
- the portion of principal payable on declaration of acceleration of maturity;
- any additional events of default or covenants of NiSource Finance or NiSource applicable to the debt securities;
- whether NiSource Finance will pay additional amounts in respect of taxes and similar charges on debt securities held by a United States alien and whether NiSource Finance may redeem those debt securities rather than pay additional amounts;
- whether NiSource Finance will issue the debt securities in whole or in part in global form and, in such case, the depository for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;
- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and
- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of

acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to regulation. Northern Indiana Public Service Company's debt indenture also provides that Northern Indiana will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits. Furthermore, as long as any shares of Northern Indiana's cumulative preferred stock are outstanding, Northern Indiana may not declare or pay cash dividends on its common shares in excess of 75% of its net income, provided that Northern Indiana may declare and pay cash dividends if the sum of (1) Northern Indiana's capital applicable to stock junior to the cumulative preferred stock plus (2) the surplus, after giving effect to such dividends, is at least 25% of the sum of (a) all of Northern Indiana's

obligations under any outstanding bonds, notes, debentures or other securities plus (b) Northern Indiana's total capital and surplus. Future dividends will depend upon adequate retained earnings, adequate future earnings and the absence of adverse developments. In addition, NiSource is registered as a holding company under the Public Utility Holding Company Act of 1935. As a result, the corporate and financial activities of NiSource and each of its subsidiaries (including their ability to pay dividends to NiSource) are subject to regulation by the SEC.

NiSource's holding company status also means that its right to participate in any distribution of the assets of any of its subsidiaries upon liquidation, reorganization or otherwise is subject to the prior claims of the creditors of each of the subsidiaries (except to the extent that the claims of NiSource itself as a creditor of a subsidiary may be recognized). Since this is true for NiSource, it is also true for the creditors of NiSource (including the holders of the debt securities).

Conversion Rights

The terms, if any, on which a series of debt securities may be exchanged for or converted into shares of common stock or preferred stock of NiSource will be set forth in the applicable prospectus supplement.

Denomination, Registration and Transfer

NiSource Finance may issue the debt securities as registered securities in certificated form or as global securities as described under the heading "Book-Entry Issuance." Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue registered debt securities in denominations of \$1,000 or integral multiples of \$1,000. (See Section 302.)

If NiSource Finance issues the debt securities as registered securities, NiSource Finance will keep at one of its offices or agencies a register in which it will provide for the registration and transfer of the debt securities. NiSource Finance will appoint that office or agency the security registrar for the purpose of registering and transferring the debt securities.

The holder of any registered debt security may exchange the debt security for registered debt securities of the same series having the same stated maturity date and original issue date, in any authorized denominations, in like tenor and in the same aggregate principal amount. The holder may exchange those debt securities by surrendering them in a place of payment maintained for this purpose at the office or agency NiSource Finance has appointed securities registrar. Holders may present the debt securities for exchange or registration of transfer, duly endorsed or accompanied by a duly executed written instrument of transfer satisfactory to NiSource Finance and the

securities registrar. No service charge will apply to any exchange or registration of transfer, but NiSource Finance may require payment of any taxes and other governmental charges as described in the Indenture. (See Section 305.)

If debt securities of any series are redeemed, NiSource Finance will not be required to issue, register transfer of or exchange any debt securities of that series during the 15 business day period immediately preceding the day the relevant notice of redemption is given. That notice will identify the serial numbers of the debt securities being redeemed. After notice is given, NiSource Finance will not be required to issue, register the transfer of or exchange any debt securities that have been selected to be either partially or fully redeemed, except the unredeemed portion of any debt security being partially redeemed. (See Section 305.)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, on each interest payment date, NiSource Finance will pay interest on each debt security to the person in whose name that debt security is registered as of the close of business on the record date relating to that interest payment date. If NiSource

Finance defaults in the payment of interest on any debt security, it may pay that defaulted interest to the registered owner of that debt security:

- as of the close of business on a date that the indenture trustee selects, which may not be more than 15 days or less than 10 days before the date NiSource Finance proposes to pay the defaulted interest, or
- in any other lawful manner that does not violate the requirements of any securities exchange on which that debt security is listed and that the indenture trustee believes is acceptable.

(See Section 307.)

Unless otherwise indicated in the applicable prospectus supplement, NiSource Finance will pay the principal of and any premium or interest on the debt securities when they are presented at the office of the indenture trustee, as paying agent. NiSource Finance may change the place of payment on the debt securities, appoint one or more additional paying agents, and remove any paying agent.

Redemption

The applicable prospectus supplement will contain the specific terms on which NiSource Finance may redeem a series of debt securities prior to its stated maturity. NiSource Finance will send a notice of redemption to holders at least 30 days but not more than 60 days prior to the redemption date. The notice will state:

- the redemption date;
- the redemption price;
- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);
- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;
- the place or places of payment; and
- whether the redemption is for a sinking fund.

(See Section 1104.)

On or before any redemption date, NiSource Finance will deposit an amount of money with the indenture trustee or with a paying agent sufficient to pay the redemption price. (See Section 1105.)

If NiSource Finance is redeeming less than all the debt securities, the indenture trustee will select the debt securities to be redeemed using a method it considers fair and appropriate. After the redemption date, holders of redeemed debt securities will have no rights with respect to the debt securities except the right to receive the redemption price and any unpaid interest to the redemption date. (See Section 1103.)

Consolidation, Merger, Conveyance, Transfer or Lease

Neither NiSource Finance nor NiSource shall consolidate or merge with any other corporation or convey, transfer or lease substantially all of its assets or properties to any entity unless:

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;

- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and
- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

The Indenture does not give holders of the debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance to incur indebtedness or to declare or pay dividends on its capital stock.

Limitation on Liens

As long as any debt securities remain outstanding, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any debt secured by any mortgage, security interest, pledge, lien or other encumbrance on any property owned by NiSource Finance, NiSource or that subsidiary, except intercompany indebtedness, without also securing the debt securities equally and ratably with (or prior to) the new debt, unless the total amount of all of the secured debt would not exceed 10% of the consolidated net tangible assets of NiSource and its subsidiaries (other than utilities).

In addition, the lien limitations do not apply to NiSource Finance's, NiSource's and any subsidiary's ability to do the following:

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;
- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource and any subsidiary;
- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;
- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;
- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property,

including mortgages for pollution control or industrial revenue bonds;

- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;
- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;
- to continue mortgages existing on the date of the Indenture; and
- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

Events of Default

The Indenture provides, with respect to any outstanding series of debt securities, that any of the following events constitutes an “Event of Default”:

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;
- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;
- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;
- NiSource Finance or NiSource defaults in the performance of or breaches any covenant or warranty in the Indenture for 90 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- NiSource Finance or NiSource Capital Markets defaults under any bond, debenture, note or other evidence of indebtedness for money borrowed by NiSource Finance or NiSource Capital Markets, or NiSource Finance or NiSource Capital Markets 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, and in the event such debt has become due as the result of an acceleration, such acceleration is not rescinded or annulled or such debt is not paid within 60 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- the NiSource guarantee ceases to be in full force and effect in any material respect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or
- certain events of bankruptcy, insolvency or reorganization of NiSource Finance, NiSource Capital Markets or NiSource.

(See Section 501.)

If an Event of Default occurs with respect to debt securities of a particular series, the indenture trustee or the holders of 33% in principal amount of the outstanding debt securities of that series may declare the debt securities of that series due and payable immediately. (See Section 502.)

The holders of a majority in principal amount of the outstanding debt securities of a particular series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee under the Indenture, or exercising any trust or power conferred on the indenture trustee with respect to the debt securities of that series. The indenture trustee may refuse to follow directions that are in conflict with law or the Indenture, that expose the indenture trustee to personal liability or that are unduly prejudicial to other holders. The indenture trustee may take any other action it deems proper that is not inconsistent with those directions. (See Section 512.)

The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past default under the Indenture and its consequences, except a default:

- in respect of a payment of principal of, or premium, if any, or interest on any debt security; or
- in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected debt security.

(See Section 513.)

At any time after the holders of the debt securities of a series declare that the debt securities of that series are due and immediately payable, a majority in principal amount of the outstanding holders of debt securities of that series may rescind and cancel the declaration and its consequences: (1) before the indenture trustee has obtained a judgment or decree for money, (2) if all defaults (other than the non-payment of principal which have become due solely by the declaration) have been waived or cured, and (3) NiSource or NiSource Finance has paid or deposited with the indenture trustee an amount sufficient to pay:

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by the declaration;
- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due the indenture trustee under the Indenture.

(See Section 502.)

Modification of Indenture

NiSource Finance, NiSource and the indenture trustee may modify or amend the Indenture, without the consent of the holders of any debt securities, for any of the following purposes:

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no

outstanding debt securities entitled to the benefit of the provision);

- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

The Indenture provides that we and the indenture trustee may amend the Indenture or the debt securities with the consent of the holders of a majority in principal amount of the then outstanding debt securities of each series affected by the amendment voting as one class. However, without the consent of

each holder of any outstanding debt securities affected, an amendment or modification may not, among other things:

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;
- change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- impair a holder's right to institute suit for the enforcement of any payment after the stated maturity or after any redemption date or repayment date;
- reduce the percentage of holders of debt securities necessary to modify or amend the Indenture or to consent to any waiver under the Indenture;
- change any obligation of NiSource Finance to maintain an office or agency in each place of payment or to maintain an office or agency outside the United States;
- modify the obligations of NiSource under its guarantee in any way adverse to the interests of the holders of the debt securities; and
- modify these requirements or reduce the percentage of holders of debt securities necessary to waive any past default of certain covenants.

(See Section 902.)

Satisfaction and Discharge

Under the Indenture, NiSource Finance can terminate its obligations with respect to debt securities of any series not previously delivered to the indenture trustee for cancellation when those debt securities:

- have become due and payable;

- 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 indenture trustee for giving notice of redemption.

NiSource Finance may terminate its obligations with respect to the debt securities of that series by depositing with the indenture trustee, as trust funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the debt securities of that series. In that case, the Indenture will cease to be of further effect and NiSource Finance's obligations will be satisfied and discharged with respect to that series (except as to NiSource Finance's obligations to pay all other amounts due under the Indenture and to provide certain officers' certificates and opinions of counsel to the indenture trustee). At the expense of NiSource Finance, the indenture trustee will execute proper instruments acknowledging the satisfaction and discharge. (See Section 401.)

Book-Entry Issuance

Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue any debt securities offered under this prospectus as “global securities.” We will describe the specific terms for issuing any debt security as a global security in the prospectus supplement relating to that debt security.

Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company, or DTC, will act as the depository for any global securities. NiSource Finance will issue global securities as fully registered securities registered in the name of DTC’s nominee, Cede & Co. NiSource Finance will issue one or more fully registered global securities for each issue of debt securities, each in the aggregate principal or stated amount of such issue, and will deposit the global securities with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered under the provisions of Section 17A of the Securities Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants’ accounts, thereby eliminating the need for physical movement of securities certificates. DTC’s direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC’s book-entry system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear through or maintain a custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under DTC’s system must be made by or through a direct participant, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security — the beneficial owner — is in turn recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchases, but they should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the participants through which they entered into the transactions. Transfers of ownership interest in the securities are accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all global securities that are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities. Under its usual procedures, DTC will mail an omnibus proxy to NiSource Finance as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and any premium, interest or other payments on the global securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on that date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC, NiSource Finance, NiSource or the indenture trustee, subject to any statutory or regulatory requirements in effect at the time. Payment of redemption payments, principal and any premium, interest or other payments to DTC is the responsibility of NiSource Finance and the applicable paying agent, disbursement of payments to direct participants will be the responsibility of DTC, and disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

If applicable, redemption notices will be sent to Cede & Co. If less than all of the debt securities of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the global securities at any time by giving reasonable notice to NiSource Finance or the indenture trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the securities are required to be printed and delivered.

NiSource Finance may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the securities will be printed and delivered.

We have provided the foregoing information with respect to DTC to the financial community for information purposes only. We do not intend the information to serve as a representation, warranty or contract modification of any kind. We have received the information in this section concerning DTC and DTC's system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Governing Law

The Indenture and the debt securities are governed by the internal laws of the State of New York.

Information Concerning the Indenture Trustee

Prior to default, the indenture trustee will perform only those duties specifically set forth in the Indenture. After default, the indenture trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. The indenture trustee is under no obligation to exercise any of the powers vested in it by the Indenture at the request of any holder of debt securities unless the holder offers the indenture trustee reasonable indemnity against the costs, expenses and liability that the indenture trustee might incur in exercising those powers. The indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if it reasonably believes that it may not receive repayment or adequate indemnity. (See Section 601.)

The indenture trustee, The Chase Manhattan Bank, is also the indenture trustee for NiSource Capital Markets' senior and subordinated debt indentures and the indenture governing the debenture portion of NiSource's Stock Appreciation Income Linked Securities ("SAILS"). The Chase Manhattan Bank is the property trustee, and Chase Manhattan Bank Delaware is the Delaware trustee, for the preferred securities

included in NiSource's Premium Income Equity Securities ("PIESSM"). The Chase Manhattan Bank is the purchase contract agent and collateral agent for the NiSource PIES and SAILS. The Chase Manhattan Bank also lends to Columbia Energy Group and extends a letter of credit facility to NiSource Capital Markets. ChaseMellon Shareholder Services, L.L.C., an affiliate of The Chase Manhattan Bank, is the transfer agent and registrar for the common stock, the rights agent for NiSource's preferred stock purchase rights and the exchange agent for the merger in connection with NiSource's acquisition of Columbia.

PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. The prospectus supplement with respect to any offering of securities will describe the specific terms of the securities being offered, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the proceeds to NiSource or NiSource Finance from the sale;
- any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallocated or paid to dealers; and
- any securities exchange on which the offered securities may be listed.

Through Underwriters. If we use underwriters in the sale of the securities, the underwriters will acquire the offered securities for their own account. We will execute an underwriting agreement with an underwriter or underwriters once an agreement for sale of the securities is reached. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may sell the offered securities directly or through underwriting syndicates represented by managing underwriters. Unless otherwise stated in the prospectus supplement relating to offered securities, the obligations of the underwriters to purchase those offered securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of those offered securities if they purchase any of them.

Through Dealers. If we use a dealer to sell the securities, we will sell the offered securities to the dealer as principal. The dealer may then resell those offered securities at varying prices determined at the time of resale. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

Through Agents. If we use agents in the sale of securities, we may designate one or more agents to sell offered securities. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly to Purchasers. We may sell the offered securities directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved. We will describe the terms of our direct sales in our prospectus supplement.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallocated to them. A prospectus supplement will also state the proceeds to us from the sale of offered securities, any initial public offering price and other terms of the offering of those offered securities.

Our agents, underwriters and dealers, or their affiliates, may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase offered securities from us at the public offering price and on terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. If we use delayed delivery contracts, we will disclose that we are using them in our prospectus supplement and will tell you when we will demand payment and delivery of the securities. The delayed delivery contracts will be subject only to the conditions we set forth in our prospectus supplement.

We may enter into agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

LEGAL OPINIONS

Schiff Hardin & Waite, Chicago, Illinois, will pass upon the validity of the securities offered by this prospectus for us. The opinions with respect to the securities may be subject to assumptions regarding future action to be taken by us and the trustee, if applicable, in connection with the issuance and sale of the securities, the specific terms of the securities and other matters that may affect the validity of securities but that cannot be ascertained on the date of those opinions. Peter V. Fazio, Jr., a partner of the firm who also serves as general counsel of NiSource, holds approximately 11,400 shares of NiSource common stock.

EXPERTS

The consolidated financial statements and schedules of NiSource Inc. (incorporated in Indiana) and the consolidated financial statements of Columbia Energy Group incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

Prospectus Supplement

to Prospectus dated November 20, 2000



NiSource Finance Corp.

Unconditionally Guaranteed

by NiSource Inc.

\$345,000,000

6.15% Notes due 2013

Deutsche Bank Securities

February 13, 2003





NiSource announces successful remarketing of

NiSource announces successful remarketing of PIES debentures

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) announced today a successful remarketing of the senior debentures due in 2005 included in its Premium Income Equity Securities (PIES). The successful bidder, Deutsche Bank Securities, has agreed to exchange the debentures for a new issue of 10-year notes, which it is underwriting to the public. NiSource will receive proceeds of \$345 million from the transaction, which is scheduled to close on February 19, 2003.

"This is a beneficial transaction for NiSource because we were able to extend the duration of the notes from two years to ten years at a favorable rate of interest," said David J. Vajda, vice president and treasurer, NiSource. "With this exchange, NiSource will issue 10-year notes at a coupon rate of 6.15 percent," Vajda added. The new notes will mature in 2013. Specific terms of the transaction include:

- Deutsche Bank agreed to purchase substantially all of the outstanding debentures due 2005.
- Deutsche Bank Securities and NiSource executed an underwriting agreement for the new notes.

About NiSource

NiSource Inc. (NYSE: NI) is a Fortune 500 holding company with headquarters in Merrillville, Ind., whose core operating companies engage 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.



2007-00008 AG Set 1-0096
Attachment K
Stock Issued

	2004	2005	2006
Options Exercised	817,017	1,897,206	1,007,415
Weighted Average Option Price	\$18.88	\$20.32	\$21.11
Value of Exercised Options	<u>\$15,425,281</u>	<u>\$38,551,226</u>	<u>\$21,266,531</u>



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NiSource

NiSource SAILS mature

NiSource SAILS mature

Company successfully remarkets debentures

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) has successfully remarketed approximately \$80.6 million of the senior debentures included in its Stock Appreciation Income Linked Securities (SAILS)* in anticipation of the settlement on Nov. 1, 2004, of the forward equity agreements included in the SAILS. NiSource originally issued the SAILS in connection with the November 2000 merger with Columbia Energy Group.

NiSource will issue approximately 6.8 million shares of common stock on Nov. 1, 2004, as a result of the settlement of the forward equity agreements included in the SAILS. The 30-day average market price of \$21.1967 was used to determine the settlement rate of 0.1227 shares of NiSource common stock per SAILS unit. Only full shares of common stock will be issued, and fractional shares will be settled in cash using the value determined above.

NiSource will receive \$144.4 million in satisfaction of the SAILS holders' obligation under the forward equity agreements and will use the proceeds to pay down short-term borrowings.

As a result of the remarketing, the interest rate on the underlying debentures, due Nov. 1, 2006, has been reset to 3.628 percent. A copy of the prospectus relating to the remarketed debentures may be obtained from Credit Suisse First Boston, Prospectus Department, 11 Madison Ave., New York, N.Y., 10010-3629 (telephone number 212-325-2580).

A registration statement relating to the remarketed debentures was declared effective by the Securities and Exchange Commission. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

***SAILS(SM)" and "Stock Appreciation Income Linked Securities(SM)" are service marks of Credit Suisse First Boston LLC.*

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 holding 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.

Forward-Looking Statements

This 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 its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Investors 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, dealings with third parties over whom NiSource has no control, the regulatory process, regulatory and legislative changes, changes in general economic, capital and commodity market conditions, and counter-party credit risk.