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. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

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: 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 6.15% Notes due 2013 (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:
Title:

By: ______________________________
Name:
Title:

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.: __________ $ __________
CUSIP No.: 65473QAT0
ISIN No.: US65473QAT04

6.80% Notes due 2019

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of __________ __________on January 15, 2019.

Interest Payment Dates: January 15 and July 15, commencing January 15, 2009

Record Dates: January 1 and July 1

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

Dated: __________

NISOURCE FINANCE CORP.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

THE BANK OF NEW YORK,
as Trustee

By: ______________________________
Authorized Officer

6.80% Notes due 2019

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 January 15 and July 15 of each year, commencing January 15, 2009. 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 May 20, 2008. 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 January 1 or July 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 The Bank of New York (as successor in interest to JPMorgan Chase Bank, N.A. (formerly known as 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 August 31, 2007 (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) 100% of 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 0.50%.

"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 Company, Reference Treasury Dealer Quotations for such Redemption Date.

"Quotation Agent" means the Reference Treasury Dealer selected by 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 Company 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: 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 6.80% Notes due 2019 (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:
Title:

By: ______________________________
Name:
Title:

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 8, 2008

NiSource Inc.
(Exact name of registrant as specified in its charter)

Commission file number 001-16189

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 8, 2008, NiSource Inc. (the "Company") Executive Vice President and Chief Financial Officer, Michael W. O'Donnell, informed the Company of his plan to retire from his position as the Company's Chief Financial Officer prior to the end of 2008. Mr. O'Donnell and the Company currently expect that Mr. O'Donnell will continue in his Executive Vice President position until mid-2009. A copy of the Company's press release is attached to this Report as Exhibit 99.

ITEM 9.01 Financial Statement and Exhibits.

(d) Exhibits

Exhibit Number	Description
99	Press Release, dated May 13, 2008

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: May 13, 2008

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

Exhibit 99

NEWS

NiSource
801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE
May 13, 2008

FOR ADDITIONAL INFORMATION

Media
Tom Cuddy
Director, Communications
(219) 647-5581
tcuddy@nisource.com

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

NiSource Executive Vice President and Chief Financial Officer Michael W. O'Donnell announces plan for retirement

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) Executive Vice President and Chief Financial Officer **Michael W. O'Donnell** has announced his plan to retire from the company in 2009 after more than 30 years in the energy industry.

Prior to year's end, O'Donnell will retire from the NiSource CFO position, which includes responsibilities for corporate finance, treasury, accounting, corporate tax, financial planning and corporate planning functions. He will remain in an Executive Vice President role reporting to NiSource President and CEO **Robert C. Skaggs** through 2009, focusing on a number of ongoing projects and business activities for NiSource.

"This is the ideal time for me to retire as CFO of NiSource," O'Donnell said. "Most of the legacy issues have been resolved, the leadership of the company is the best it has ever been, and Bob Skaggs has put together a challenging but achievable business plan that we can all be proud of. It has been my great honor to serve NiSource and its Board, investors and other stakeholders. It has been a privilege working with all the wonderful people I have met at the company over the years."

"Mike's financial leadership and wise counsel have been extremely valuable to NiSource over the years," NiSource Board of Directors Chairman **Ian M. Rolland** said. "He is regarded throughout the energy industry and the financial community as a highly capable financial executive whose professionalism, dedication and integrity have been hallmarks of his career." Rolland noted that O'Donnell was honored recently as Corporate Plan Sponsor of the Year by the Institutional Investor Awards for Excellence in Investment Management. The award honors outstanding achievements of executives who manage U.S. pension plans, endowments and foundations.

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"Mike has worked tirelessly and played an essential role in NiSource's successful efforts to establish a stable financial footing for long-term, sustainable growth," Rolland added. "On behalf of the entire NiSource Board, I express my deep appreciation to Mike for his many contributions and wish him and his family all the best in the future."

Skaggs also acknowledged O'Donnell's many contributions to NiSource.

"I have had the great pleasure and privilege to work closely with Mike O'Donnell throughout most of my career," Skaggs said. "As a member of the NiSource executive team — and prior to that time with Columbia Energy Group — Mike has played a key role in virtually every major business development in our recent history, including the NiSource/Columbia merger. His knowledge and expertise are not only recognized and respected across the energy and financial industry, but they have been truly invaluable assets to our company and to me as I assumed the role of CEO at NiSource. The entire NiSource team is grateful to Mike for his many contributions, commitment, leadership and friendship."

Skaggs said the appointment of a successor to O'Donnell as the company's next CFO is a high priority for him and the NiSource Board and that an announcement is expected in the near future.

O'Donnell began his career with the Columbia Gas System in 1971 as a financial analyst. While with Columbia, he held positions of increasing responsibility including director of finance, vice president of finance, executive vice president and chief financial officer of the Columbia distribution companies and chief financial officer of the Columbia Gas System. He was elected chief financial officer of Columbia Energy Group in 1993 and held that position until NiSource acquired Columbia in November 2000. Concurrent with the acquisition, O'Donnell was named executive vice president and chief financial officer of NiSource.

O'Donnell serves on the Audit Committee and Board of Directors of Energy Insurance Mutual and the Investment Committee of the Legacy Foundation in Northwest Indiana. He is a member of the Audit Committee and Management Committee of the Chicago South Shore and South Bend Railroad. He also is a member of Financial Executives International, American Gas Association, Beta Gamma Sigma and Omicron Delta Epsilon.

A native of Philadelphia, O'Donnell earned a bachelor's degree with honors in economics from Temple University and won the school's Economics Award. He spent two years in the U.S. Army and served in Vietnam with the 9th Infantry Division.

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

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Forward-Looking Statements

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

# # #

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 2, 2008

NiSource Inc.
(Exact name of registrant as specified in its charter)

Commission file number 001-16189

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 2, 2008, NiSource Inc. (the "Company") adopted a new corporate incentive plan for its executive and non-executive officers as well as other eligible employees. The new corporate incentive plan is designed to better align the Company's corporate incentive plan with the Company's overall performance and business unit structure. As in past years, every eligible employee has an incentive level that identifies his or her incentive opportunity from a minimum "Trigger" percentage to a maximum "Stretch" percentage, if certain performance criteria are met.

A bonus payment will be made under the incentive plan to the Company's executive officers if the Company achieves a "trigger" operating earnings per share, after accounting for the cost of payments under the Plan ("Company OEPS"), of $1.25 for the applicable performance year. The Company has full discretion and authority to determine whether this trigger has been achieved and whether any adjustments need to be made in the calculation of Company OEPS to reflect unusual or non-recurring events. If the Company's OEPS for the year is less than $1.25, no amount is payable under the Plan. The $1.25 Company OEPS trigger is consistent with the trigger previously disclosed by the Company in its Proxy Statement filed on April 3, 2008 with respect to the Company's annual meeting to be held on May 13, 2008.

In general, for those executive officers who are members of a business unit, fifty percent of the executive officer's incentive opportunity will be based on Company OEPS and fifty percent will be based on the executive officer's business unit's operating earnings. For those executive officers who are not members of a business unit but who provide service to the Company as a whole, the executive officer's incentive opportunity will be based entirely on Company OEPS. If the Company OEPS trigger is met, the Company will create an incentive pool from which bonuses under this plan will be paid (the "Incentive Pool"). The amount of the Incentive Pool will be calculated using a percentage of each participant's eligible earnings, which include a participant's base earnings for the calendar year.

With respect to executive officers who are members of a business unit, upon the Company OEPS trigger being met or exceeded, half of an executive officer's incentive bonus opportunity will be equal to the executive officer's eligible earnings, multiplied by the executive officer's Company OEPS payout percentage. The other half of the executive officer's incentive bonus opportunity will be equal to the executive officer's eligible earnings, multiplied by the executive officer's business unit payout percentage. The business unit payout percentage is based upon the officer's business unit's achievement of requisite operating earnings triggers. Each of the Company's business units have different operating earnings targets ranging from a minimum "Trigger" amount to a maximum "Stretch" amount. With respect to executive officers who are not members of a specific business unit, upon the Company OEPS trigger being met or exceeded, the executive officer's incentive bonus opportunity will be equal to the executive officer's eligible earnings, multiplied by the executive officer's Company OEPS payout percentage.

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: May 6, 2008

By: /s/ Carrie J. Hightman
Carrie J. Hightman
Executive Vice President and Chief Legal Officer

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 2, 2008

NiSource Inc.
(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 2, 2008, NiSource Inc. (the "Company") reported its financial results for the quarter ended March 31, 2008. The Company's press release, dated May 2, 2008, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated May 2, 2008, issued by NiSource Inc.

SIGNATURES

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

NiSource Inc.
(Registrant)

Date: May 2, 2008

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

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated May 2, 2008, issued by NiSource Inc.

Exhibit 99.1

NEWS

FOR IMMEDIATE RELEASE
May 2, 2008

NiSource
801 E. 86th Avenue
Merrillville, IN 46410

FOR ADDITIONAL INFORMATION

Media
Tom Cuddy
Director, Communications
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NiSource's First Quarter 2008 Earnings in-line with Outlook

- Gas Distribution rate cases filed
- Gas Transmission & Storage growth projects advance
- Robust Indiana regulatory agenda on track

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced net operating earnings (non-GAAP) of $189.3 million, or 69 cents per share, for the three months ended March 31, 2008, a decrease from $205.4 million, or 75 cents per share, for the first quarter of 2007. Operating earnings (non-GAAP) were $394.7 million, compared to $428.5 million for the same period in 2007.

First quarter net operating earnings, compared with the year-ago period, were affected by non-recoverable purchased power expenses and non-recoverable Midwest Independent System Transmission Operator (MISO) charges relating to prior periods, as well as increased operating and maintenance expenses. These impacts were partially offset by higher net revenues and lower interest expense.

"NiSource's first-quarter results are consistent with our business outlook and squarely in step with the earnings guidance of $1.25 to $1.35 per share we have provided for the 2008-2010 timeframe," NiSource President and Chief Executive Officer Robert C. Skaggs, Jr., noted. "As we continue to execute on an expansive range of regulatory, commercial and infrastructure-driven investment initiatives across our business segments, we are establishing sustainable drivers of long-term earnings and cash flow growth for our shareholders."

Skaggs highlighted examples of continued execution of the NiSource balanced, four-part business plan in each of the company's primary business segments. NiSource's strategy centers on expansion of and commercial growth in its gas transmission and storage business; regulatory and commercial initiatives at its regulated utilities; financial management and process and expense management.

Gas Distribution rate cases filed

During the first quarter, two of NiSource's largest gas distribution utilities filed for infrastructure-driven base rate increases. In Pennsylvania, Columbia Gas of Pennsylvania (CPA) on January 28, 2008, filed for a rate increase with the Pennsylvania Public Utility Commission of approximately $60 million annually, or approximately 10 percent. The rate case synchronizes with the launch of CPA's 20-year, $1.4 billion gas distribution investment program, as well as the company's efforts to support legislation that would facilitate the timely recovery of costs associated with natural gas infrastructure improvements. The increase is expected to become effective in the fourth quarter of this year.

Meanwhile, in neighboring Ohio, Columbia Gas of Ohio (COH) on March 3, 2008, filed a base rate case with the Public Utilities Commission of Ohio (PUCO), seeking an annual revenue increase of approximately 6 percent, or nearly $80 million, with new base rates also expected to become effective in the fourth quarter. The filing is integrated with COH's 25-year, $2 billion-plus infrastructure replacement program. The stage was set for the COH rate case on December 28, 2007, when the company reached a landmark agreement with regulatory stakeholders that establishes the framework for operations under the company's Customer CHOICE SM program for the next several years and provides for a wholesale gas supply auction by early 2010.

In addition, the PUCO on April 9, 2008 approved, with minor modifications, a joint stipulation COH reached with regulatory stakeholders that clarifies the company's operational responsibilities for customer-owned service lines and risers. The stipulation establishes a recovery mechanism to collect certain costs associated with the repair or replacement of the service lines and risers. COH expects to make an investment of approximately $120 million under this program over the next several years.

"A central feature of NiSource's long-term strategy continues to be synchronization of our significant infrastructure replacement programs and enhancement projects with thoughtful, collaborative regulatory initiatives such as those underway in Pennsylvania and Ohio," Skaggs said. "Successful execution of these initiatives requires sharp management focus, as well as a commitment to develop and implement constructive, collaborative approaches to address business and regulatory issues affecting our company and our customers. I am pleased with the progress our Gas Distribution team is making in advancing our plans and am confident that we will deliver on our commitments."

Skaggs noted that on March 17, 2008, NiSource welcomed Jimmy D. Staton as its new Group CEO for its Gas Distribution segment, providing a central point of responsibility for the company's various gas distribution operations, infrastructure investment programs and regulatory initiatives in Kentucky, Maryland, New England, Ohio, Pennsylvania and Virginia. Staton's appointment completes the company's transition to a business unit leadership approach, with Eileen O'Neill Odum leading NiSource's Indiana business operations, and Chris Helms leading NiSource Gas Transmission & Storage.

Also in the Gas Distribution segment, on February 19, 2008, NiSource announced that Unitil Corporation agreed to purchase Northern Utilities and Granite State Gas Transmission from NiSource for $160 million plus an estimated $25 million for natural gas storage inventory and other working capital items. The transaction, which is expected to close by the fourth quarter of 2008, is subject to certain regulatory reviews and approvals, including approval by the Maine Public Utilities Commission and the New Hampshire Public Utilities Commission.

Gas Transmission & Storage growth projects advance

During the first quarter, the NiSource Gas Transmission & Storage (NGT&S) segment also continued to develop and execute on a steady stream of pipeline and storage growth projects.

On January 16, 2008, the Federal Energy Regulatory Commission (FERC) issued a certificate authorizing the Eastern Market Expansion Project, a nearly 100,000 dekatherm-per-day expansion of the NGT&S pipeline, compression and storage network to serve markets in the Mid-Atlantic region. Four customers, including Washington Gas, Columbia Gas of Virginia, the City of Charlottesville, Virginia, and Easton Utilities, have executed 15-year contracts for the combined storage and transportation services. Construction on the Eastern Market Expansion began in April and is scheduled to be completed in the second quarter of 2009.

NGT&S also filed a certificate application with the FERC on March 11, 2008, to expand its ability to deliver natural gas from the Appalachian Supply Basin in southern West Virginia and eastern Kentucky. The $40 million Appalachian Expansion Project is comprised of a 9,470 horsepower compressor station along Columbia Gas Transmission's existing pipeline system in Lincoln County, W.Va., enabling it to transport an incremental 100,000 dekatherms of natural gas per day. The project is underpinned by 15-year contracts with CNX Gas Co. LLC, Equitable Production Co., and Chesapeake Appalachian LLC. Subject to approval by the FERC, the project is expected to be in-service during the fourth quarter of 2009.

An open season was announced by NGT&S on February 14, 2008, for the potential construction of the New Penn Pipeline, which could provide up to 500,000 dekatherms of firm transportation service from the Leidy storage facilities in Pennsylvania to a new interconnection with Millennium Pipeline Company (Millennium) in Steuben County, NY.

Also, on April 11, 2008, the FERC authorized Millennium's implementation plan for its 2008 construction activities. The Millennium project is expected to be placed in service in the fourth quarter of this year.

"Our NGT&S team is making significant investments in new energy infrastructure projects that are designed to provide enhanced supply access and to meet continued demand growth throughout its market area," Skaggs said. "Moving forward aggressively with these expansion projects and infrastructure investments is a key ingredient in our long-term growth plan."

Skaggs also noted that NiSource is continuing its development of a Master Limited Partnership (MLP) as a key component of its NGT&S growth strategy. In December 2007, NiSource's new subsidiary, NiSource Energy Partners, L.P., filed a registration statement with the U.S. Securities and Exchange Commission (SEC). The MLP's initial asset will be Columbia Gulf Transmission Company (Columbia Gulf), a 3,400-mile pipeline system extending from Louisiana to the Kentucky-West Virginia border.

Skaggs said that Columbia Gulf's Hartsville, Tennessee, compressor station was severely damaged by a tornado at the facility on February 5, 2008. Since the damage occurred, a concerted effort has been underway to restore the lost horsepower capacity at Hartsville, on both a near-term and long-term basis. Temporary compression arrangements are expected to be in place at Hartsville within the next few months and the permanent solution is expected to be completed during the latter part of 2009.

"I can't overemphasize the tremendous and tireless efforts of our NGT&S team in responding to the Hartsville tornado and managing the horsepower restoration process," Skaggs said. "While this natural disaster certainly has been a setback and will delay our MLP initial public offering by some months, we have a solid game plan in place to fully restore operations at the station and the NGT&S team remains focused on executing its growth strategy."

Robust Indiana regulatory agenda on track

Skaggs noted that Northern Indiana Public Service Company (NIPSCO) remains on track with a coordinated series of initiatives related to investments in new electric generation capacity and the mid-year filing of an electric rate case with the Indiana Utility Regulatory Commission (IURC).

Among the company's key early-2008 initiatives is the securing of necessary regulatory approvals to purchase the Sugar Creek Power Plant, a 535-megawatt (MW) combined cycle natural gas facility in Terre Haute, Ind. NIPSCO's Integrated Resource Plan (IRP), filed with the IURC on November 1, 2007, indicated a need for electric generating capacity of approximately 1,000 MW over the next several years. On January 25, 2008, NIPSCO filed for approvals from the IURC and the FERC to purchase the Sugar Creek plant. FERC approval was received on February 27, 2008, and IURC approval is expected in the second quarter.

NIPSCO's purchase of the additional gas-fired combined generating capacity is in line with a series of steps taken in 2007 to address customer needs and set the stage for the company's electric rate case, which it will file in the second quarter of this year. Those steps included a settlement reached by NIPSCO with regulatory stakeholders and large customers resolving matters related to the cost of purchased electric power to meet growing demand. That settlement included a "benchmark" provision that governs the allocation of costs for purchased power between customers and NIPSCO. The benchmark defines the price below which customers will pay for power purchases and above which NIPSCO must absorb a portion of the costs. The benchmark is based on the costs of power generated by a hypothetical natural gas-fired combined cycle generating facility using gas purchased by and delivered to NIPSCO. As anticipated, the benchmark has resulted in NIPSCO absorbing some purchased power costs that reduced net revenues during the first quarter of 2008.

"It is important to note that our purchased power settlement contemplates NIPSCO adding generating capacity to its existing portfolio and that the benchmark will be adjusted as new capacity is added," Skaggs said. "NIPSCO's nearly $330 million investment in Sugar Creek will significantly mitigate the impact of the settlement going forward. It is also important to note that the settling parties agreed to support NIPSCO's deferral and future recovery of carrying costs and depreciation associated with the acquisition of new generating facilities."

In addition to the purchase of the Sugar Creek facility, NIPSCO is working to address its long-term capacity needs in the form of renewable wind-energy supplies and conservation programs. Also, in light of BP Alternative Energy North America Inc.'s (BPAE) pending purchase of the Whiting Clean Energy facility from NiSource, discussed below, NIPSCO is in the process of evaluating a variety of options to meet its future generating capacity needs.

Skaggs also noted that NIPSCO is nearing completion of its $315 million investment related to its NOx compliance program. The program has included the installation of NOx pollution control systems at all three of the company's coal fired generating stations. The costs associated with this program are recovered by NIPSCO under its environmental tracker mechanism.

"Eileen Odum and her team are committed to providing our electric customers throughout Northwest Indiana with a safe, reliable, and long-term supply of electricity to meet their growing needs," Skaggs added. "In addition, the NIPSCO team is intently focused on presenting, and ultimately resolving, its landmark 2008 rate case in a manner that meets the needs of the company and its many stakeholders."

First Quarter 2008 Operating Earnings — Segment Results (non-GAAP)

Operating earnings for NiSource's business segments for the three months ended March 31, 2008, are discussed below.

Gas Distribution Operations reported operating earnings of $255.5 million compared to operating earnings of $250.9 million for the first quarter of 2007. Net revenues, excluding the impact of trackers, increased $15.2 million primarily attributable to increased residential and commercial volumes and regulatory initiatives and other service programs. Operating expenses, excluding the impact of trackers, were $9.1 million higher than the comparable quarter due primarily to increases in employee and administrative costs, environmental expenses pertaining to former manufactured gas plant sites and other taxes.

Gas Transmission and Storage Operations reported operating earnings of $104.4 million versus operating earnings of $107.3 million in the first quarter of 2007. The decrease resulted primarily from higher operating expenses and the impact of business interruption insurance proceeds that improved last year's results. Operating expenses increased by $4.6 million, excluding the impact of trackers which are offset in revenues, due to higher pipeline integrity management costs and employee and administrative costs. Partially offsetting these impacts were higher net revenues from firm capacity reservation fees. This was the result of higher Columbia Gas Transmission transportation deliveries from the Hardy storage field and incremental demand revenues from new interconnects along the Columbia Gulf pipeline system.

Electric Operations reported operating earnings of $38 million versus operating earnings of $73.3 million from the same quarter last year. Lower net revenues and higher operating expenses both contributed to the lower operating earnings. Net revenue decreased by $15.7 million due primarily to non-recoverable purchased power costs and non-recoverable MISO charges, which total $11.4 million. Lower residential and commercial margins in the quarter were partially offset by higher industrial and wholesale margins. Operating expenses increased by $19.6 million due primarily to higher employee and administrative costs and electric generation and maintenance expenses. A portion of the increase in employee and administrative costs was due to accounting adjustments that reduced benefit expenses by $5.7 million during 2007. The higher generation and maintenance expenses of $7.4 million were primarily due to planned turbine and boiler maintenance and a generator overhaul.

Other Operations reported an operating earnings loss of $0.5 million compared with operating earnings of $0.3 million in the prior year period. These operating earnings results no longer include earnings associated with the Whiting Clean Energy (WCE) facility. On April 18, 2008, NiSource reached an agreement with BPAE for its purchase of the WCE facility. The transaction is expected to close within a few months. As a result, earnings associated with WCE's operations have been reclassified to discontinued operations for the current and comparable periods. Other Operations primarily include commercial and industrial gas marketing activities.

Other Items

Interest expense decreased by $7.3 million during the first quarter, due primarily to lower short-term interest rates and the retirement late in 2007 of high-cost debt associated with the WCE facility.

Income from Continuing Operations (GAAP)

On a GAAP basis, NiSource reported income from continuing operations for the three months ended March 31, 2008, of $189.4 million, or 69 cents per share, compared with $206.5 million, or 75 cents per share, in the same period a year ago. Operating income was $394.8 versus $430.4 million in 2007. The decrease in earnings was primarily due to the impacts already discussed.

In the first quarter of 2008, NiSource began accounting for the operations of Northern Utilities, Granite State Gas and Whiting Clean Energy as discontinued operations. As such, net income of $6 million, or 2 cents per share, from continuing operations was classified as net income from discontinued operations for the three months ended March 31, 2008, and $2.7 million, or 1 cent per share, was reclassified for the three months ended March 31, 2007. In the first quarter of 2008, NiSource recorded an estimated after-tax loss of $96.1 million (35 cents per share) for the disposition of these operations. Net assets for Northern Utilities, Granite State Gas and Whiting Clean Energy of $397.4 million and $481.9 million have been reclassified to assets and liabilities held for sale on the Consolidated Balance Sheet as of March 31, 2008 and December 31, 2007, respectively.

Refer to Schedule 1 for a complete list of the items included in 2008 and 2007 GAAP Income from Continuing Operations but excluded from net operating earnings.

Definition of non-GAAP measures

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

Net operating earnings are a non-GAAP financial measure that NiSource defines as income from continuing operations determined in accordance with Generally Accepted Accounting Principles (GAAP) adjusted for

certain items. Operating earnings are operating income determined in accordance with GAAP adjusted for certain items such as weather, restructuring and transition costs related to the outsourcing contract with IBM, gains and losses on the sale of assets and asset impairments, certain reserve adjustments and other items.

See Schedule 1 and Schedule 2 of this news release for the reconciliations of net operating earnings and operating earnings, respectively, to GAAP.

About NiSource

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

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NiSource Inc.
Consolidated Net Operating Earnings (Non — GAAP)
(unaudited)

Three Months Ended March 31, *(in millions,* except per share amounts *)*	2008	2007
Net Revenues		
Gas Distribution	**$ 2,230.6**	$ 1,839.6
Gas Transportation and Storage	**357.2**	344.3
Electric	**331.1**	326.0
Other	**371.0**	330.1
Gross Revenues	**3,289.9**	2,840.0
Cost of Sales (excluding depreciation and amortization)	**2,248.5**	1,802.1
Total Net Revenues	**1,041.4**	1,037.9
Operating Expenses		
Operation and maintenance	**318.8**	288.3
Operation and maintenance — trackers	**90.7**	87.9
Depreciation and amortization	**135.6**	134.3
Other taxes	**56.7**	55.6
Other taxes — trackers	**46.9**	44.8
Total Operating Expenses	**648.7**	610.9
Equity Earnings in Unconsolidated Affiliates	**2.0**	1.5
Operating Earnings	**394.7**	428.5
Other Income (Deductions)		
Interest expense, net	**(91.8)**	(99.1)
Other, net	**(1.5)**	(2.9)
Total Other Income (Deductions)	**(93.3)**	(102.0)
Operating Earnings From Continuing Operations Before Income Taxes	**301.4**	326.5
Income Taxes	**112.1**	121.1
Net Operating Earnings from Continuing Operations	**189.3**	205.4
GAAP Adjustment	**0.1**	1.1
GAAP Income from Continuing Operations	**$ 189.4**	$ 206.5
Basic Net Operating Earnings Per Share from Continuing Operations	**0.69**	0.75
GAAP Basic Earnings Per Share from Continuing Operations	**0.69**	0.75
Basic Average Common Shares Outstanding (millions)	**273.9**	273.6

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Gas Distribution Operations Three Months Ended March 31, *(in millions)*	2008	2007
Net Revenues		
Sales Revenues	**$ 2,448.4**	$ 2,050.4
Less: Cost of gas sold	**1,828.6**	1,448.8
Net Revenues	**619.8**	601.6
Operating Expenses		
Operation and maintenance	**159.8**	152.8
Operation and maintenance — trackers	**78.2**	75.8
Depreciation and amortization	**56.7**	56.0
Other taxes	**22.7**	21.3
Other taxes — trackers	**46.9**	44.8
Total Operating Expenses	**364.3**	350.7
Operating Earnings	**$ 255.5**	$ 250.9
GAAP Adjustment	**(0.6)**	3.2
GAAP Operating Income	**$ 254.9**	$ 254.1

Gas Transmission and Storage Operations Three Months Ended March 31, *(in millions)*	2008	2007
Net Revenues		
Transportation revenues	**$ 184.8**	$ 182.1
Storage revenues	**45.6**	45.9
Other revenues	**0.9**	1.0
Total Revenues	**231.3**	229.0
Less: Cost of gas sold	**—**	(0.3)
Net Revenues	**231.3**	229.3
Operating Expenses		
Operation and maintenance	**73.2**	69.6
Operation and maintenance — trackers	**11.0**	10.1
Depreciation and amortization	**29.3**	28.8
Other taxes	**15.4**	15.0
Total Operating Expenses	**128.9**	123.5
Equity Earnings in Unconsolidated Affiliates	**2.0**	1.5
Operating Earnings	**$ 104.4**	$ 107.3
GAAP Adjustment	**0.4**	(0.7)
GAAP Operating Income	**$ 104.8**	$ 106.6

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

Electric Operations Three Months Ended March 31, *(in millions)*	**2008**	2007
Net Revenues		
Sales Revenues	**$332.3**	$327.1
Less: Cost of sales	**149.6**	128.7
Net Revenues	**182.7**	198.4
Operating Expenses		
Operation and maintenance	**81.2**	59.5
Operation and maintenance — trackers	**1.5**	2.0
Depreciation and amortization	**47.4**	48.0
Other taxes	**14.6**	15.6
Total Operating Expenses	**144.7**	125.1
Operating Earnings	**$ 38.0**	$ 73.3
GAAP Adjustment	**0.4**	(0.3)
GAAP Operating Income	**$ 38.4**	$ 73.0

Other Operations Three Months Ended March 31, *(in millions)*	**2008**	2007
Net Revenues		
Products and services revenue	**$359.3**	$321.7
Less: Cost of products sold	**352.1**	313.5
Net Revenues	**7.2**	8.2
Operating Expenses		
Operation and maintenance	**5.4**	5.8
Depreciation and amortization	**0.7**	0.6
Other taxes	**1.6**	1.5
Total Operating Expenses	**7.7**	7.9
Operating Earnings (Loss)	**$ (0.5)**	$ 0.3
GAAP Adjustment	**—**	(0.1)
GAAP Operating Income (Loss)	**$ (0.5)**	$ 0.2

Corporate Three Months Ended March 31, *(in millions)*	**2008**	2007
Operating Earnings (Loss)	**$(2.7)**	$(3.3)
GAAP Adjustment	**(0.1)**	(0.2)
GAAP Operating Income (Loss)	**$(2.8)**	$(3.5)

NiSource Inc.
Segment Volumes and Statistical Data

Gas Distribution Operations *Three Months Ended March 31,*	**2008**	2007
Sales and Transportation (MMDth)		
Residential	**137.4**	134.2
Commercial	**78.0**	74.4
Industrial	**103.2**	105.2
Off System	**37.4**	18.6
Other	**0.5**	0.3
Total	**356.5**	332.7
Weather Adjustment	**(0.6)**	(2.4)
Sales and Transportation Volumes — Excluding Weather	**355.9**	330.3
Heating Degree Days	**2,679**	2,623
Normal Heating Degree Days	**2,665**	2,636
% Colder (Warmer) than Normal	**1%**	(0%)
Customers		
Residential	**3,050,085**	3,051,512
Commercial	**280,729**	281,306
Industrial	**8,039**	8,152
Other	**77**	75
Total	**3,338,930**	3,341,045

Gas Transmission and Storage Operations Three Months Ended March 31,	**2008**	2007
Throughput (MMDth)		
Columbia Transmission		
Market Area	**386.4**	385.2
Columbia Gulf		
Mainline	**159.7**	147.1
Short-haul	**75.0**	40.5
Columbia Pipeline Deep Water	**0.2**	0.8
Crossroads Gas Pipeline	**10.1**	10.2
Intrasegment eliminations	**(132.0)**	(128.2)
Total	**499.4**	455.6

NiSource Inc.
Segment Volumes and Statistical Data (continued)

Electric Operations Three Months Ended March 31,	**2008**	2007
Sales (Gigawatt Hours)		
Residential	**806.8**	845.2
Commercial	**944.0**	928.0
Industrial	**2,514.0**	2,341.8
Wholesale	**144.7**	137.3
Other	**34.8**	26.7
Total	**4,444.3**	4,279.0
Weather Adjustment	**(9.5)**	0.4
Sales Volumes — Excluding Weather impacts	**4,434.8**	4,279.4
Electric Customers		
Residential	**400,452**	398,493
Commercial	**52,920**	52,199
Industrial	**2,499**	2,512
Wholesale	**4**	4
Other	**756**	757
Total	**456,631**	453,965

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

Three Months Ended March 31, *(in millions, except per share amounts)*	2008	2007
Net Operating Earnings from Continuing Operations	**$189.3**	$205.4
Items excluded from operating earnings:		
Net Revenues:		
Weather — compared to normal	**(0.2)**	4.7
Operating Expenses:		
Transition charges (IBM Agreement)	**(1.2)**	—
Gain/loss on sale of assets and asset impairments	**1.5**	(2.8)
Total items excluded from operating earnings	**0.1**	1.9
Tax effect of above items and other income tax adjustments	**—**	(0.8)
Reported Income from Continuing Operations — GAAP	**$189.4**	$206.5
Basic Average Common Shares Outstanding (millions)	**273.9**	273.6
Basic Net Operating Earnings Per Share from Continuing Operations ($)	**0.69**	0.75
Items excluded from net operating earnings (after-tax)	**—**	—
GAAP Basic Earnings Per Share from Continuing Operations	**0.69**	0.75

NiSource Inc.
Schedule 2 — Quarterly Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended March 31,

2008 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	**$255.5**	**$104.4**	**$38.0**	**$(0.5)**	**$(2.7)**	**$394.7**
Net Revenues:						
Weather (compared to normal)	(0.9)	—	0.7	—	—	**(0.2)**
Total Impact — Net Revenues	**(0.9)**	—	**0.7**	—	—	**(0.2)**
Operating Expenses:						
Transition charges (IBM Agreement)	(0.8)	(0.2)	(0.2)	—	—	**(1.2)**
Gain/loss on sale of assets and asset impairments	1.1	0.6	(0.1)	—	(0.1)	**1.5**
Total Impact — Operating Expenses	**0.3**	**0.4**	**(0.3)**	—	**(0.1)**	**0.3**
Total Impact — Operating Income (Loss)	**(0.6)**	**0.4**	**0.4**	—	**(0.1)**	**0.1**
Operating Income (Loss) — GAAP	**$254.9**	**$104.8**	**$38.4**	**$(0.5)**	**$(2.8)**	**$394.8**

2007 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	**$250.9**	**$107.3**	**$73.3**	**$ 0.3**	**$(3.3)**	**$428.5**
Net Revenues:						
Weather (compared to normal)	4.7	—	—	—	—	**4.7**
Total Impact — Net Revenues	**4.7**	—	—	—	—	**4.7**
Operating Expenses:						
Gain/loss on sale of assets and asset impairments	(1.5)	(0.7)	(0.3)	(0.1)	(0.2)	**(2.8)**
Total Impact — Operating Expenses	**(1.5)**	**(0.7)**	**(0.3)**	**(0.1)**	**(0.2)**	**(2.8)**
Total Impact — Operating Income (Loss)	**3.2**	**(0.7)**	**(0.3)**	**(0.1)**	**(0.2)**	**1.9**
Operating Income (Loss) — GAAP	**$254.1**	**$106.6**	**$73.0**	**$ 0.2**	**$(3.5)**	**$430.4**

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

Three Months Ended March 31, *(in millions, except per share amounts)*	2008	2007
Net Revenues		
Gas Distribution	**$2,229.7**	$1,844.3
Gas Transportation and Storage	**357.2**	344.3
Electric	**331.8**	326.0
Other	**371.0**	330.1
Gross Revenues	**3,289.7**	2,844.7
Cost of Sales (excluding depreciation and amortization)	**2,248.5**	1,802.1
Total Net Revenues	**1,041.2**	1,042.6
Operating Expenses		
Operation and maintenance	**410.7**	376.1
Depreciation and amortization	**135.6**	134.3
Impairment and (gain) loss on sale of assets	**(1.5)**	2.9
Other taxes	**103.6**	100.4
Total Operating Expenses	**648.4**	613.7
Equity Earnings in Unconsolidated Affiliates	**2.0**	1.5
Operating Income	**394.8**	430.4
Other Income (Deductions)		
Interest expense, net	**(91.8)**	(99.1)
Other, net	**(1.5)**	(2.9)
Total Other Income (Deductions)	**(93.3)**	(102.0)
Income From Continuing Operations Before Income Taxes	**301.5**	328.4
Income Taxes	**112.1**	121.9
Income From Continuing Operations	**189.4**	206.5
Income from Discontinued Operations — net of taxes	**6.0**	3.6
Gain (Loss) on Disposition of Discontinued Operations — net of taxes	**(96.1)**	6.6
Net Income	**$ 99.3**	$ 216.7
Basic Earnings Per Share ($)		
Continuing operations	**$ 0.69**	$ 0.75
Discontinued operations	**(0.33)**	0.04
Basic Earnings Per Share	**$ 0.36**	$ 0.79
Diluted Earnings Per Share ($)		
Continuing operations	**$ 0.69**	$ 0.75
Discontinued operations	**(0.33)**	0.04
Diluted Earnings Per Share	**$ 0.36**	$ 0.79
Dividends Declared Per Common Share ($)	**$ 0.46**	$ 0.46
Basic Average Common Shares Outstanding (millions)	**273.9**	273.6
Diluted Average Common Shares (millions)	**275.4**	274.8

NiSource Inc.
Consolidated Balance Sheets
(unaudited)

(in millions)	March 31, 2008	December 31, 2007
ASSETS		
Property, Plant and Equipment		
Utility Plant	**$17,428.0**	$ 17,295.6
Accumulated depreciation and amortization	**(7,819.1)**	(7,787.0)
Net utility plant	**9,608.9**	9,508.6
Other property, at cost, less accumulated depreciation	**67.1**	67.3
Net Property, Plant and Equipment	**9,676.0**	9,575.9
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	**536.3**	593.2
Unconsolidated affiliates	**74.4**	72.7
Other investments	**113.4**	117.2
Total Investments and Other Assets	**724.1**	783.1
Current Assets		
Cash and cash equivalents	**77.4**	34.6
Restricted cash	**3.8**	57.7
Accounts receivable (less reserve of $62.0 and $37.0, respectively)	**1,086.2**	900.6
Gas inventory	**74.0**	452.2
Underrecovered gas and fuel costs	**245.3**	158.3
Materials and supplies, at average cost	**79.4**	78.1
Electric production fuel, at average cost	**59.9**	58.1
Price risk management assets	**150.1**	102.2
Exchange gas receivable	**389.1**	210.5
Regulatory assets	**176.2**	215.4
Assets of discontinued operations and assets held for sale	**76.6**	85.0
Prepayments and other	**103.5**	107.3
Total Current Assets	**2,521.5**	2,460.0
Other Assets		
Price risk management assets	**86.3**	25.2
Regulatory assets	**874.4**	867.5
Goodwill	**3,677.3**	3,677.3
Intangible assets	**338.8**	341.6
Postretirement and postemployment benefits assets	**167.5**	157.8
Deferred charges and other	**120.8**	121.5
Total Other Assets	**5,265.1**	5,190.9
Total Assets	**$18,186.7**	$ 18,009.9

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

(in millions, except share amounts)	March 31, 2008	December 31, 2007
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock — $0.01 par value, 400,000,000 shares authorized; 274,167,301 and 274,176,752 shares issued and outstanding, respectively	**$ 2.7**	$ 2.7
Additional paid-in capital	**4,013.2**	4,011.0
Retained earnings	**1,047.5**	1,074.5
Accumulated other comprehensive income	**24.1**	11.7
Treasury stock	**(23.3)**	(23.3)
Total Common Stockholders' Equity	**5,064.2**	5,076.6
Long-term debt, excluding amounts due within one year	**5,383.0**	5,594.4
Total Capitalization	**10,447.2**	10,671.0
Current Liabilities		
Current portion of long-term debt	**89.3**	33.9
Short-term borrowings	**624.7**	1,061.0
Accounts payable	**755.9**	713.0
Dividends declared	**63.1**	—
Customer deposits	**114.4**	112.8
Taxes accrued	**327.1**	188.4
Interest accrued	**90.3**	99.3
Overrecovered gas and fuel costs	**4.4**	10.4
Price risk management liabilities	**67.5**	79.9
Exchange gas payable	**571.3**	441.6
Deferred revenue	**22.4**	38.7
Regulatory liabilities	**70.4**	87.8
Accrued liability for postretirement and postemployment benefits	**4.9**	4.8
Liabilities of discontinued operations and liabilities held for sale	**45.6**	20.1
Temporary LIFO liquidation credit	**472.3**	—
Other accruals	**429.7**	505.9
Total Current Liabilities	**3,753.3**	3,397.6
Other Liabilities and Deferred Credits		
Price risk management liabilities	**10.0**	1.7
Deferred income taxes	**1,494.5**	1,466.2
Deferred investment tax credits	**51.6**	53.4
Deferred credits	**78.5**	81.3
Deferred revenue	**0.2**	0.2
Accrued liability for postretirement and postemployment benefits	**566.2**	547.8
Liabilities of discontinued operations and liabilities held for sale	**141.2**	141.3
Regulatory liabilities and other removal costs	**1,344.6**	1,337.7
Asset retirement obligations	**129.6**	128.2
Other noncurrent liabilities	**169.8**	183.5
Total Other Liabilities and Deferred Credits	**3,986.2**	3,941.3
Commitments and Contingencies	**—**	—
Total Capitalization and Liabilities	**$18,186.7**	$ 18,009.9

NiSource Inc.
Other Information
(*unaudited*)

(in millions, except share amounts)	**March 31, 2008**	December 31, 2007
Total Common Stockholders' Equity	**$ 5,064.2**	$ 5,076.6
Shares Outstanding (thousands)	**274,167**	274,177
Book Value of Common Shares	**$ 18.47**	$ 18.52

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

Three Months Ended March 31, *(in millions)*	2008	2007
Operating Activities		
Net income	**$ 99.3**	$ 216.7
Adjustments to reconcile net income to net cash from continuing operations:		
Depreciation and amortization	**135.6**	134.3
Net changes in price risk management assets and liabilities	**(9.6)**	3.6
Deferred income taxes and investment tax credits	**16.7**	(0.8)
Deferred revenue	**(16.3)**	(16.5)
Stock compensation expense	**1.4**	1.1
Gain on sale of assets	**(3.2)**	(0.3)
Loss on impairment of assets	**1.6**	3.2
Income from unconsolidated affiliates	**(1.7)**	(3.3)
(Gain) loss on disposition of discontinued operations — net of taxes	**96.1**	(6.6)
Income from discontinued operations — net of taxes	**(6.0)**	(3.6)
Amortization of discount/premium on debt	**1.8**	1.8
AFUDC Equity	**(1.1)**	(0.8)
Changes in assets and liabilities:		
Accounts receivable	**(152.9)**	(83.3)
Inventories	**847.3**	705.1
Accounts payable	**32.1**	(19.0)
Customer deposits	**1.6**	2.0
Taxes accrued	**128.4**	128.5
Interest accrued	**(9.0)**	(0.7)
(Under) Overrecovered gas and fuel costs	**(93.1)**	(101.9)
Exchange gas receivable/payable	**(44.0)**	(75.6)
Other accruals	**(120.9)**	(98.1)
Prepayments and other current assets	**3.7**	25.1
Regulatory assets/liabilities	**(36.4)**	15.4
Postretirement and postemployment benefits	**18.8**	(57.7)
Deferred credits	**(5.6)**	(3.0)
Deferred charges and other noncurrent assets	**(7.5)**	2.0
Other noncurrent liabilities	**(29.0)**	8.2
Net Operating Activities from Continuing Operations	**848.1**	775.8
Net Operating Activities from or (used for) Discontinued Operations	**(2.1)**	2.6
Net Cash Flows from Operating Activities	**846.0**	778.4
Investing Activities		
Capital expenditures	**(190.7)**	(147.8)
Proceeds from disposition of assets	**12.5**	1.5
Restricted cash	**72.1**	79.7
Other investing activities	**(1.4)**	(2.9)
Net Investing Activities used for Continuing Operations	**(107.5)**	(69.5)
Net Investing Activities from or (used for) Discontinued Operations	**2.9**	(1.1)
Net Cash Flows used for Investing Activities	**(104.6)**	(70.6)
Financing Activities		
Issuance of long-term debt	**0.9**	—
Retirement of long-term debt	**(1.0)**	(4.1)
Repurchase of long-term debt	**(199.0)**	—
Change in short-term debt	**(436.3)**	(572.2)
Issuance of common stock	**0.6**	2.1
Acquisition of treasury stock	**—**	(1.5)
Dividends paid — common stock	**(63.1)**	(63.0)
Net Cash Flows used for Financing Activities	**(697.9)**	(638.7)
Increase in cash and cash equivalents	**43.5**	69.1
Cash contributions to discontinued operations	**(0.7)**	(1.1)
Cash and cash equivalents at beginning of year	**34.6**	32.9
Cash and cash equivalents at end of period	**$ 77.4**	$ 100.9

Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	**$ 104.5**	$ 101.1
Interest capitalized	**5.5**	3.1

Cash paid for income taxes	**2.0**	3.4

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

FORM 8-K

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

Date of Report (Date of earliest event reported): April 18, 2008

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 7.01 REGULATION FD DISCLOSURE.

On April 18, 2008, PEI Holdings, Inc. ("PEI"), a subsidiary of NiSource Inc. (the "Company"), entered into a Share Purchase Agreement (the "Agreement") with BP Alternative Energy North America Inc. ("BPAE") pursuant to which PEI agreed to sell all of the outstanding stock of Whiting Clean Energy, Inc., an Indiana corporation and wholly-owned subsidiary of PEI, to BPAE for $210,000,000. The Agreement contains customary representations, warranties, covenants and closing conditions. The Company anticipates the closing of the transaction to occur in the second or third quarter of 2008, depending upon the timing of the satisfaction of closing conditions, including required approvals from the Federal Energy Regulatory Commission and the termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

SIGNATURES

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

NiSource Inc.
(Registrant)

Date: April 21, 2008

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

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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 29, 2008

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

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

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☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 29, 2008, NiSource Inc. (the "Company") issued a press release with respect to the Company's previously released unaudited 2007 earnings. The Company's press release, dated February 29, 2008, is attached as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press release issued on February 29, 2008.

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: February 29, 2008

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

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release issued on February 29, 2008

Exhibit 99.1

NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE
February 29, 2008

FOR ADDITIONAL INFORMATION

Media
Tom Cuddy
Director, Communications
(219) 647-5581
tcuddy@nisource.com

Investors
Randy Hulen
Director, Investor Relations
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rghulen@nisource.com

NiSource Announces Form 10-K Filing to be Delayed

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) announced today that it will be revising its previously released unaudited 2007 earnings as a result of changes in its unbilled electric revenue estimates at its Northern Indiana Public Service Company (NIPSCO) subsidiary dating back a number of years. Consequently, the company is filing a Form 12b-25 with the Securities and Exchange Commission, which extends the due date for its Form 10-K filing.

NiSource emphasized that the revenue estimates in question were never billed to its customers and that there would be no impact on customers as a result of the correction. The company estimates that the previously released electric net revenues were overstated by a cumulative total of $15-$20 million over a period of years, primarily since 2002. The company indicated that it has addressed the estimating process which resulted in the overstated revenue estimates and does not expect there to be a meaningful impact on future revenues or earnings.

The revision will result in a slight delay in the filing of NiSource's Form 10-K for the year ended December 31, 2007. The company currently expects that it will file its 2007 Form 10-K on or before March 14, 2008.

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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 19, 2008

NiSource Inc.
(Exact name of registrant as specified in its charter)

Commission file number 001-16189

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

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

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☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 7.01. REGULATION FD DISCLOSURE

On February 19, 2008, Unitil Corporation and NiSource Inc. ("NiSource") issued the press release attached as Exhibit 99.1 announcing Unitil's purchase of Northern Utilities, Inc. (Northern) and Granite State Gas Transmission, Inc. (Granite).

NiSource is providing, in Exhibit 99.2, a description of certain expected financial effects of the proposed transaction on NiSource.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Joint Press Release dated February 19, 2008 issued by Unitil Corporation and NiSource Inc.
99.2	Fact Sheet dated February 19, 2008 prepared by NiSource Inc.

SIGNATURES

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

NiSource Inc.
(Registrant)

Date: February 19, 2008

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

Exhibit Number	Description
99.1	Joint Press Release dated February 19, 2008 issued by Unitil Corporation and NiSource Inc.
99.2	Fact Sheet dated February 19, 2008 prepared by NiSource Inc.

Exhibit 99.1

Unitil
We deliver.
It's that simple.

NiSource

Unitil Contact:
George Gantz
603-773-6569
gantz@unitil.com

Investors:
Mark Collin
603-773-6612
collin@unitil.com

NiSource Contact :
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Unitil to Purchase Northern Utilities from NiSource Inc.

Hampton, NH, and Merrillville, Ind. – February 19, 2008: Unitil Corporation (AMEX: UTL) and NiSource Inc. (NYSE:NI) today announced that Unitil has agreed to purchase Northern Utilities, Inc, ("Northern") and Granite State Gas Transmission, Inc. ("Granite"), from NiSource for $160 million plus an estimated $25 million for natural gas storage inventory and other working capital items. The purchase is expected to be financed by newly issued common stock and debt. The transaction, which is expected to close by the fourth quarter of 2008, is subject to approval by the Maine Public Utilities Commission and the New Hampshire Public Utilities Commission, and review by certain federal agencies.

"Northern Utilities is a natural fit for Unitil," said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "Our New Hampshire electric distribution operations already share many customers and communities with Northern and the acquisition underscores Unitil's commitment to the region. We look forward to welcoming Northern's employees to the Unitil companies and to delivering the same high quality service to our new customers that we have long provided to our current customers."

Northern Utilities is a local natural gas distribution utility serving 52,000 customers in 44 communities in Maine and New Hampshire. Northern has 78 full-time employees. Granite's operations consist of 86 miles of FERC-regulated gas transmission pipeline primarily located in Maine and New Hampshire. Granite's principal business is delivering natural gas transportation services to Northern and providing access to inter-state natural gas pipeline supplies. Upon consummation of the transaction, both Northern and Granite would become wholly owned subsidiaries of Unitil Corporation.

"This acquisition significantly strengthens our gas utility operations and increases our customer base by 40%," according to Mr. Schoenberger. "We believe natural gas provides a clean and economical energy option for residents and businesses in the region."

NiSource Inc. acquired Northern and Granite in 1999 as part of the company's larger acquisition of Bay State Gas Company (Bay State), which serves nearly 300,000 residential, commercial and industrial natural gas customers in Massachusetts. NiSource is retaining ownership of Bay State as a core component of the company's long-term, investment-driven growth strategy.

"This transaction provides a true 'win-win' outcome," NiSource President and Chief Executive Officer Robert C. Skaggs, Jr., noted. "Unitil is acquiring a quality set of assets uniquely suited to its growth strategy, while NiSource is able to focus even more closely on its own

long-term growth plan, which centers on commercial development and expansion of our natural gas pipeline and storage business, as well as investment-driven growth at our core regulated utility businesses, including Bay State. We expect this transaction to provide benefits to the customers, employees and shareholders of both companies."

Unitil is being advised in this transaction by RBC Capital Markets Corporation and by the law firm of Dewey & LeBoeuf. NiSource is being advised in the transaction by The Blackstone Group and by the law firm of Schiff Hardin.

About Unitil

Unitil (AMEX: UTL) (www.unitil.com) is a public utility holding company with utility subsidiaries providing electric service in New Hampshire and electric and gas service in Massachusetts. Unitil serves 115,000 customers in 37 communities in the capital and seacoast regions of New Hampshire and in north central Massachusetts. Usource L.L.C., Unitil's non-regulated business, offers energy brokerage services to large energy users throughout the northeast.

About NiSource

NiSource Inc. (NYSE: NI)(www.nisource.com), based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within a geographic corridor stretching from the Gulf Coast through the Midwest to New England.

Concerning Forward Looking Statements

This press release contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to, the following: variations in weather; changes in the regulatory environment; customers' preferences on energy sources; general economic conditions; increased competition; fluctuations in supply, demand, transmission capacity and prices for energy commodities; and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of Unitil Corporation and NiSource Inc. For a detailed discussion of the important factors that affect Unitil and NiSource and that could cause actual results to differ from those expressed or implied in their forward-looking statements, please refer to Unitil's Annual Report on Form 10-K for the year ended December 31, 2007, and NiSource's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, each of which has been filed with the Securities and Exchange Commission.

Exhibit 99.2

NiSource

Fact Sheet

February 19, 2008

Sale of Northern Utilities and Granite State Gas Transmission to Unitil

Below are some key facts in association with a joint news release issued today by NiSource Inc. and Unitil Corporation (available at www.nisource.com) regarding the sale of Northern Utilities, Inc. and Granite State Gas Transmission, Inc. to Unitil.

- **Sale Price:** $160 million, plus working capital at the time of close. Historically, working capital has averaged $25 million.
- **Financial Impacts for NiSource:** The transaction is expected to be mildly accretive to NiSource earnings (approximately 1 cent per share in 2009). The transaction also is expected to be favorable to NiSource's credit profile, as proceeds will be used to pay down debt.
- **Anticipated Sale Closing:** The transaction is expected to be complete by year-end 2008, pending state regulatory commission approvals in Maine and New Hampshire and review by certain federal agencies.
- **Strategic Rationale:** Sale provides cash proceeds for debt retirement, is mildly accretive to earnings, and enables NiSource to focus on its long-term growth plan, which centers on commercial development and expansion of natural gas pipeline and storage business, as well as investment-driven growth at regulated utility businesses.
- **Background on NiSource Ownership of Northern Utilities and Granite State:** NiSource purchased Northern Utilities and Granite State as part of its larger overall purchase of Bay State Gas Company and its subsidiaries in 1999 for $1.1 billion, inclusive of working capital.
- **Retention of Bay State Gas:** NiSource is retaining Bay State Gas Company as a component of its long-term, investment-driven growth strategy for its core regulated utility businesses.
- **Discontinued Operations:** NiSource will account for Northern Utilities and Granite State as discontinued operations, and the transaction is expected to result in an after tax book loss of approximately $65 million to be recorded in the first quarter of 2008.

FOR ADDITIONAL INFORMATION

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About NiSource

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

Forward-Looking Statements

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

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

FORM 8-K

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

Date of Report (Date of earliest event reported): January 30, 2008

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On January 30, 2008, NiSource Inc. (the "Company") reported its financial results for the year ended December 31, 2007. The Company's press release, dated January 30, 2008, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated January 30, 2008, issued by NiSource Inc.

SIGNATURES

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

NiSource Inc.
(Registrant)

Date: January 30, 2008

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

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated January 30, 2008, issued by NiSource Inc.

Exhibit 99.1

NEWS

NiSource
801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE
January 30, 2008

FOR ADDITIONAL INFORMATION

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NiSource Reports 2007 Earnings

2007 Accomplishments Set Stage for 'Pivotal' 2008 Agenda

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced net operating earnings (non-GAAP) of $375.8 million, or $1.37 per share for the 12 months ended Dec. 31, 2007. The 2007 results were slightly higher than the company's earnings outlook of $1.35 per share, and compared with prior year earnings of $388.5 million, or $1.43 per share. (All per share amounts are basic.)

NiSource's consolidated operating earnings (non-GAAP) for 2007 were $997.9 million, compared to $1,002.0 million in 2006. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

For the three months ended Dec. 31, 2007, net operating earnings (non-GAAP) were $118.5 million, or $0.43 per share, compared with $116.9 million, or $0.43 per share for the fourth quarter of 2006.

"During 2007, our core natural gas and regulated electric operations each produced higher revenues, while our Whiting Clean Energy facility delivered significantly improved performance," NiSource President and Chief Executive Officer Robert C. Skaggs, Jr., said. "In addition to delivering business results above our outlook for 2007, our teams made significant strides during the year to clear the decks of a number of distracting legacy issues and to reposition the company to deliver on our fundamental long-term growth initiatives. With that foundational work largely completed, each of our business segments is now poised to do what they do best — and that is to execute on the key elements of our Path Forward strategy to become North America's premier regulated energy company."

2007 Accomplishments Highlighted

Skaggs highlighted a number of important 2007 accomplishments and key business initiatives that will help set the stage for NiSource's future growth.

- In December, NiSource moved forward with its development of a **master limited partnership** by announcing that its new, wholly-owned subsidiary, NiSource Energy Partners, L.P., had filed a Registration Statement with the Securities and Exchange Commission (SEC). The filing, subject to SEC review, proposed an initial public offering of 12.5 million common units, with the partnership's initial asset being the Columbia Gulf Transmission Company pipeline, an approximately 3,400-mile-long system stretching from Louisiana to Kentucky.
- **NiSource's Gas Transmission and Storage (NGT&S)** segment advanced a number of important growth projects during 2007, including a May filing with the Federal Energy Regulatory Commission (FERC) to construct the $140 million **Eastern Market Expansion Project**, an expansion of two Columbia Gas Transmission storage fields and related pipeline capacity. Slated for completion in 2009, the project's entire 6 billion cubic feet of additional storage capacity and 97,000 dekatherms (Dth) per day of storage and transportation capacity have been subscribed under 15-year contracts. On Jan. 16, 2008, the FERC issued a certificate order approving the project.
- **Columbia Gulf Transmission** also developed a number of new growth projects during 2007, including a proposed expansion of capacity into the Florida Gas Transmission system and a recently completed project providing new firm deliveries in excess of 500,000 Dth per day to the Henry Hub and to Transcontinental Gas Pipeline at two expanded interconnection points. Columbia Gulf also entered into a binding Purchase-Sale Agreement with Tennessee Gas Pipeline Co. whereby Tennessee will buy the majority of Columbia Gulf's offshore Louisiana assets and operations in the Gulf of Mexico. The agreement is subject to regulatory approvals, with a closing anticipated during the first half of 2008.
- In April, **Hardy Storage Company, LLC,** a joint venture of subsidiaries of Columbia Gas Transmission and Piedmont Natural Gas, received initial customer injections into its new underground natural gas storage field. Hardy Storage is capable of delivering approximately 100,000 Dth of natural gas per day during the 2007-08 winter heating season, and generated approximately $5.5 million in equity earnings for NiSource during the calendar year. When fully operational in 2009, the field will have a working storage capacity of 12 billion cubic feet, delivering more than 176,000 Dth of natural gas per day. In November, Columbia Gas Transmission completed an expansion of its system to provide capacity to deliver new Hardy Storage supplies to market.
- In June, construction began on the **Millennium Pipeline,** a 182-mile-long, 30-inch-diameter pipeline across New York's Southern Tier and lower Hudson Valley. When completed in the fourth quarter of 2008, the project will transport up to 525,400 Dth per day of natural gas to markets along its route, as well as to New York City markets through its pipeline interconnections. Millennium is jointly owned by affiliates of NiSource, KeySpan Corporation, and DTE Energy.

- During 2007, **Northern Indiana Public Service Company** (NIPSCO) logged a number of important regulatory and operational accomplishments. In May, the company received Indiana Utility Regulatory Commission (IURC) approval for its Rate Simplification program, which provides benefits for both NIPSCO and its customers, including the creation of a new energy conservation program.

  In October, NIPSCO reached a settlement with regulatory stakeholders and large industrial customers regarding the cost of electric power the company purchased to meet growing market demands. The settlement resolved the purchase power matter and contained provisions addressing NIPSCO's need to add to its electric generation portfolio.

  In November, NIPSCO filed a comprehensive Integrated Resource Plan (IRP) with the IURC identifying the company's plans for addressing its customers' need for approximately 1,000 megawatts (MW) of additional capacity by 2014. The IRP concluded that the best alternative for addressing this need, and reducing the amount of power purchased from third parties, is the acquisition of gas-fired combined cycle generating capacity, along with wind-generated electric purchases and energy efficiency programs. Consistent with the IRP, NIPSCO filed a request with the IURC to grant a certificate of public convenience and necessity authorizing the purchase of LS Power Group's 535-MW Sugar Creek Power Plant in West Terre Haute, Ind., and NiSource's 525-MW Whiting Clean Energy (WCE) facility for $329 million and $210 million, respectively. Both facilities were successful bidders in a Request for Proposal process. Subsequent to NIPSCO's filing, BP indicated it would exercise a contractual right of first refusal to purchase the WCE facility for the same amount as offered by NIPSCO, and NiSource is in discussions with BP regarding the sale. For its part, NIPSCO is currently reviewing potential alternatives in the event BP acquires the WCE facility.

  During the year, NIPSCO also completed significant scheduled maintenance work on its Bailly Generating Station Unit 7. This included cyclone burner replacement and other work to improve unit reliability. Construction also started on installation of selective catalytic reduction (SCR) equipment on Bailly Unit 7, with in-service for the SCR targeted for the spring of 2008.

- As the year drew to a close, **Columbia Gas of Ohio** (COH) and other stakeholders reached an agreement that establishes the framework for operations under the company's Customer CHOICE SM program for the next several years and provides for a wholesale gas supply auction by early 2010. On Jan. 23, 2008, the Public Utilities Commission of Ohio (PUCO) approved the agreement.

  "This landmark agreement, which provides COH and its key stakeholders with critically important certainty for the future, is yet another example of our commitment to constructive, collaborative approaches to addressing business and regulatory issues affecting our companies and their customers" Skaggs said. "With this agreement in place — and preparations for the company's 2008 infrastructure-oriented base rate case proceeding — Columbia Gas of Ohio's course over the next several years is now clear."

  During 2007, COH also filed with the PUCO a Joint Stipulation that clarifies the company's operational responsibilities for customer-owned service lines and faulty risers. The stipulation establishes a recovery mechanism to collect certain costs associated with repair or replacement of customer-owned service lines and replacement of risers and resolves outstanding issues related to this important customer safety program.

- After reaching out to stakeholders during 2007, **Columbia Gas of Pennsylvania** (CPA), on Jan. 28, 2008, filed a base rate case with the Pennsylvania Public Utilities Commission seeking to increase the company's base rates by $60 million per year. The rate case filing, which is expected to become effective in the fourth quarter of this year, follows CPA's 2007 launch of a 20-year, $1.4 billion natural gas infrastructure enhancement program that is designed to replace in excess of 100 miles of underground natural gas distribution lines and related facilities annually.

  "Our Pennsylvania team is collaborating with a wide range of stakeholders to synchronize this unprecedented infrastructure investment program with appropriate and timely regulatory recovery initiatives," Skaggs noted. "For example, CPA is actively supporting legislation in Pennsylvania that would provide for a regulatory mechanism to recover the costs associated with natural gas infrastructure improvement programs on a timely basis. We have been encouraged by the support we have seen for this initiative, as well as for CPA's overall infrastructure enhancement commitment."

- On Dec. 21, 2007, **Columbia Gas of Virginia (CGV)** received approval from the Virginia State Corporation Commission to implement an off-system sales and capacity release incentive mechanism, effective Jan.1, 2008. The incentive mechanism provides CGV the opportunity to reduce overall gas costs for its customers and to generate incremental revenue by allowing the company to retain up to 25 percent of off-system sales and capacity release revenues, with the remainder to be returned to customers.

- At **Bay State Gas Company (BSG)**, the Massachusetts Department of Public Utilities approved a $5.8 million increase in the company's base rates, effective Nov. 1, under the company's performance-based rate program. On Oct. 17, BSG also filed a request for a special adjustment to its base rates which, if approved, would allow it to recover an additional $7.5 million in revenue annually. The filing also requested a bare-steel infrastructure tracker that would provide for recovery of ongoing infrastructure replacement investments.

- **Columbia Gas of Kentucky** received approval during 2007 of a base rate case settlement with regulatory stakeholders that increases total annual revenues by $7.25 million, or 4.5 percent.

- **NiSource Finance** successfully issued $800 million of 6.4 percent, 10.5-year senior unsecured notes that mature March 15, 2018. The proceeds were used to repay short-term bank borrowings, to fund the redemption of $24 million of NIPSCO's variable rate pollution control bonds due November 2007, and for capital expenditures and general corporate purposes.

- In December, NiSource and IBM finalized a restructuring of their business services agreement. Under the restructured agreement, IBM will primarily provide information technology services, with a number of other business service functions to be transitioned back to the NiSource organization. Going forward, NiSource will be in a position to more effectively manage its employee and administrative expenses, while ensuring delivery of services to meet the company's needs.

"This impressive list of 2007 key accomplishments is a testament to our team's ability to execute on our game plan to position the company to deliver on our four-part business plan for long-term, sustainable growth," Skaggs said.

Investment Grade Credit Ratings Maintained

In late 2007, both Moody's and Standard & Poor's confirmed investment grade credit ratings for NiSource, with the company receiving a Baa3 rating from Moody's and a BBB- rating from Standard & Poor's.

"While obviously we would prefer to have retained our prior ratings levels, we nonetheless are encouraged by the favorable view of NiSource's business profile expressed by the ratings agencies," Skaggs said. "We will continue to report our progress on key milestones that will help set a foundation for future earnings growth. We believe these actions, when accompanied by solid financial performance, will lead to the improvement of NiSource's ratings over time."

2008: A 'Pivotal Year' in NiSource's Path Forward Strategy

Skaggs noted that NiSource's four-part business plan continues to center on expansion of and commercial growth in the natural gas pipeline and storage business, regulatory and commercial initiatives at its utilities, financial management, and process and expense management. Within that plan, NiSource will place particular emphasis on three important areas during 2008.

- **Achieving Key Regulatory Initiatives,** including gas base rate cases in Pennsylvania and Ohio, as well as NIPSCO's electric rate case scheduled for filing on July 1, 2008.
- **Advancing NGT&S' Growth Strategy** , including securing approvals and timely construction of announced projects, developing an array of potential new growth opportunities, and continuing with the formation of NiSource Energy Partners, LP.
- **Executing on Major Infrastructure Enhancement Projects,** which will constitute a significant portion of NiSource's more than $1 billion annual capital investment program for the 2008 to 2010 period.

"Clearly, this is a pivotal year for NiSource, and the entire team is energized and focused on delivering on our business plan," Skaggs noted. "Our sights are squarely set on the fundamental components of our plan — enhancing and expanding NiSource's core strategic assets, executing on an array of promising growth projects, and synchronizing our investments with complementary commercial and regulatory initiatives. And as a regulated energy company, we welcome those priorities; it's what we do best."

Skaggs acknowledged that some of the actions taken during 2007 to establish a foundation for future growth will place pressure on NiSource earnings in 2008.

"For example, our planned acquisition of new generating facilities will impact earnings prior to the effectiveness of our electric rate case," Skaggs said. "Having said that, with our regulatory and commercial initiatives firmly in queue, we are excited about the prospects for long-term earnings growth for NiSource."

Skaggs confirmed that net operating earnings (non-GAAP) per share for the 2008-2010 period are expected to fall within a range of $1.25 to $1.35. On a GAAP basis, for 2008, the lower end of the range for basic earnings per share from continuing operations is $1.23 per share due to transition costs associated with the amended IBM agreement that are projected to impact 2008 by approximately 2 cents per share. For 2009 and 2010, there are no expected differences between the ranges for the GAAP and non-GAAP measures.

"We believe that range reasonably reflects NiSource's near-term earnings expectations as our Path Forward strategy unfolds over the course of the next few years," Skaggs said. "Thereafter, we expect our ongoing capital investment program and our growth projects currently in the pipeline to begin producing meaningful and sustainable annual growth in earnings per share."

Conference Call to Be Held This Morning

NiSource will host an analyst conference call at 9 a.m. EST on Wednesday, Jan. 30, 2008, to further discuss the company's year-end and fourth-quarter 2007 results. All interested parties may hear the conference call live by logging on to the NiSource Web site at www.nisource.com.

Full Year 2007 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the year ended December 31, 2007 were $997.9 million, compared to $1,002.0 million in 2006. Refer to Schedule 2 for the items included in 2007 and 2006 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the year ended Dec. 31, 2007, are discussed below.

Gas Distribution Operations reported operating earnings of $350.2 million compared to operating earnings of $373.8 million in 2006. Increases in net revenues were more than offset by increased operating expenses. Net revenues, excluding the impact of trackers, were $22.8 million higher due to customer growth and regulatory initiatives and other service programs. Operating expenses, excluding the impact of trackers, were $47.3 million higher than last year primarily due to higher employee and administrative costs, outside service expenses, environmental reserves, property taxes, and reversal of a restructuring charge that benefited last year's results by $5.1 million. The employee and administrative costs include payroll, benefits and corporate services. A significant portion of the increased costs during the year related to the pricing structure under the company's original agreement with IBM, which, as noted above was restructured in the fourth quarter of 2007. Going forward, costs for the functional areas involved are expected to be stabilized without compromising the quality of the underlying services.

Gas Transmission and Storage Operations reported operating earnings of $371.8 million versus operating earnings of $357.6 million in 2006. The increase resulted from higher net revenues and equity earnings from unconsolidated affiliates. Gas Transmission and Storage operations net revenues, excluding the impact of trackers, increased by $13.4 million as higher net revenues from firm capacity reservation fees more than offset lower revenues from shorter term transportation and storage services.

While stabilization in the natural gas market has moderated optimization revenues this year, firm capacity and commodity revenues have been strong compared to last year. A key driver behind this improvement is that the Columbia Gulf mainline and onshore capacity is almost fully subscribed and pipeline throughput has increased as a result of higher storage injections, gas-fired electric generation demands, and increased marketing activities. Equity earnings from unconsolidated affiliates increased by $8.7 million, due to Hardy Storage going into service in April 2007 and higher AFUDC earnings from Millennium Pipeline. Operating expenses, excluding the impact of trackers, increased by $7.9 million, mainly due to higher employee and administrative expenses which were partially offset by the impact of legal reserves that increased operating expenses during 2006. The employee and administrative costs include payroll, benefits and corporate services.

Electric Operations reported operating earnings of $288.8 million compared to operating earnings of $314.1 million for 2006. Net revenues increased by $14.5 million due to increased wholesale margins, residential and commercial volumes, lower unrecoverable MISO costs, sale of emission allowances and overall customer growth. These increases were partially offset by non-recoverable purchase power related to the settlement reached with regulatory stakeholders and large industrial customers relating to power purchased by NIPSCO to meet growing market demands, as well as decreased industrial volumes and margins and the timing of revenue credits. The impact of the settlement included an accrual that reduced third quarter operating earnings by $16.2 million. The net increase in revenues was more than offset by higher operating expenses, which increased by $39.8 million due primarily to higher employee and administrative costs, electric generation and maintenance expenses, and restoration costs associated with the severe storms experienced during this year, as well as higher depreciation costs. The employee and administrative costs include payroll, benefits and corporate services. A portion of such increased costs was related to the IBM contract.

Other Operations reported operating earnings of $9.2 million versus an operating earnings loss of $24.3 million in 2006. The $33.5 million improvement was driven primarily by improved results at the Whiting Clean Energy (WCE) facility. As previously announced, Whiting Clean Energy and BP signed a definitive agreement at the end of 2006 redefining the terms under which WCE provides steam to BP for its oil refining process.

Other Items

Interest expense increased by $13.3 million due to higher short-term interest rates and credit facility fees. The effective tax rate was 36.4 percent, slightly higher than last year's effective tax rate of 36 percent.

Fourth Quarter 2007 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the quarter ended Dec. 31, 2007, were $290.1 million, compared to $287.6 million for the same period in 2006. Refer to Schedule 2 for the items included in 2007 and 2006 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended Dec. 31, 2007, are discussed below.

Gas Distribution Operations reported operating earnings of $125.2 million versus operating earnings of $142.4 million in the fourth quarter of 2006. The decrease resulted from higher

operating expenses. Operating expenses, excluding the impact of trackers, were $14.2 million higher than the prior year, mainly due to higher environmental reserves, employee and administrative costs, outside services and property taxes. Net revenues were essentially flat with the same period a year ago.

Gas Transmission and Storage Operations reported operating earnings of $114.3 million versus operating earnings of $96.4 million in the fourth quarter of 2006. The increase resulted primarily from higher net revenues. Net revenues, excluding the impact of trackers, increased by $12.3 million due primarily to increased firm capacity reservation fees and sales of shorter term transportation and storage services. Operating expenses, excluding the impact of trackers, were $3.9 million lower due mainly to legal reserves that increased operating expenses during the comparable period last year. Lower outside service and insurance costs during the fourth quarter of 2007 were offset by higher employee and administrative costs.

Electric Operations reported operating earnings of $51.7 million versus operating earnings of $63.0 million from the same quarter last year. Net revenue increased by $6.3 million due primarily to increased wholesale margins and industrial and commercial volumes, lower unrecoverable MISO costs, and the sale of emission allowances, partially offset by non-recoverable purchase power as a result of the settlement discussed earlier. Operating expenses increased by $17.6 million due primarily to higher employee and administrative costs and electric generation and maintenance expenses.

Other Operations reported operating earnings of $7.5 million in the fourth quarter of 2007, compared with an operating earnings loss of $9.4 million in the prior year period. The improvement resulted primarily from higher net revenues from the Whiting Clean Energy facility.

Other Items

Interest expense increased by $0.7 million during the fourth quarter due to higher short-term interest rates. Other-net was a loss of $4.7 million compared to income of $0.4 million last year. The change resulted primarily from lower interest income and accruals for pledged contributions to the NiSource Foundation.

Income from Continuing Operations (GAAP)

On a GAAP basis, NiSource reported income from continuing operations for the year ended December 31, 2007, of $322 million, or $1.18 per share, compared with $313.5 million, or $1.15 per share a year ago. Operating income was $948.8 during 2007 versus $880.0 million in 2006. The increase in earnings was primarily due to increased revenues across all business segments which includes favorable weather versus last year and positive impacts already discussed, partially offset by $33.5 million accrued for the purchase power settlement reached with regulatory stakeholders and large industrial customers relating to power purchased by NIPSCO to meet growing market demands.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended Dec. 31, 2007, of $74.9 million, or 28 cents per share, compared with $92.4 million, or 34 cents per share, in the same period a year ago. Fourth quarter 2007 results include a $40.6 million loss on early extinguishment of $292.1 million of debt. Operating income was $258.0 million for the fourth quarter of 2007, compared with $243.2 million in the year-ago period.

Refer to Schedule 1 for a complete list of the items included in 2007 and 2006 GAAP Income from Continuing Operations but excluded from net operating earnings.

Definition of non-GAAP measures

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

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

About NiSource

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

Forward-Looking Statements

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

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

(in millions, except per share amounts)	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Net Revenues				
Gas Distribution	**$1,337.1**	$1,213.4	**$4,459.5**	$4,262.3
Gas Transportation and Storage	**311.4**	289.4	**1,090.1**	1,033.2
Electric	**335.3**	306.4	**1,385.2**	1,301.0
Other	**280.8**	253.1	**1,045.2**	968.3
Gross Revenues	**2,264.6**	2,062.3	**7,980.0**	7,564.8
Cost of Sales (excluding depreciation and amortization)	**1,349.0**	1,178.4	**4,676.2**	4,365.4
Total Net Revenues	**915.6**	883.9	**3,303.8**	3,199.4
Operating Expenses				
Operation and maintenance	**353.1**	330.0	**1,250.3**	1,177.0
Operation and maintenance — trackers	**54.2**	51.5	**202.8**	182.4
Depreciation and amortization	**139.8**	137.9	**559.2**	549.2
Other taxes	**52.1**	48.5	**207.2**	195.2
Other taxes — trackers	**27.9**	28.3	**95.8**	94.3
Total Operating Expenses	**627.1**	596.2	**2,315.3**	2,198.1
Equity Earnings (Loss) in Unconsolidated Affiliates	**1.6**	(0.1)	**9.4**	0.7
Operating Earnings	**290.1**	287.6	**997.9**	1,002.0
Other Income (Deductions)				
Interest expense, net	**(103.2)**	(102.5)	**(400.7)**	(387.4)
Dividend requirements on preferred stock of subsidiaries	**—**	—	**—**	(1.1)
Other, net	**(4.7)**	0.4	**(6.5)**	(6.5)
Total Other Income (Deductions)	**(107.9)**	(102.1)	**(407.2)**	(395.0)
Operating Earnings From Continuing Operations Before Income Taxes	**182.2**	185.5	**590.7**	607.0
Income Taxes	**63.7**	68.6	**214.9**	218.5
Net Operating Earnings from Continuing Operations	**118.5**	116.9	**375.8**	388.5
GAAP Adjustment	**(43.6)**	(24.5)	**(53.8)**	(75.0)
GAAP Income from Continuing Operations	**$ 74.9**	$ 92.4	**$ 322.0**	$ 313.5
Basic Net Operating Earnings Per Share from Continuing Operations	**0.43**	0.43	**1.37**	1.43
GAAP Basic Earnings Per Share from Continuing Operations	**0.28**	0.34	**1.18**	1.15
Basic Average Common Shares Outstanding (millions)	**273.9**	272.9	**273.8**	272.6

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Gas Distribution Operations *(in millions)*	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Net Revenues				
Sales Revenues	**$1,490.3**	$1,369.3	**$5,011.9**	$4,771.6
Less: Cost of gas sold	**1,046.7**	923.7	**3,477.2**	3,277.0
Net Revenues	**443.6**	445.6	**1,534.7**	1,494.6
Operating Expenses				
Operation and maintenance	**168.7**	156.4	**621.3**	580.7
Operation and maintenance — trackers	**42.4**	41.0	**155.0**	140.1
Depreciation and amortization	**58.7**	58.1	**234.5**	231.4
Other taxes	**20.7**	19.4	**77.9**	74.3
Other taxes — trackers	**27.9**	28.3	**95.8**	94.3
Total Operating Expenses	**318.4**	303.2	**1,184.5**	1,120.8
Operating Earnings	**$ 125.2**	$ 142.4	**$ 350.2**	$ 373.8
GAAP Adjustment	**(23.6)**	(20.8)	**(17.4)**	(83.8)
GAAP Operating Income	**$ 101.6**	$ 121.6	**$ 332.8**	$ 290.0

Gas Transmission and Storage Operations *(in millions)*	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Net Revenues				
Transportation revenues	**$ 203.8**	$ 190.0	**$ 686.7**	$ 681.6
Storage revenues	**44.6**	44.4	**179.4**	176.8
Other revenues	**1.3**	1.3	**4.4**	6.1
Total Revenues	**249.7**	235.7	**870.5**	864.5
Less: Cost of gas sold	**(0.1)**	0.4	**—**	14.0
Net Revenues	**249.8**	235.3	**870.5**	850.5
Operating Expenses				
Operation and maintenance	**83.8**	87.5	**293.2**	288.6
Operation and maintenance — trackers	**10.7**	8.5	**42.1**	35.5
Depreciation and amortization	**29.1**	29.3	**117.1**	114.9
Other taxes	**13.5**	13.5	**55.7**	54.6
Total Operating Expenses	**137.1**	138.8	**508.1**	493.6
Equity Earnings (Loss) in Unconsolidated Affiliates	**1.6**	(0.1)	**9.4**	0.7
Operating Earnings	**$ 114.3**	$ 96.4	**$ 371.8**	$ 357.6
GAAP Adjustment	**(1.8)**	(13.8)	**(9.8)**	(16.8)
GAAP Operating Income	**$ 112.5**	$ 82.6	**$ 362.0**	$ 340.8

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

Electric Operations *(in millions)*	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Net Revenues				
Sales Revenues	**$336.6**	$307.5	**$1,390.2**	$1,305.6
Less: Cost of gas sold	**132.1**	109.3	**551.5**	481.4
Net Revenues	**204.5**	198.2	**838.7**	824.2
Operating Expenses				
Operation and maintenance	**88.8**	71.2	**291.6**	258.0
Operation and maintenance — trackers	**1.1**	2.0	**5.7**	6.8
Depreciation and amortization	**48.1**	47.0	**191.9**	187.3
Other taxes	**14.8**	15.0	**60.7**	58.0
Total Operating Expenses	**152.8**	135.2	**549.9**	510.1
Operating Earnings	**$ 51.7**	$ 63.0	**$ 288.8**	$ 314.1
GAAP Adjustment	3.4	7.7	**(10.5)**	(3.7)
GAAP Operating Income	**$ 55.1**	$ 70.7	**$ 278.3**	$ 310.4

Other Operations *(in millions)*	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Net Revenues				
Products and services revenue	**$270.3**	$235.9	**$1,017.8**	$ 929.9
Less: Cost of gas sold	**250.8**	229.2	**952.0**	893.7
Net Revenues	**19.5**	6.7	**65.8**	36.2
Operating Expenses				
Operation and maintenance	**7.8**	12.2	**39.7**	46.4
Depreciation and amortization	**2.6**	2.4	**10.5**	9.8
Other taxes	**1.6**	1.5	**6.4**	4.3
Total Operating Expenses	**12.0**	16.1	**56.6**	60.5
Operating Earnings (Loss)	**$ 7.5**	$ (9.4)	**$ 9.2**	$ (24.3)
GAAP Adjustment	**(0.1)**	(17.0)	**(1.1)**	(15.9)
GAAP Operating Income (Loss)	**$ 7.4**	$(26.4)	**$ 8.1**	$ (40.2)

Corporate *(in millions)*	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Operating Earnings (Loss)	**$ (8.6)**	$ (4.8)	**$ (22.1)**	$ (19.2)
GAAP Adjustment	**(10.0)**	(0.5)	**(10.3)**	(1.8)
GAAP Operating Income (Loss)	**$(18.6)**	$ (5.3)	**$ (32.4)**	$ (21.0)

NiSource Inc.
Segment Volumes and Statistical Data

Gas Distribution Operations	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	**2007**	2006
Sales and Transportation (MMDth)				
Residential	**83.3**	79.3	**274.8**	241.8
Commercial	**49.8**	49.6	**177.9**	163.9
Industrial	**101.6**	92.9	**380.8**	365.4
Off System	**22.7**	13.7	**88.1**	54.9
Other	**0.8**	0.3	**1.4**	0.9
Total	**258.2**	235.8	**923.0**	826.9
Weather Adjustment	**7.6**	13.6	**2.3**	50.9
Sales and Transportation Volumes - Excluding Weather	**265.8**	249.4	**925.3**	877.8
Heating Degree Days	**1,658**	1,595	**4,815**	4,347
Normal Heating Degree Days	**1,778**	1,768	**4,941**	4,933
% Colder (Warmer) than Normal	**(7%)**	(10%)	**(3%)**	(12%)
Customers				
Residential			**3,080,799**	3,074,115
Commercial			**293,322**	292,566
Industrial			**8,171**	8,268
Other			**71**	73
Total			**3,382,363**	3,375,022

Gas Transmission and Storage Operations	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	**2007**	2006
Throughput (MMDth)				
Columbia Transmission				
Market Area	**287.9**	263.1	**1,030.0**	932.1
Columbia Gulf				
Mainline	**161.5**	135.8	**651.3**	533.5
Short-haul	**69.8**	46.1	**229.4**	129.9
Columbia Pipeline Deep Water	**0.5**	1.6	**2.6**	8.3
Crossroads Gas Pipeline	**9.3**	10.1	**36.9**	38.5
Granite State Pipeline	**9.7**	7.8	**32.3**	26.9
Intrasegment eliminations	**(139.8)**	(121.8)	**(559.7)**	(491.2)
Total	**398.9**	342.7	**1,422.8**	1,178.0

NiSource Inc.
Segment Volumes and Statistical Data (continued)

Electric Operations	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Sales (Gigawatt Hours)				
Residential	**781.0**	752.8	**3,549.2**	3,293.9
Commercial	**996.7**	934.7	**4,039.7**	3,855.7
Industrial	**2,442.3**	2,322.5	**9,525.5**	9,503.2
Wholesale	**126.9**	53.0	**909.1**	661.4
Other	**38.9**	35.2	**142.3**	114.1
Total	**4,385.8**	4,098.2	**18,165.8**	17,428.3
Weather Adjustment	**(43.9)**	6.7	**(111.2)**	148.3
Sales Volumes — Excluding Weather impacts	**4,341.9**	4,104.9	**18,054.6**	17,576.6
Cooling Degree Days			**919**	714
Normal Cooling Degree Days			**812**	803
% Warmer (Colder) than Normal			**13%**	(11%)
Electric Customers				
Residential			**400,991**	398,349
Commercial			**52,815**	52,106
Industrial			**2,509**	2,509
Wholesale			**6**	5
Other			**755**	759
Total			**457,076**	453,728

NiSource Inc.

Schedule 1 — Reconciliation of Net Operating Earnings to GAAP

(in millions, except per share amounts)	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Net Operating Earnings from Continuing Operations	**$118.5**	$116.9	**$375.8**	$ 388.5
Items excluded from operating earnings:				
Net Revenues:				
Weather — compared to normal	**(6.7)**	(21.0)	**7.0**	(83.1)
Purchased Power settlement	—	—	**(17.3)**	—
Unbilled revenue and other changes	**(13.0)**	8.3	**(13.0)**	8.3
Operating Expenses:				
Restructuring, transition and consulting charges (outsourcing initiative)	**(9.6)**	(0.5)	**(13.2)**	(12.3)
BP contract revision	—	(17.0)	—	(17.0)
Gain/loss on sales of assets, asset impairments and other	**(2.8)**	(1.2)	**(12.6)**	(4.9)
Loss on Equity Earnings	—	(13.0)	—	(13.0)
Total items excluded from operating earnings	**(32.1)**	(44.4)	**(49.1)**	(122.0)
Loss on early extinguishment of long-term debt	**(40.6)**	—	**(40.6)**	—
Loss on early redemption of preferred stock	—	—	—	(0.7)
Tax effect of above items and other income tax adjustments	**29.1**	19.9	**35.9**	47.7
Reported Income from Continuing Operations — GAAP	**$ 74.9**	$ 92.4	**$322.0**	$ 313.5
Basic Average Common Shares Outstanding (millions)	**273.9**	272.9	**273.8**	272.6
Basic Net Operating Earnings Per Share from Continuing Operations	**0.43**	0.43	**1.37**	1.43
Items excluded from net operating earnings (after-tax)	**(0.15)**	(0.09)	**(0.19)**	(0.28)
GAAP Basic Earnings Per Share from Continuing Operations	**0.28**	0.34	**1.18**	1.15

NiSource Inc.
Schedule 2 — Quarterly Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended December 31, 2007

2007 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	**$125.2**	**$114.3**	**$51.7**	**$ 7.5**	**$ (8.6)**	**$290.1**
Net Revenues:						
Weather (compared to normal)	(9.7)	—	3.0	—	—	**(6.7)**
Unbilled revenue and other changes	(13.0)	—	—	—	—	**(13.0)**
Total Impact — Net Revenues	**(22.7)**	—	**3.0**	—	—	**(19.7)**
Operating Expenses:						
Restructuring, transition and consulting charges (outsourcing initiative)	0.6	(0.3)	(0.1)	—	(9.8)	**(9.6)**
Gain/loss on sale of assets, asset impairments and other	(1.5)	(1.5)	0.5	(0.1)	(0.2)	**(2.8)**
Total Impact — Operating Expenses	**(0.9)**	**(1.8)**	**0.4**	**(0.1)**	**(10.0)**	**(12.4)**
Total Impact — Operating Income (Loss)	**(23.6)**	**(1.8)**	**3.4**	**(0.1)**	**(10.0)**	**(32.1)**
Operating Income (Loss) — GAAP	**$101.6**	**$112.5**	**$55.1**	**$ 7.4**	**$(18.6)**	**$258.0**

2006 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	**$142.4**	**$ 96.4**	**$63.0**	**$ (9.4)**	**$ (4.8)**	**$287.6**
Net Revenues:						
Weather (compared to normal)	(20.5)	—	(0.5)	—	—	**(21.0)**
Unbilled revenue and other changes	—	—	8.3	—	—	**8.3**
Total Impact — Net Revenues	**(20.5)**	—	**7.8**	—	—	**(12.7)**
Operating Expenses:						
Restructuring, transition and consulting charges (outsourcing initiative)	(0.3)	—	(0.1)	—	(0.1)	**(0.5)**
BP contract revision	—	—	—	(17.0)	—	**(17.0)**
Gain/loss on sale of assets, asset impairments and other	—	(0.8)	—	—	(0.4)	**(1.2)**
Total Impact — Operating Expenses	**(0.3)**	**(0.8)**	**(0.1)**	**(17.0)**	**(0.5)**	**(18.7)**
Loss on Equity Earnings	—	**(13.0)**	—	—	—	**(13.0)**
Total Impact — Operating Income (Loss)	**(20.8)**	**(13.8)**	**7.7**	**(17.0)**	**(0.5)**	**(44.4)**
Operating Income (Loss) — GAAP	**$121.6**	**$ 82.6**	**$70.7**	**$(26.4)**	**$ (5.3)**	**$243.2**

NiSource Inc.
Schedule 2 — Year-to-Date Adjustments by Segment from Operating Earnings to GAAP
For Twelve Months ended December 31, 2007

2007 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	**350.2**	**371.8**	**288.8**	**9.2**	**(22.1)**	**$997.9**
Net Revenues:						
Weather (compared to normal)	—	—	7.0	—	—	**7.0**
Purchased Power settlement	—	—	(17.3)	—	—	**(17.3)**
Unbilled revenue and other changes	(13.0)	—	—	—	—	**(13.0)**
Total Impact — Net Revenues	**(13.0)**	—	**(10.3)**	—	—	**(23.3)**
Operating Expenses:						
Operation and Maintenance Expenses- Restructuring, transition and consulting charges (outsourcing initiative)	(1.4)	(1.2)	(0.6)	(0.1)	(9.9)	**(13.2)**
Gain/loss on sale of assets, asset impairments and other	(3.0)	(8.6)	0.4	(1.0)	— (0.4)	— **(12.6)**
Total Impact — Operating Expenses	**(4.4)**	**(9.8)**	**(0.2)**	**(1.1)**	**(10.3)**	**(25.8)**
Total Impact — Operating Income (Loss)	**(17.4)**	**(9.8)**	**(10.5)**	**(1.1)**	**(10.3)**	**(49.1)**
Operating Income (Loss) — GAAP	**$332.8**	**$362.0**	**$278.3**	**$ 8.1**	**$(32.4)**	**$948.8**

2006 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Other	Corporate	Total
Operating Earnings (Loss)	**373.8**	**357.6**	**314.1**	**(24.3)**	**(19.2)**	**$1,002.0**
Net Revenues:						
Weather (compared to normal)	(73.0)	—	(10.1)	—	—	**(83.1)**
Unbilled revenue and other changes	—	—	8.3	—	—	**8.3**
Total Impact — Net Revenues	**(73.0)**	—	**(1.8)**	—	—	**(74.8)**
Operating Expenses:						
Operation and Maintenance Expenses- Restructuring, transition and consulting charges (outsourcing initiative)	(8.5)	(1.4)	(1.5)	(0.1)	(0.8)	**(12.3)**
BP contract revision	—	—	—	(17.0)	—	**(17.0)**
Gain/loss on sale of assets, asset impairments and other	(2.3)	(2.4)	(0.4)	1.2	(1.0)	**(4.9)**
Total Impact — Operating Expenses	**(10.8)**	**(3.8)**	**(1.9)**	**(15.9)**	**(1.8)**	**(34.2)**
Loss on Equity Earnings	—	**(13.0)**	—	—	—	**(13.0)**
Total Impact — Operating Income (Loss)	**(83.8)**	**(16.8)**	**(3.7)**	**(15.9)**	**(1.8)**	**(122.0)**
Operating Income (Loss) — GAAP	**$290.0**	**$340.8**	**$310.4**	**$(40.2)**	**$(21.0)**	**$ 880.0**

NiSource Inc.
Income Statement (GAAP)
(unaudited)

(in millions, except per share amounts)	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Net Revenues				
Gas Distribution	**$1,314.4**	$1,192.9	**$4,446.5**	$4,189.3
Gas Transportation and Storage	**311.4**	289.4	**1,090.1**	1,033.2
Electric	**338.3**	314.2	**1,374.9**	1,299.2
Other	**280.8**	253.1	**1,045.2**	968.3
Gross Revenues	**2,244.9**	2,049.6	**7,956.7**	7,490.0
Cost of Sales (excluding depreciation and amortization)	**1,348.9**	1,178.4	**4,676.1**	4,365.4
Total Net Revenues	**896.0**	871.2	**3,280.6**	3,124.6
Operating Expenses				
Operation and maintenance	**418.8**	399.7	**1,468.2**	1,389.5
Depreciation and amortization	**139.8**	137.9	**559.2**	549.2
Impairment and (gain) loss on sale of assets	**1.0**	0.5	**10.8**	4.1
Other taxes	**80.0**	76.8	**303.0**	289.5
Total Operating Expenses	**639.6**	614.9	**2,341.2**	2,232.3
Equity Earnings (Loss) in Unconsolidated Affiliates	**1.6**	(13.1)	**9.4**	(12.3)
Operating Income	**258.0**	243.2	**948.8**	880.0
Other Income (Deductions)				
Interest expense, net	**(103.2)**	(102.5)	**(400.7)**	(387.4)
Dividend requirement on preferred stock of subsidiaries	**—**	—	**—**	(1.1)
Other, net	**(4.7)**	0.4	**(6.5)**	(6.5)
Loss on early extinguishment of long-term debt	**(40.6)**	—	**(40.6)**	—
Loss on early redemption of preferred stock	**—**	—	**—**	(0.7)
Total Other Income (Deductions)	**(148.5)**	(102.1)	**(447.8)**	(395.7)
Income From Continuing Operations Before Income Taxes and Cumulative Effect of Change in Accounting Principle	**109.5**	141.1	**501.0**	484.3
Income Taxes	**34.6**	48.7	**179.0**	170.8
Income From Continuing Operations Before Cumulative Effect of Change in Accounting Principle	**74.9**	92.4	**322.0**	313.5
Income (Loss) from Discontinued Operations — net of taxes	**0.7**	(29.5)	**1.1**	(31.7)
Gain (Loss) on Disposition of Discontinued Operations — net of taxes	**1.4**	(0.4)	**8.3**	—
Income Before Change in Accounting Principle	**77.0**	62.5	**331.4**	281.8
Cumulative Effect of Change in Accounting Principle — net of taxes	**—**	—	**—**	0.4
Net Income	**$ 77.0**	$ 62.5	**$ 331.4**	$ 282.2
Basic Earnings Per Share ($)				
Continuing operations	**$ 0.28**	0.34	**$ 1.18**	1.15
Discontinued operations	**—**	(0.11)	**0.03**	(0.11)
Basic Earnings Per Share	**$ 0.28**	0.23	**$ 1.21**	1.04
Diluted Earnings Per Share ($)				
Continuing operations	**$ 0.28**	0.33	**$ 1.18**	1.14
Discontinued operations	**—**	(0.11)	**0.03**	(0.11)
Diluted Earnings Per Share	**$ 0.28**	0.22	**$ 1.21**	1.03
Dividends Declared Per Common Share ($)	**$ 0.23**	0.23	**$ 0.92**	0.92
Basic Average Common Shares Outstanding (millions)	**273.9**	272.9	**273.8**	272.6
Diluted Average Common Shares (millions)	**274.7**	274.0	**274.7**	273.4

NiSource Inc.
Consolidated Balance Sheets
(unaudited)

As of December 31, *(in millions)*	2007	2006
ASSETS		
Property, Plant and Equipment		
Utility Plant	**$ 17,543.5**	$ 17,194.9
Accumulated depreciation and amortization	**(7,850.5)**	(7,850.0)
Net utility plant	**9,693.0**	9,344.9
Other property, at cost, less accumulated depreciation	**338.8**	349.6
Net Property, Plant and Equipment	**10,031.8**	9,694.5
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	**41.2**	43.0
Unconsolidated affiliates	**72.7**	59.6
Other investments	**117.2**	116.1
Total Investments and Other Assets	**231.1**	218.7
Current Assets		
Cash and cash equivalents	**50.0**	33.1
Restricted cash	**59.4**	142.5
Accounts receivable (less reserve of $38.0 and $42.1, respectively)	**977.6**	866.3
Gas inventory	**458.2**	550.5
Underrecovered gas and fuel costs	**146.7**	163.2
Materials and supplies, at average cost	**88.4**	89.0
Electric production fuel, at average cost	**58.1**	63.9
Price risk management assets	**102.2**	237.7
Exchange gas receivable	**223.9**	252.3
Regulatory assets	**218.0**	272.7
Prepayments and other	**112.7**	111.7
Total Current Assets	**2,495.2**	2,782.9
Other Assets		
Price risk management assets	**25.2**	49.9
Regulatory assets	**881.2**	1,127.3
Goodwill	**3,677.3**	3,677.3
Intangible assets	**422.0**	435.7
Postretirement and postemployment benefits assets	**157.8**	32.8
Deferred charges and other	**123.5**	137.4
Total Other Assets	**5,287.0**	5,460.4
Total Assets	**$ 18,045.1**	$ 18,156.5

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

As of December 31, *(in millions, except share amounts)*	2007	2006
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock — $0.01 par value, 400,000,000 shares authorized; 274,176,752 and 273,654,180 shares issued and outstanding, respectively	**$ 2.7**	$ 2.7
Additional paid-in capital	**4,011.1**	3,998.3
Retained earnings	**1,084.5**	1,012.9
Accumulated other comprehensive income	**11.7**	20.9
Treasury stock	**(23.3)**	(21.2)
Total Common Stockholders' Equity	**5,086.7**	5,013.6
Long-term debt, excluding amounts due within one year	**5,594.4**	5,146.2
Total Capitalization	**10,681.1**	10,159.8
Current Liabilities		
Current portion of long-term debt	**33.9**	93.3
Short-term borrowings	**1,061.0**	1,193.0
Accounts payable	**743.3**	713.1
Customer deposits	**114.4**	108.4
Taxes accrued	**201.7**	196.0
Interest accrued	**99.3**	107.1
Overrecovered gas and fuel costs	**10.4**	126.7
Price risk management liabilities	**80.3**	259.4
Exchange gas payable	**441.6**	396.6
Deferred revenue	**38.7**	55.9
Regulatory liabilities	**89.7**	40.7
Accrued liability for postretirement and postemployment benefits	**4.8**	4.7
Other accruals	**503.7**	526.3
Total Current Liabilities	**3,422.8**	3,821.2
Other Liabilities and Deferred Credits		
Price risk management liabilities	**1.7**	38.2
Deferred income taxes	**1,563.3**	1,553.7
Deferred investment tax credits	**53.5**	61.5
Deferred credits	**98.3**	119.3
Deferred revenue	**0.2**	21.9
Accrued liability for postretirement and postemployment benefits	**547.9**	799.5
Liabilities of discontinued operations and liabilities held for sale	**6.3**	11.9
Regulatory liabilities and other removal costs	**1,353.1**	1,253.8
Asset retirement obligations	**131.1**	131.6
Other noncurrent liabilities	**185.8**	184.1
Total Other Liabilities and Deferred Credits	**3,941.2**	4,175.5
Commitments and Contingencies	—	—
Total Capitalization and Liabilities	**$ 18,045.1**	$ 18,156.5

NiSource Inc.
Other Information
(*unaudited*)

(in millions, except share amounts)		**December 31, 2007**		December 31, 2006
Total Common Stockholders' Equity	**$**	**5,086.7**	$	5,013.6
Shares Outstanding (thousands)		**274,177**		273,654
Book Value of Common Shares	**$**	**18.55**	$	18.32

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

Twelve Months Ended December 31, *(in millions)*	2007	2006
Operating Activities		
Net income	**$ 331.4**	$ 282.2
Adjustments to reconcile net income to net cash from continuing operations:		
Loss on early extinguishment of long-term debt	**40.6**	—
Loss on early redemption of preferred stock	**—**	0.7
Depreciation and amortization	**559.2**	549.2
Net changes in price risk management assets and liabilities	**1.7**	(10.9)
Deferred income taxes and investment tax credits	**6.5**	(113.4)
Deferred revenue	**(38.8)**	(34.0)
Stock compensation expense	**4.4**	6.9
Gain on sale of assets	**(0.3)**	(1.1)
Loss on impairment of assets	**11.1**	5.2
Cumulative effect of change in accounting principle — net of taxes	**—**	(0.4)
Loss (Income) from unconsolidated affiliates	**(14.1)**	8.4
Gain on disposition of discontinued operations — net of taxes	**(8.3)**	—
Loss (Income) from discontinued operations — net of taxes	**(1.1)**	31.7
Amortization of discount/premium on debt	**7.3**	7.7
AFUDC Equity	**(3.6)**	(2.0)
Changes in assets and liabilities:		
Accounts receivable	**(45.0)**	407.7
Inventories	**94.4**	(71.7)
Accounts payable	**(41.8)**	(176.4)
Customer deposits	**6.1**	6.4
Taxes accrued	**2.3**	53.4
Interest accrued	**(2.7)**	20.9
(Under) Overrecovered gas and fuel costs	**(99.7)**	359.5
Exchange gas receivable/payable	**44.3**	(111.2)
Other accruals	**(15.0)**	9.3
Prepayments and other current assets	**3.4**	(2.8)
Regulatory assets/liabilities	**62.3**	(36.4)
Postretirement and postemployment benefits	**(101.1)**	(45.4)
Deferred credits	**(0.7)**	8.7
Deferred charges and other noncurrent assets	**(22.4)**	(6.4)
Other noncurrent liabilities	**(9.5)**	5.6
Net Operating Activities from Continuing Operations	**770.9**	1,151.4
Net Operating Activities from Discontinued Operations	**0.3**	4.8
Net Cash Flows from Operating Activities	**771.2**	1,156.2
Investing Activities		
Capital expenditures	**(788.3)**	(637.4)
Proceeds from disposition of assets	**4.2**	21.6
Restricted cash	**83.1**	(114.3)
Other investing activities	**19.6**	(2.4)
Net Cash Flows used for Investing Activities	**(681.4)**	(732.5)
Financing Activities		
Issuance of long-term debt	**803.6**	—
Retirement of long-term debt	**(457.9)**	(438.7)
Premiums and other cost to retire debt	**(40.6)**	—
Change in short-term debt	**(132.0)**	296.4
Retirement of preferred stock	**—**	(81.6)
Issuance of common stock	**8.2**	21.9
Acquisition of treasury stock	**(2.1)**	(6.1)
Dividends paid — common stock	**(252.1)**	(251.9)
Net Cash Flows used for Financing Activities	**(72.9)**	(460.0)
Increase (Decrease) in cash and cash equivalents	**16.9**	(36.3)
Cash and cash equivalents at beginning of year	**33.1**	69.4
Cash and cash equivalents at end of period	**$ 50.0**	$ 33.1
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	**$ 413.2**	$ 370.0

Interest capitalized	**17.1**	11.1
Cash paid for income taxes	**185.2**	288.2

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

FORM 8-K

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

Date of Report (Date of earliest event reported): December 12, 2007

NiSource Inc.
(Exact name of registrant as specified in its charter)

Commission file number 001-16189

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On December 12, 2007, NiSource Corporate Services Company ("NCSC"), a direct subsidiary of NiSource Inc. (the "Company"), amended its Agreement for Business Process and Support Services ("Amended Outsourcing Agreement") with International Business Machines Corporation ("IBM").

The original Outsourcing Agreement was executed on June 20, 2005 and had an initial term of ten years and NCSC had the right to renew it for up to three additional one-year periods.

Under the Amended Outsourcing Agreement, NiSource will reassume responsibility for business support functions including human resource administration, payroll, accounts payable, supply chain (procurement), sales centers, and the majority of meter to cash operations (billing and collections). During 2007, NiSource had already begun to bring certain finance and accounting functions back within the company. These functions include general accounting, fixed assets, and budgeting. In the Customer Contact Centers, interim operational responsibility will be retained by IBM, although NiSource intends to pursue a direct arrangement with Vertex, which currently operates the contact center as a subcontractor for IBM. IBM will retain responsibility for information technology operations. Support functions returning to NiSource will be transitioned in a phased approach throughout 2008.

In August 2006, further implementation of certain information technology systems was delayed due to difficulties encountered with the first wave of new system implementations. The timeline for resuming other Transformation projects is still under consideration, including the evaluation of service providers to support future transformational project work.

These modifications will place NiSource in a position to more effectively manage its employee and administrative expenses, while ensuring delivery of services needed to meet the Company's needs. The delay in the transformation projects and proposed restructuring of the relationship will mean that the cost savings expected under the original Outsourcing Agreement will not be achieved.

NCSC will continue to pay IBM for the amended services under a combination of fixed and variable charges, with the variable charges fluctuating based on the Company's actual need for such services. Based on the currently projected usage of these services, the Company expects to pay approximately $700 million to IBM in service fees and project costs over the remaining 7.5 year term. Under the original agreement, the company expected to pay IBM approximately $1.6 billion in service fees and project costs over ten years.

NiSource will incur additional costs related to its Amended Outsourcing Agreement with IBM. These costs include:

- An upfront cash payment of approximately $44 million which includes acquiring technology assets and payment for certain future services. Approximately $10 million of this amount will be recorded as an expense in the fourth quarter ended December 31, 2007; and
- Estimated transition costs up to $10 million to transfer certain functional areas to NiSource.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Amended Outsourcing Agreement for Business Process and Support Services between NiSource Corporate Services Company, a direct subsidiary of NiSource Inc. and International Business Machines Corporation executed on December 12, 2007.

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: December 12, 2007

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

Exhibit Number	Description
99.1	Amended Outsourcing Agreement for Business Process and Support Services between NiSource Corporate Services Company, a direct subsidiary of NiSource Inc. and International Business Machines Corporation executed on December 12, 2007.

AMENDMENT #4
TO AGREEMENT FOR
BUSINESS PROCESS AND SUPPORT SERVICES

This **AMENDMENT #4** (this " **Amendment** "), dated as of December 12, 2007, is entered into by and between NiSource Corporate Services Company, a Delaware corporation (" **NiSource** "), and International Business Machines Corporation, a New York corporation (" **IBM** "). This Amendment shall be effective as of December 1, 2007 (the " **Amendment Effective Date** ").

Recitals

A. WHEREAS, NiSource and IBM (a) entered into an Agreement for Business Process and Support Services dated as of June 20, 2005 (the " **Original Agreement** ") and amended the Original Agreement pursuant to Amendments #1 through 26 and (b) have created a conformed version of the Original Agreement that reflects changes to the Original Agreement implemented by Amendments #1 through #21 and Amendments #24 and #26 (provided, however, that the letter agreements as listed in **Attachment J** hereto, Change Orders and Request for Service (" **RFS** ") documents are not reflected within the body of such conformed version but remain in full force and effect) (the " **Conformed Version of the Agreement"**) **.** All references after the Amendment Effective Date to the "Agreement" shall mean the Conformed Version of the Agreement, as may be amended. For tracking purposes after the Amendment Effective Date, Amendments #22, #23, and #25 to the Original Agreement shall be renumbered and referred to as Amendments #1, #2 and #3, respectively, and this Amendment shall be hereafter referred to as Amendment #4.

B. WHEREAS, the Parties engaged in a reassessment of the relationship formed by the Parties under the Agreement, including the identification and evaluation of (a) adjustment, enhancement and remediation activities to address issues raised by the Parties with respect to the delivery of certain Transformation projects and steady state Services under the Agreement and (b) strategies for the best path forward for NiSource and IBM and the resolution of disputes;

C. WHEREAS, the Parties entered into a Memorandum of Understanding, dated as of October 22, 2007, (the " **MOU** ") pursuant to which the Parties agreed in principle to (a) the key business terms that would be reflected in this Amendment and (b) certain binding terms in order to allow NiSource and IBM to commence (i) transition back activities for the scope to be terminated under this Amendment, including communications and potentially offers of employment to designated IBM personnel and possible engagement of IBM contractors, and (ii) the implementation of the adjustments, improvements and remediation activities relating to the scope to be retained and performed by IBM; and

D. WHEREAS, the Parties have agreed in this Amendment to formalize the agreement in principle set forth in the MOU, including amending the Agreement to reflect that (a) the Human Resources (" **HR** ") Service Tower, the Sales Center Service Tower, the Finance and Accounting (" **F&A** ") Service Tower (except for completion and remediation activities relating to Wave 1 of the F&A Transformation as set forth herein and ERS as set forth herein), the Supply Chain Management (" **SCM** ") Service Tower and the Meter-to-Cash (" **MTC** ") Service Tower (except for certain offshore activities as described in **Section 7(d)** below and the Revenue Recovery Services as described in **Section 7 (e)** below) shall be terminated and transitioned back to NiSource or its designee, (b) the Services under the Customer Contact Center (" **CCC** ") Service Tower shall be provided by IBM in accordance with the applicable Service Levels at a fixed price on an interim basis until and if NiSource enters into a direct agreement with, or takes assignment of IBM's current agreement with, IBM's current subcontractors Vertex Outsourcing LLC, a subsidiary of Vertex Data Science Limited (" **Vertex** "), NCO Financial Systems, Inc. (" **NCO** ") and Network Omni Multi-Lingual Communications (" **Network Omni** ") for the provision of certain CCC Services and such Services are fully transitioned to Vertex, NCO and Network Omni as the primary providers of such Services (provided that offshore non-call work identified herein is not intended to be transitioned to Vertex and shall continue to be provided by IBM), (c) IBM shall complete the Wave 1 F&A Transformation completion and remediation activities identified by the Parties, (d) IBM shall continue to provide certain offshore activities for MTC after the transition back to NiSource or its designee of the rest of MTC, (e) IBM shall continue to provide certain offshore non-call work for CCC as described in **Section 3 (g)** below after the end of the fixed fee period referenced in subsection (b) above at the charges agreed to herein and subject to the terms and conditions of the Agreement, (f) IBM shall continue to provide the Services under the IT Service Tower subject to certain adjustments and enhancements to the IT Services (including the associated Fees) and the implementation of certain remediation activities and (g) certain settlement conditions have been agreed.

NOW, THEREFORE , in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Amendments

1. **Definitions; Attachments; Restated Schedules; Conformed Version of the Agreement** .

   a. Capitalized terms used but not defined in this Amendment shall have the meaning given to such terms in the Agreement.

   b. The following Attachments attached to this Amendment supplement and are in addition to the existing provisions and attachments to the Agreement:

Attachment A

IT Terms — Part 1

Annex A-1-1 Productivity Improvement Percentages
Annex A-1-2 Onshore/Offshore Ratios
Annex A-1-3 Real Time Systems
Annex A-1-4 Combined Countries for Turnover

IT Terms — Part 2

Annex A-2-1 Application Mapping Diagram
Annex A-2-2 BA Process Map
Annex A-2-3 BAM Mapping
Annex A-2-4 IT Staffing Matrix
Annex A-2-5 IBM Personnel with Logical Access
Annex A-2-6 Org Chart
Annex A-2-7 Knowledge Transfer Methodology for New Offshore Migrations of Software Applications
Annex A-2-8 Offshore Migration Plan
Annex A-2-9 Key Onshore Resources and Key Offshore Resources
Annex A-2-10 Request/Project Tracking Sample Report
Annex A-2-11 APM Categorization and Recommendations
Annex A-2-12 Project Communication Plan
Annex A-2-13 AS, RTS AS and NS Vacancy Plans

Attachment B

RTS Specific Terms – Part 1

Annex B-1-1 NS Coverage Model
Annex B-1-2 NS Role Descriptions
Annex B-1-3 Minimum RTS AS Headcount Requirements
Annex B-1-4 ENOC Mission and Escalation Procedures

RTS Specific Terms – Part 2

Annex B-2-1 Draft RTS Termination SOW
Annex B-2-2 RTS Termination SOW – Certain Open Issues

Attachment C **Resolution of Materials and Supplies Disputes**

Attachment D Detail of Financial Agreement Relating to Termination

Attachment E Resolution of Disputed Items (Part 1 & Part 2)

Attachment F Tentative Service Tower Transition Plan and Dates

Attachment G Intellectual Property Rights

Attachment H Matrix of Vertex/IBM/NI Equipment Refresh and Maintenance Obligations

Attachment I F&A Completion and Remediation

Attachment J Letter Agreements

Attachment K BuySource Access

Attachment L Release

Attachment M MTC Credits

The foregoing Attachments are hereby incorporated into and made part of this Amendment (and accordingly the Agreement).

c. The following Schedules and Exhibits are amended and restated Exhibits and Schedules and replace the existing Schedules and Exhibits to the Agreement of the same name in their entirety:

i. **CCC –**

Annex 3.2.6 (Service Levels)
Annex 3.3.6 (SLA Definitions)
Annex 4.1.6 (Resource Units)
Schedule 14.6 (Third Party Contracts)

ii. **MTC – Schedule 22.5 (Transition) — Updating for BSG/NIPSCO deletion**

iii. **IT**

Annex 3.2.1 (Service Levels)
Annex 3.3.1 (SLA Definitions)
Annex 4.1.1 (IT Resource Units)

iv. **General**

Schedule 4.2 (Pricing Tables)
Schedule 4.3 (Termination Matrix)
Schedule 6.1 (Service Categories)
Schedule 9.1 (Service Provider Service Delivery Locations)

v. **Exhibits**

Exhibit 12 Equipment Assets

Exhibit 13 Software Assets

Exhibit 14 Third Party Contracts

Exhibit 26 Technology Refresh

d. The following Schedules are supplemental Schedules that are only effective as set forth herein .

i. **CCC – Offshore Non-Call Services Only**

Schedule 2.6 A (SOW)
Annex 3.2.6A (Service Levels)
Annex 3.3.6A (SLA Definitions)
Annex 4.1.6A (Resource Units)
Schedule 14.6A (Third Party Contracts)

ii. **MTC – Offshore Services Only**

Schedule 2.5A (SOW)
Annex 2.5.1A (SOX)
Annex 3.2.5A (Service Levels)
Annex 3.3.5A (SLA Definitions)
Annex 4.1.5A (Resource Units)
Annex 14.5A (Third Party Contracts)

e. In the event of any conflict or inconsistency between the terms of this Amendment and the terms of the Schedules or the Exhibits set forth above, the terms of this Amendment shall prevail.

f. Simultaneously herewith, NiSource and IBM created the Conformed Version of the Agreement (as defined above) . The intent of the Conformed Version of the Agreement was solely to update and create a new version of the Original Agreement that incorporated all of the amendments implemented by Amendments #1 through #21 and

Amendments #24 and #26 to the Original Agreement. In the event of a conflict between the Conformed Version of the Agreement and the Original Agreement and the Amendments included in the Conformed Version of the Agreement, the Original Agreement and such Amendments shall be the controlling documents and shall prevail.

g. All references after the Amendment Effective Date to the "Agreement" shall mean the Conformed Version of the Agreement, as may be amended. For tracking purposes after the Amendment Effective Date, Amendments #22, #23, and #25 to the Original Agreement shall be renumbered and referred to as Amendments #1, #2 and #3, respectively, and this Amendment shall be hereinafter referred to as Amendment #4.

h. The letter agreements as listed in **Attachment J** hereto, Change Orders and RFS documents are not reflected within the body of the Conformed Version of the Agreement but remain in full force and effect (but as to letter agreements, only to the extent specified in **Attachment J**). For the avoidance of doubt, **Attachment J** hereto reflects all those letter agreements that remain in effect and all those that are terminated.

2. **Memorandum of Understanding** . Upon the Amendment Effective Date, the MOU shall terminate and be superseded by the terms of this Amendment.

3. **Amendments applicable to CCC .**

a. As of the Amendment Effective Date and continuing for 12 months from the Amendment Effective Date unless terminated earlier by NiSource upon three months' notice to IBM or extended by NiSource upon three months' notice to IBM for up to an additional three month period (the " **CCC Fixed Period** "), IBM shall provide the Services that relate to the CCC Service Tower in accordance with the Agreement, including all of the Services that are set forth in **Schedule 2.6** to the Agreement (the " **CCC Services** ") for the fixed monthly fee for the CCC Services as set forth in **Schedule 4.2** to the Agreement (the " **CCC Fixed Fee** "). The CCC Fixed Fee shall not be subject to ECA adjustment. The CCC Fixed Fee as reflected in **Schedule 4.2** shall be invoiced monthly in accordance with the payment terms set forth in the Agreement and reduced on an equitable basis to reflect reduced scope if the Services are transitioned away from IBM in phases and/or prorated if the transition back is completed mid-month. During the CCC Fixed Period, IBM shall provide the CCC Services in accordance with all of the Service Levels applicable to the CCC Services as such Service Levels are set forth in **Schedule 3.2.6** , including the amended Service Levels applicable to CCC offshore non-call work also defined and agreed in **Schedule 3.2.6** . For the avoidance of doubt, NiSource shall not be obligated to pay the MSC or

any other amounts relating to the CCC Services, other than the CCC Fixed Fee as applicable, during the CCC Fixed Period. Further, for the avoidance of doubt, the services provided under **Amendment #3** (and the fees associated therewith) are in addition to the foregoing in accordance with **Schedule 4.2** .

b. It is the intent of the Parties for NiSource to enter into a direct agreement with IBM's current subcontractors Vertex, NCO and Network Omni for the provision of the CCC Services, except for the offshore non-call work identified herein (such Services to be provided by Vertex, the " **Vertex CCC Scope** "). In the event that NiSource does not enter into an agreement with Vertex and the Vertex CCC Scope is not fully transitioned to Vertex prior to the end of the CCC Fixed Period, the terms applicable to the CCC Service Tower shall revert to the terms set forth in the Agreement applicable to the existing CCC Service Tower prior to the commencement of the CCC Fixed Period; provided, that, upon the reversion from the CCC Fixed Fee to the pricing in **Schedule 4.2** of the Agreement, the Fees applicable to the CCC Service Tower shall be as set forth in **Schedule 4.2(B)** of the Agreement, which includes (i) a reduction to account for the elimination of CCC Transformation-related charges from the MSC due to the termination of the WSS/IVR Transformation responsibilities from **Schedule 23.2.6** (which for the avoidance of doubt are now covered in **Amendment 3)** and (ii) the agreement by the Parties to share in financial responsibility for the ARCs above certain historical baselines. In the event NiSource does not enter into a direct relationship with Vertex, at any time during the 24 month period following the CCC Fixed Period the Parties agree that NiSource may terminate the CCC Services.

c. If NiSource and Vertex enters into a direct agreement for the Vertex CCC Scope:

   i. IBM shall continue to provide the services, software and assets to Vertex in connection with providing Services to NiSource at no charge to NiSource (or Vertex), as those services, software and assets are set forth in **Schedule 2.9** of the Agreement for Business Process and Support Services between IBM and Vertex, dated as of June 21, 2005, as amended by IBM and Vertex as of October 24, 2007 (the " **IBM/Vertex Agreement** ");

   ii. IBM (or Vertex as IBM's subcontractor for NiSource) shall continue to provide at no additional charge to NiSource IVR recording services, including onsite business support and IVR prompt recordings in accordance with the description of

services set forth in the amended IBM/Vertex Agreement as of the Amendment Effective Date (unless further amendments are otherwise approved by NiSource) . IBM shall ensure that Vertex's responsibilities under the IBM/Vertex Agreement includes that Vertex is also responsible for changes and updates to such recording services at no charge to IBM or NiSource, including changes or updates (a) pursuant to **Amendment #3** to the Agreement or (b) as reasonably directed by NiSource. No change to the IBM/Vertex Agreement dated or entered into on or after October 22, 2007 (the " **MOU Effective Date** ") shall change the allocation or other responsibilities between IBM and Vertex so as to increase IBM's (and therefore NiSource's in the event of an assignment) financial responsibility under the IBM/Vertex Agreement beyond that which would have existed for IBM prior to the MOU Effective Date, unless otherwise agreed by NiSource.

d. For the avoidance of doubt, IBM shall have repair responsibility for the Equipment (including servers) at Smithfield at no additional charge to NiSource. Such Equipment shall not be counted against the RU Baselines if and until such time as the Vertex CCC Scope is transitioned directly to Vertex, at which time the Parties shall increase, at no charge to NiSource, the applicable RU Baselines to reflect any Equipment at such location that is not already part of the RU Baselines. The equipment refresh and maintenance obligations for the Vertex CCC Scope are as set forth in **Attachment H (Matrix of Vertex/IBM/NiSource Equipment Refresh and Maintenance Obligations)** , which IBM confirms are consistent with the allocation of responsibilities under the IBM/Vertex Agreement as of the MOU Effective Date.

e. If NiSource and Vertex enter into a direct agreement for the Vertex CCC Scope, IBM shall cooperate with the transition of Services to Vertex in accordance with the Agreement so that transition is seamless and does not result in any unplanned disruption in services to NiSource and its end users. At no charge to NiSource, IBM shall provide and allow Vertex to continue to use all data, documentation, manuals, process flows and other materials and information used in connection with the provision of the CCC Services in accordance with **Attachment G (Intellectual Property Rights)** .

f. If NiSource enters into a direct agreement with Vertex, NiSource shall terminate the Vertex CCC Scope from the Agreement and the Parties shall enter into an amendment to the Agreement reflecting such termination. In no event shall NiSource be responsible for any termination or wind down

fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) related to any such termination. In addition, all references to fees and payments for the Vertex CCC Scope in the Agreement and all further performance obligations with respect to the Vertex CCC Scope shall be deleted from the Agreement and neither NiSource nor IBM shall have any further obligations to pay for or provide such Vertex CCC Scope (except for such fees and obligations as may be applicable to Termination/Expiration Assistance).

g. Regardless of whether NiSource and Vertex enter into a direct agreement for the Vertex CCC Scope, IBM shall continue to provide the offshore non-call services described in the Agreement. After the CCC Fixed Fee Period, if NiSource enters into a direct relationship with Vertex, (i) the Parties agree to terminate other existing Schedules applicable to the CCC Service Tower pursuant to subsection (f) and (ii) IBM shall continue to perform the offshore non-call work described in the Agreement, including the Schedules that refer to " **CCC – Offshore Non-Call Services Only"** as set forth in **Section 1(d)** above, subject to the terms and conditions of the Agreement (the " **CCC Offshore Non-Call Services** "). As reflected in the restated **Schedule 4.2** attached to this Amendment, IBM shall provide the CCC Offshore Non-Call Services for the applicable MSC (adjusted annually to reflect the application of ECA in accordance with **Schedule 4.1**) (the " **CCC Offshore Non-Call Fees** "). The CCC Offshore Non-Call Fees shall be prorated so that they are applied as monthly fees (terminable if the CCC Offshore Non-Call Services are terminated pursuant to the terms of the Agreement). The CCC Offshore Non-Call Fees shall be adjusted through ARCs/RRCs for resource usage above or below the RU Baseline as defined in **Schedule 4.2** . The Parties agree that IBM shall not charge and NiSource shall not be responsible for ARCs/RRCs for the period of July 2007 through November 2007 for the "Non Call Work Units – Onshore and Non Call Work Units – Offshore" Resource Units and the "Transactions Handled by Web Service" Resource Units and that the MSC paid to date is the only payment applicable.

h. As reflected in the restated **Schedule 4.2** attached to this Amendment, NiSource shall pay a fixed monthly fee which is not subject to ECA adjustment for the process improvements (referred to as "Business Process Transformation" in **Schedule 4.2**) made by IBM during the Term to date, including (i) improved scripting and process flow analysis to lower overall call handle time, (ii) optimized CSR to supervisor ratio processes and (iii) workforce management and scheduling process improvements to reduce overall shrinkage and improve schedule adherence. NiSource and IBM shall have the rights in the process improvements as set forth in **Attachment G (Intellectual Property Rights)** .

i. The Parties' agreement with respect to the Web/IVR Transformation projects are *set forth in* **Amendment #3 (previously referred to as Amendment #25 to the Original Agreement)** (the " **Web/IVR Amendment** ").

j. The following provisions relating to Web Self Service and IVR are hereby agreed to by the Parties:

   i. IBM's responsibility for the support of the CCC Project Systems (as defined in the Web/IVR Amendment) shall be under the CCC Service Tower (and the CCC Fixed Fee) for the duration of the CCC Fixed Period and, at the end of the CCC Fixed Period, shall be moved under the IT Service Tower, together with fees for such services as set forth in **Schedule 4.2** (which were decreased in **Schedule 4.2** to reflect a change in the start date from the originally assumed July 1, 2008 to the actual start date but increased to reflect the application of ECA), payable over the remainder of the Term of the Agreement (the " **Ongoing Web/IVR Fees** "), which amount represents all amounts due and payable by NiSource for support and refresh of the CCC Project Systems. The Ongoing Web/IVR Fees include: server infrastructure (including repair and refresh), SOA support (related to the Standalone CCC Projects (as defined in the Web/IVR Amendment)), software licenses and maintenance (e.g., WebSphere and Genesys platforms) (including maintaining and being financially responsible for software currency as provided in **Section 3.13** of the Agreement and ensuring, and being financially responsible for, the currency of all maintenance agreements) and IVR changes and reporting (e.g, WebSphere and Genesys GVP upgrade and fixes), third party contract responsibility as per **Schedule 14.6 (Customer Contact Centers Third Party Contracts)** to the Agreement including vendor management, program office and executive support. The Ongoing Web/IVR Fees do not include the *Applications Services support cost, which is projected to be at the same level of support in hours* that is currently being charged and currently utilized by NiSource. The Ongoing Web/IVR Fees include all fees for the Services relating to the servers, including provision of the servers and support and refresh thereof, at no additional charge to NiSource. In connection therewith, IBM will increase all applicable Resource Baselines to include the servers relating to the CCC Project Systems with no increase to the Fees.

ii. Third party software licenses and maintenance agreements and third party hardware and equipment leases and maintenance agreements with respect to the CCC Project Systems shall be in NiSource's name and shall be managed by IBM and shall be Type 1 contracts under **Exhibit 14 to the Agreement** .

iii. As part of the CCC Fixed Fee during the CCC Fixed Period, IBM shall (1) promote the use of the WSS System (as described in the Web/IVR Amendment) to NiSource customers calling into the customer contact centers by customer service representatives (" **CSRs** ") in accordance with the Adoption/Promotion Plan as provided in **Annex 23.2.6B** to Web/IVR Amendment, including using promotional scripting created by IBM and approved by NiSource (with quality assurance monitoring), and (2) provide CSR support to answer customer questions regarding use of the WSS System. The number of CSRs providing such support shall be sufficient to handle all such calls and meet all requirements applicable to the customer contact center under the Agreement, and IBM shall maintain an average speed to answer not to exceed 60 seconds with respect to such calls (which has been added as a Service Level to the Agreement). Such CSRs shall be trained to assist customers with the WSS System functionality and its proper use. IBM shall establish a separate 800 number and queue to direct calls to such CSRs. The foregoing services in subsection (2) above shall be provided with respect to all NiSource customer calls, including customers of NiSource's Bay State and NIPSCO local distribution companies.

iv. Subject to Section 6(g) and 6(i) of the Web/IVR Amendment IBM shall provide the Telecommunications Services (as defined in the Web/IVR Amendment) and NiSource shall be financially responsible for Fees related to such Services.

v. These Parties have agreed to amend **Exhibits 13 and 14** to the Agreement to add the software and associated contracts that are part of the CCC Project Systems and to remove any software and associated contracts replaced or retired as a result of the CCC Standalone Projects at such time the software and associated contracts are added or removed. There shall be no adjustment to the Fees as a result of such changes to **Exhibits 13 and 14** .

vi. Service Levels have been updated in **Schedule 3.2.6** .

vii. If NiSource has not entered into a direct relationship with Vertex as of the end of the CCC Fixed Fee Period, the Ongoing Web/IVR Fees shall be as set forth in **Schedule 4.2 (B).** The Ongoing Web/IVR Fees shall be subject to the application of ECA in accordance with **Schedule 4.1.**

k. As reflected in the restated **Schedule 4.2** attached to this Amendment, the Balance Sheet Fee and Wind Down Expense amounts for CCC shall be reduced as of the Amendment Effective Date to "0" for the remainder of the Term.

l. For the avoidance of doubt, the words "capable of" in Section V(2)(i) and (ii) of **Annex 23.2.6(B)** of **Amendment 3** shall mean that the infrastructure, including but not limited to the size of the equipment and the number of software licenses, installed and in production as of the time set forth in **Section V(2)(i)** and (ii) of **Annex 23.2.6(B)** can support the minimum number of users as set forth in such **Section V(2)(i) and (ii)** of **Annex 23.2.6(B)** without the addition of any hardware, software or other items beyond those not already addressed in subsection (i) of this **Section 3** .

m. The Parties have agreed to delete from **Schedule 22.6** the transition of BSG and NIPSCO.

n. In **Schedule 4.2** , the CCC Fixed Fee is included for 12 months. **Schedule 4.2** shall be adjusted in the event of an extension or termination of the CCC Fixed Period.

4. **Amendments applicable to the Supply Chain Management Service Tower** .

a. The SCM Service Tower is hereby terminated as of the Amendment Effective Date subject to subsections (c) and (e) below.

b. As of the Amendment Effective Date and continuing until the end of the applicable Project Transition Back Period (as defined in **Section 15(k)** below), unless shortened or extended pursuant to **Section 15(k)** below,(the " **SCM Fixed Period** "), IBM shall provide the Services that relate to the SCM Service Tower in accordance with the Agreement, including all of the Services that are set forth in **Schedule 2.4** to the Agreement (the " **SCM Services** ") for a fixed monthly price as defined in **Schedule 4.2** (and not subject to ECA adjustment) (the " **SCM Fixed Fee** "). The SCM Fixed Fee shall be invoiced monthly in accordance with the payment terms set forth in the Agreement and reduced on an equitable basis to reflect reduced scope if the Services are transitioned away from IBM in phases and/or prorated if the transition back is completed mid-month. During the SCM Fixed Period, IBM shall provide the SCM Services in

accordance with all of the Service Levels applicable to the SCM Services, including the new Service Level applicable to BuySource as set forth in the updated restated **Schedule 3.2.1** and **Schedule 3.3.1** attached to this Amendment. NiSource shall not be obligated to pay the MSC or any other amounts relating to the SCM Services, other than the SCM Fixed Fee as applicable, during the SCM Fixed Period. As of the Transition Back Completion Date (as defined below), all references to fees and payments for and further performance obligations with respect to the SCM Services shall be deleted from the Agreement and neither NiSource nor IBM shall have any further obligations to pay for or provide the SCM Services (except for such fees and obligations expressly set forth herein).

c. Commencing on the Transition Back Completion Date for the SCM Services, IBM shall provide the support services for SCM as set forth in **Attachment K** at the fees set forth in **Attachment K** .

d. For the avoidance of doubt, in addition to the provision of the SCM Services as set forth above, IBM shall be obligated to provide Termination/Expiration Assistance in accordance with the Agreement.

e. In connection with the termination of the SCM Service Tower, NiSource shall pay to IBM the amount set forth in the **Attachment D** – relating to **SCM** which represents the total settlement payment by NiSource relating to the SCM Service Tower. In no event shall NiSource be responsible for any termination or wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses). All termination and wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) relating to the SCM Service Tower are hereby deleted as reflected in **Schedule 4.2** .

f. In consideration of the SCM payment set forth in **Attachment D** and at no additional charge to NiSource, IBM shall provide to NiSource and its designees (including its vendors) the Services described in the Agreement relating to IBM's electronic procurement system, BuySource, including the BuySource procure-to-pay applications (collectively " **BuySource** ") in connection with the support of the SCM and Accounts Payable functions of NiSource and its affiliates for a period of 18 months from the Amendment Effective Date **.**

g. IBM and NiSource have agreed to a new BuySource availability metric that is defined in **Schedule 3.2.1** .

h. IBM confirms that the TravelPort agreement(s) are in NiSource's name. IBM shall assign (and obtain the necessary third party consent to do so) the Emptoris license to NiSource at no charge to NiSource, or otherwise

facilitate the provision of a license from Emptoris to NiSource at no charge to NiSource, provided that NiSource executes the Emptoris agreements reasonably required for Emptoris to continue providing commercially reasonable ongoing support and hosting services at the end of the SCM Fixed Period. For the avoidance of doubt, NiSource shall assume financial and management responsibility for such agreements.

i. IBM hereby grants to NiSource a perpetual, irrevocable, royalty free, fully paid up license to access and use (and sublicense the right to access and use) the Project Tracker tool used by IBM to store, track and update data relating to SCM, and such license shall be limited to use in connection with the business operations of NiSource and its affiliates.

j. As of the completion of the transition back of the SCM Services (or such earlier date specified by NiSource for specific items listed herein upon reasonable notice), IBM shall (i) complete, update and provide to NiSource all documentation containing NiSource vendor data, including the Vendor Master List, NiSource's list of current contracts and a sub-list of all contracts that are due to expire in the 24 months period following the completion of the transition back of the SCM Services, (ii) deliver to NiSource all Project Tracker reports, tracking tools, data relating to supplier performance and non-performance, onboarding documents and the standard requisition templates, and (iii) return data that was extracted from NiSource systems as it is currently being used, available and formatted in transformed systems. Prior to the end of the SCM Fixed Period, IBM shall return non-transformed systems in their then-current state. IBM shall provide all reports as specified by NiSource, provided that the Parties shall work together to consolidate the timing of when reports shall be provided. The expiring contracts to be delivered shall be those pulled from the population of contracts that exists within the Emptoris tool. IBM is responsible for ensuring that the lists referenced in this Section are up to date as of the time of delivery with respect to contracts for which IBM was responsible. There shall be no additional charges for any of the efforts or documentation set forth in this subsection (j). NiSource and IBM shall have the rights to such reports, tools and information as set forth in **Attachment G (Intellectual Property Rights)** .

k. Upon reasonable notice from NiSource, IBM shall provide to NiSource a list of contracts pulled from the Emptoris tool that were entered into after the effective date of the Original Agreement. Within such list, IBM shall indicate for each contract if IBM has been acting or has been identified as the contract administrator, recipient of record for notices or communications or recipient of payment or other agent on NiSource's behalf.

l. NiSource shall pay the amounts set forth in **Attachment E** that are associated with gain share payments. IBM and NiSource agree that NiSource shall not pay SCM gain share in or for 2008. IBM hereby waives any rights to the foregoing. As of the Amendment Effective Date, all gain share rights and obligations outlined in Annex **4.1.9** of the Agreement shall terminate and shall be deleted from the Agreement.

m. NiSource and IBM shall have the right to the documentation and reports created or enhanced by IBM relating to NiSource sourcing and strategic management activities and plans, including all sourcing planning documentation and data, as set forth in **Attachment G (Intellectual Property Rights)** .

5. **Amendments applicable to the Finance and Accounting Service Tower** .

a. For background purposes, the General Ledger Category (including fixed asset accounting) and the Financial Planning and Analysis – Budgeting Service Category (also described in the Statement of Work as "Capital Management; Operations and Maintenance Analysis; Customer Support; Financial Reporting; General Ledger and Financial Systems Maintenance") under the F&A Service Tower were terminated and were transitioned back to NiSource pursuant to **Amendment #1 to the Agreement** (previously referred to as **Amendment #22 to the Original Agreement**) (the " **Previously Terminated F&A Scope** "). Such prior terminations are hereby confirmed.

b. The Payroll, Accounts Payable and T&E Service Categories are hereby terminated as of the Amendment Effective Date, thereby resulting in the termination of the entire F&A Service Tower, except for the completion and remediation activities relating to Wave 1 of the F&A Transformation, as of the date set forth herein and the ERS Services set forth below (the " **Additional F&A Terminated Scope** "). IBM shall complete the completion and remediation activities related to Wave 1 of the F&A Transformation in accordance with **Attachment I** of this **Amendment #4** (" **F&A Transformation Wave 1 Completion and Remediatio** n") subject to the terms and conditions set forth in the Agreement.

c. As of the Amendment Effective Date and continuing until the end of the applicable Project Transition Back Period (as defined below), unless shortened or extended pursuant to **Section 15(k)** below (the " **F&A Fixed Period** "), IBM shall provide the Services that relate to the Additional F&A Terminated Scope in accordance with the Agreement, including all of the Services that are set forth in **Schedule 2.2** to the Agreement (the " **Additional Terminated F&A Service** s") for a fixed monthly price as set forth in **Schedule 4.2** (and not subject to ECA adjustment) (the " **F&A**

Fixed Fee"). The F&A Fixed Fee shall be invoiced monthly in accordance with the payment terms set forth in the Agreement and reduced on an equitable basis to reflect reduced scope if the Services are transitioned away from IBM in phases and/or prorated if the transition back is completed mid-month. During the F&A Fixed Period, IBM shall provide the Additional Terminated F&A Services in accordance with all of the Service Levels applicable to the Additional Terminated F&A Services.

d. NiSource shall not be obligated to pay the MSC or any other amounts relating to the Additional Terminated F&A Services, other than the F&A Fixed Fee as applicable, during the F&A Fixed Period. As of Transition Back Completion Date (as defined below), all references to fees and payments for and further performance obligations related to the Additional Terminated F&A Services shall be deleted from the Agreement and neither NiSource nor IBM shall have any further obligations to pay for or provide the Additional Terminated F&A Services (except for such fees and obligations expressly set forth herein). Further, NiSource shall not be obligated to pay the MSC or any other amounts relating to the Previously Terminated F&A Scope and IBM shall have no further obligations to perform such Previously Terminated F&A Scope. All references to payments for and further performance obligations related to the Previously Terminated F&A Scope are hereby deleted from the Agreement and NiSource shall have no obligations relating thereto (except for such fees and obligations expressly set forth herein).

e. An IBM distinguished engineer reviewed and evaluated the F&A system to be provided as part of the F&A Transformation. IBM and NiSource have agreed to address their respective actions to remediate the identified system issues (including the recommendations made by the IBM distinguished engineer). Any disputes shall be subject to dispute resolution.

f. NiSource has engaged a qualified independent third party selected by NiSource, to review the distinguished engineer's analysis and findings that the F&A System meets the system and business requirements and design documentation, is scalable consistent with NiSource's needs and is a system that complies with accepted industry practices. Subject to (i) agreement by NiSource and IBM as to any recommendations identified by the independent third party that are to be implemented, and (ii) agreement by the Parties to a plan to implement the agreed upon third party recommendations, NiSource shall pay to IBM a fixed fee as set forth in **Attachment D** (the " **F&A Transformation System Payment** ") in consideration for the completion of the F&A systems and all remediation actions as set forth in **Attachment I** . Upon payment of the F&A Transformation System Payment, IBM shall assign the ownership to the

F&A systems (and related documentation) as forth in **Attachment G (Intellectual Property Rights)** . Subject to (i) and (ii) above, the F&A Transformation System Payment shall be paid to IBM upon the earlier of 30 days after the Amendment Effective Date or December 31, 2007.

g. IBM shall be obligated to remediate items set forth in **Attachment I** and according to the replanned schedule as described in **Attachment I** , except and to the extent IBM is not able to do so due to NiSource's failure to fulfill its obligations. NiSource shall withhold the F&A Withholding Amount set forth in **Attachment D** until such time as IBM has completed the F&A system related remediation items identified in **Attachment I.**

h. As of the MOU Effective Date and continuing until March 31, 2008, IBM has retained and shall continue to retain a new senior technical lead architect, who shall be IBM's primary contact for the F&A System, including hub analysis, and who shall review the remediation activity and recommendations and oversee completion of the F&A System.

i. In accordance with **Attachment G (Intellectual Property Rights)** , IBM shall provide to NiSource all user and system documentation relating to the F&A System as reasonably requested by NiSource and as may be necessary for NiSource and/or a third party to maintain, and support the systems and for NiSource and/or a third party to further implement the F&A System at other sites of NiSource or NiSource related entities (including the roll out of additional phases of the originally contemplated F&A Transformation projects). In addition, IBM shall assist in a smooth transition to NiSource and/or a third party and cooperate with NiSource and/or a third party as requested by NiSource in connection with the further implementation of the F&A systems or derivatives thereof at other sites of NiSource or NiSource related entities (including the roll out of additional phases of the originally contemplated F&A Transformation projects); provided, that, if IBM needs to use resources other than existing resources to provide such cooperation, IBM shall notify NiSource that such cooperation shall involve the use of additional resources, and upon NiSource's agreement that it still desires IBM to proceed with the assistance, such additional resources shall be subject to the Change Control Process.

j. **Annex 23.2.2** to the Agreement is hereby amended to terminate any Transformation activities relating to all Waves other than Wave 1.

k. NiSource has elected to continue to have IBM provide the Expense Reporting System (ERS) services in accordance with the scope and associated with Service Levels in the Agreement prior to the Amendment

Effective Date and pursuant to the pricing set forth in **Schedule 4.2** (the **"ERS Services")** .

l. With respect to all Service Towers that are terminated in their entirety that use or leverage GIW, IBM's obligation to host and provide access to GIW shall terminate as of the applicable Transition Back Completion Date for the affected Service Tower. Upon NiSource's request, IBM shall assist in migrating NiSource's data and records from GIW to the new imaging solution in the form specified by NiSource as part of IBM's Termination/Expiration Assistance obligations .

m. In no event shall NiSource be responsible for any termination or wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) as of and relating to the termination of the Previously Terminated F&A Scope or the Additional F&A Terminated Scope. All termination and wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) relating to the F&A Service Tower are hereby deleted in their entirety from the Agreement.

n. Commencing on the Transition Back Completion Date for Accounts Payable as set forth in **Attachment K** , IBM shall provide the support services for Accounts Payable set forth in **Attachment K** at the fees set forth in **Attachment K** .

6. **Amendments applicable to the Human Resources Service Tower .**

a. The HR Service Tower is hereby terminated as of the Amendment Effective Date.

b. As of the Amendment Effective Date and continuing until the end of the applicable Project Transition Back Period (as defined below), unless shortened or extended pursuant to **Section 15(k)** below (the " **HR Fixed Period** "), IBM shall provide the Services that relate to the HR Service Tower, including all of the Services that are set forth in **Schedule 2.3** to the Agreement (the " **HR Services** ") for a fixed monthly price as defined in **Schedule 4.2** (not subject to ECA adjustment) (the " **HR Fixed Fee** "). The HR Fixed Fee was calculated by using the current MSC for all HR RUs, except that Compensation was calculated using the MSC in the Agreement less a 100% RRC volume adjustment and provided that any incremental new headcount required for growth in Recruiting shall be hired by NiSource. The HR Fixed Fee shall be invoiced monthly in accordance with the payment terms set forth in Agreement and reduced on an equitable basis to reflect reduced scope if the Services are transitioned away from IBM in phases and/or prorated if the transition back is completed mid-month. During the HR Fixed Period, IBM shall provide

the HR Services in accordance with all of the Service Levels applicable to the HR Services. NiSource shall not be obligated to pay the MSC or any other amounts relating to the HR Services, other than the HR Fixed Fee as applicable, during the HR Fixed Period. As of the Transition Back Completion Date (as defined below), all references to fees and payments for and further performance obligations with respect to the HR Services shall be deleted from the Agreement and neither NiSource nor IBM shall have any further obligations to pay for or provide the HR Services (except for such fees and obligations expressly set forth herein).

c. In connection with the termination of the HR Service Tower, NiSource shall pay to IBM the amount set forth in **Attachment D** for HR which represents the total settlement payment by NiSource relating to the HR Service Tower. In no event shall NiSource be responsible for any termination or wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses). All termination and wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) relating to the HR Service Tower are hereby deleted in their entirety from the Agreement.

d. Upon NiSource's request, the Success Factors license shall be assigned to NiSource at no charge to NiSource, provided, that NiSource executes the reasonable documentation necessary to continue support and hosting services by Success Factors.

e. The PeopleSoft agreements shall be handled as Type (or Category) 2 under the IT Service Tower with IBM providing applicable vendor management at no additional charge to NiSource.

7. **<u>Amendments applicable to the Meter-to-Cash Service Tower</u>**.

a. The MTC Service Tower is hereby terminated as of the Amendment Effective Date, subject to the exceptions set forth in subsections (d), (e), and (g) below (such terminated scope, the " **MTC Terminated Scope** ").

b. As of the Amendment Effective Date and continuing until the end of the applicable Projected Transition Back Period (as defined below), unless shortened or extended pursuant to **Section 15(k)** below (the " **MTC Service Period** "), IBM shall provide the Services that relate to the MTC Terminated Scope, including all of the Services that are set forth in **Schedule 2.5** to the Agreement (the " **MTC Terminated Services** ") at the MSC as applicable to the MTC Terminated Services (as may be adjusted for ARCs and RRCs in accordance with the Agreement and prorated if the transition back is completed mid-month). During the MTC Service Period, IBM shall provide the MTC Terminated Services in accordance

with all of the Service Levels applicable to the MTC Terminated Services. As of the Transition Back Completion Date (as defined below) for the MTC Terminated Services, all references to fees and payments for and further performance obligations with respect to the MTC Terminated Services shall be deleted from the Agreement and neither NiSource nor IBM shall have any further obligations to pay for or provide the MTC Services (except for such fees and obligations expressly set forth herein).

c. **Annex 22.2.5** reflects all adjustments related to changes to the Transition Milestones for MTC.

d. IBM shall continue to perform the MTC offshore activities described in the Agreement, including the Schedules that refer to " **MTC – Offshore Services Only"** as set forth in **Section 1(d)** above, subject to the terms and conditions set forth in the Agreement and this Amendment, including **Schedule 4.2** . The RU Baseline for offshore work shall be as set forth in **Schedule 4.2** .

e. IBM shall continue to be responsible for revenue recovery Services in accordance with the scope and Service Levels relating to revenue recovery in the Agreement until NiSource determines whether it wishes to bring the Services back in-house or until it identifies and engages an alternate third party to perform such Services, provided, that if NiSource brings the Services in-house or engages an alternate third party service provider (other than Vertex) then NiSource shall be responsible for any termination charges and fees for which IBM becomes responsible and pays to Vertex as a result of such resourcing.

f. As of the MOU Effective Date and until and to the extent that the MTC Terminated Scope is transitioned back to NiSource or its designee, the ebill RU Baselines have been re-baselined per the revised adoption curve and restated in **Schedule 4.2** .

g. Notwithstanding the termination set forth in subsection (a) above, IBM shall complete the remaining MTC Transformation projects defined as CIS Customer Segmentation under Revenue Recovery Transformation on or before October 31, 2008 and shall complete the Electronic Bill Presentation and Payment commitments as set forth in **Amendment 3** (the " **MTC Projects to be Completed** "). IBM shall remit to NiSource the credits set forth in **Attachment M** ; provided, that NiSource completes its analysis of the NIPSCO extract data and approves the design specification for the implementation of CIS Customer Segmentation for NIPSCO and BSG, without any material changes, by July 31, 2008 **.**

h. In connection with the termination of the MTC Terminated Scope, NiSource shall pay to IBM the amount set forth in **Attachment D** for MTC (i) for the completion of the MTC Projects to be Completed and total settlement amounts relating to the MTC Service Tower and (ii) for the purchase of an the Bill Print & Inserting equipment. IBM shall transfer ownership of the Bill Print & Inserting equipment to NiSource, free and clear of any encumbrances or liens, upon full payment of the amounts for such equipment as set forth in **Attachment D** . In addition, NiSource shall have the rights to the deliverables provided as part of completed and to be completed MTC Transformation projects as set forth in **Attachment G (Intellectual Property Rights)** .

i. Other than as set forth in **Sections 7(e) and (h)** above, in no event shall NiSource be responsible for any termination or wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses). All termination and wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) relating to the MTC Service Tower are hereby deleted in their entirety from the Agreement.

j. IBM hereby confirms that the Checkfree agreement is in NiSource's name and shall provide a copy of the agreement to NiSource within 10 days after the Amendment Effective Date.

k. Upon completion of the transition back of the print services under the MTC Service Tower (i) IBM shall return the postage meter to NiSource and transfer all inventory of print supplies to NiSource and (ii) NiSource shall reimburse IBM for the balance on the postage meter, the cost of the remaining inventory of print supplies, and the pro-rated cost of any prepaid maintenance services under contract in NiSource's name remaining in effect as of the completion date of transition.

l. The Parties have agreed to delete from Annex 4.1.5, the Billing Exceptions, Back Office Staff and Payment Exception Resource Units (and any associated Fees).

8. **Amendments applicable to the Sales Centers Service Tower** .

a. The Sales Centers Service Tower is hereby terminated as of the Amendment Effective Date.

b. As of the Amendment Effective Date and continuing until the end of the applicable Projected Transition Back Period (as defined below), unless shortened or extended pursuant to **Section 15(k)** below (the " **Sales Centers Service Period** "), IBM shall provide the Services that relate to the Sales Centers Service Tower, including all of the Services that are set forth in **Schedule 2.7** to the Agreement (the " **Sales Centers Services** ") at

the applicable MSC in **Schedule 4.2** (as may be adjusted for ARCs and RRCs in accordance with the Agreement and prorated if the transition back is completed mid-month). During the Sales Centers Service Period, IBM shall provide the Sales Centers Services in accordance with all of the Service Levels applicable to the Sales Centers Services. As of the Transition Back Completion Date (as defined below), all references to fees and payments for and further performance obligations relating to the Sales Centers Services shall be deleted from the Agreement and neither NiSource nor IBM shall have any further obligations to pay for or provide the Sales Centers Services relating thereto (except for such fees and obligations expressly set forth herein).

c. In no event shall NiSource be responsible for any termination or wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses). All termination and wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) relating to the Sales Centers Service Tower are hereby deleted in their entirety from the Agreement.

9. **Amendments applicable to the Information Technology (IT) Service Tower** .

a. IBM shall continue to provide the Services under the IT Service Tower, subject to certain adjustments and improvements to the IT Services and the implementation of certain remediation activities, including the additional provisions set forth in (i) **Attachment A (IT Terms (Part 1 and Part 2))** and **Attachment B (RTS Specific Terms),** (ii) the SLA additions and changes in **Schedule 3.2.1 (Service Levels – IT)** and **Schedule 3.3.1 (Service Level Definitions – IT**), that are attached hereto as restated documents and (iii) the clarification and changes to **Exhibit 26** that is attached hereto as restated document.

b. The resolution of certain disputes relating to Materials and Supplies is set forth in **Attachment C** .

c. The ARC/RRC rates for server images have been adjusted on a prospective basis as of the Amendment Effective Date in accordance with the following: ARCs for WMS/GIS and Rational were adjusted at 50% of IBM's proposed rate increase and all other ARCs going forward were adjusted at 100% of IBM's proposed rate. The adjusted Baseline ARC/RRC rates have been reflected in **Schedule 4.2** . The server ARC/RRC shall be broken into small, medium and large servers further defined in **Schedule 4.1.1** attached to this Amendment. The Parties shall adjust the Resource Baselines (including system images addressed in subsection (d) below) within 30 days following the Amendment Effective Date. NiSource shall designate which type of server it wishes to obtain.

In the event NiSource wishes to obtain any server images upon any expiration or termination of the Agreement, NiSource shall pay to IBM the net book value for server images upon any such expiration or termination.

d. IBM shall provide the Services relating to the Transformation servers, including provision of the servers and support and refresh thereof, at no additional charge to NiSource. In connection therewith, IBM shall increase all applicable Resource Baselines to include the Transformation servers with no increase to the Fees. The Parties shall adjust such Resource Baselines within 30 days following the Amendment Effective Date.

e. The EIP RU Baselines and Fees are reduced to 25% of the Resource Baselines set forth in the Agreement. For the avoidance of doubt, the Fees shall be reduced to reflect a 75% reduction in the Resource Baselines which has been reflected in **Schedule 4.2** .

f. The amended Service Levels for Help Desk Services are reflected in **Schedule 3.2.1** attached to this Amendment. At this time, NiSource does not agree to the move to a shared help desk. Prior to moving to a shared help desk, IBM must obtain NiSource's approval, which NiSource shall not unreasonably withhold. If IBM does not obtain such consent from NiSource, there shall not be any impact to the Fees.

g. For the avoidance of doubt, IBM shall honor its SOX requirements and responsibilities in the Agreement. NiSource shall consider but does not commit to agreeing to the PricewaterhouseCoopers (" **PWC** ") approach presented on behalf of IBM. If NiSource does not agree with the PWC approach, IBM shall continue to provide the SOX Services in accordance with the Agreement and with no incremental charge to NiSource. NiSource shall not act unreasonably and shall cooperate with IBM in this matter.

h. During the Term and the Termination Expiration Assistance Period IBM shall continue to host, and provide access to NiSource to, the tracking tool for NiSource's business continuity and disaster recovery plans at no charge to NiSource.

i. NiSource shall pay a new service Fee for Optical Storage, which has been added to **Schedule 4.1.1** , and that covers the services and support associated with Optical Storage described in **Schedule 4.1.1** , until such time the service and support is replaced or terminated as directed by NiSource. Such Fee is reflected in **Schedule 4.2** .

j. IBM shall provide two incremental offshore AS Fees to NiSource to support CIS and DIS in the years 2011, 2012 and 2013 of the Term at no

incremental charge to NiSource. For reference purposes, such additional fees are not included in the AS Resource Baselines as of the Amendment Effective Date.

10. **WMS/GIS** .

a. The Parties have entered into a Work Authorization with respect to the Macro-Design phase for an Indiana only implementation. In the event that NiSource wishes to proceed to the next phase of the Indiana-only implementation for WMS, the Parties shall enter into an Amendment to the Agreement that is consistent with the terms outlined in the Work Authorization (the " **WMS Amendment** ").

b. IBM shall complete the GIS portion of the WMS/GIS project set forth in the Agreement at **Section 2.4.4** of **Schedule 2.8** .

c. In no event shall NiSource be responsible for any termination or wind down fees (including Breakage, Balance Sheet Fees and Wind Down Expenses) relating to the change or termination of any portion of the WMS project.

11. **Financial Provisions** .

a. NiSource shall not pay any Breakage Fees for the termination of the HR, Sales Center, F&A, SCM, MTC and/or CCC Service Towers.

b. NiSource shall pay to IBM a Wind-Down Expense payment as set forth in **Attachment D** on a pro rata basis consistent with the timing of completion of the transition back services for the HR, Sales Center, F&A and SCM terminated scope. NiSource shall not pay any other Wind Down Expenses for the termination of any of the terminated Service Towers or with respect to any of the terminated scope contained herein (including CCC and MTC).

c. Except as otherwise set forth herein, NiSource shall not pay or owe any amounts for the termination and transition back of the terminated Services and scope as set forth herein.

d. The detailed financial agreement which summarizes all of the payments relating to the terminated Service Towers and terminated scope is set forth in **Attachment D** .

e. The resolution of certain outstanding disputes (other than the Materials and Supplies disputes) is set forth in **Attachment E (Resolution of Disputed Items)** .

f. NiSource shall pay IBM the amount for the Transformation Adjustment as set forth *in* **Attachment D** *to compensate IBM for* Transformation adjustments.

g. NiSource agrees to waive billing disputes for the services from the period of July 1, 2007 through December 1, 2007.

h. Except as expressly set forth herein or otherwise agreed upon by the Parties, IBM shall provide, and NiSource shall pay for, all *Termination/Expiration Assistance* (not covered within the Services) in accordance with the Agreement. Notwithstanding anything to the contrary set forth in the Agreement, the Parties agree and acknowledge that NiSource shall not be responsible for paying any amounts (including fair market value as set forth in **Section 12.4** of the Agreement) for any hardware to the extent such amounts are reflected in IBM's unamortized balance sheet for such assets.

12. **Settlement Provisions.**

a. NiSource and IBM shall have the rights to the deliverables and Materials relating to Transformation projects as set forth in **Attachment G (Intellectual Property Rights)** . –

b. In addition, notwithstanding anything to the contrary herein, the intellectual property ownership and licensing rights applicable to this Amendment are governed by the terms of **Attachment G (IP Rights)** and nothing in this Amendment, including its other Schedules shall expand or limit the terms set forth in **Attachment G (Intellectual Property Rights)** .

c. In accordance with transition back plans, IBM shall complete and update all documentation relating to the terminated Services (including the CCC Service Tower) consistent with the terms and conditions contained in the Agreement at no charge to NiSource.

d. IBM shall provide to NiSource and, if not otherwise owned by NiSource, permit NiSource and its affiliates (and their third party providers) to use all documentation, configurations and manuals relating to the provision of the Services, including all reports, desktop, procedures and user manuals, training materials, compliance data, enterprise architecture documents and knowledgebase content as set forth in **Attachment G (Intellectual Property Rights)** .

e. The Parties agree to the release provisions set forth in **Attachment L** .

f. The following additional categories are hereby added as Service Categories for the purposes of the Agreement (including for termination