

Columbia Gas of Pennsylvania, Inc.
2015 General Rate Case
Docket No. R-2015-2468056
Standard Filing Requirements
Exhibits 404-414
Volume 9 of 10

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

4. Provide latest Prospectus (Company and Parent).

Response:

Columbia Gas of Pennsylvania, Inc. - Not applicable.

See the NiSource Prospectus dated October 30, 2013 in Attachment A related to the Common Stock, Preferred Stock, Guarantees of Debt Securities, Warrants, Stock Purchase Contracts and Stock Purchase Units of NiSource Inc., and the Debt Securities of NiSource Finance Corp.

S-3ASR 1 d618015ds3asr.htm S-3ASR

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

**FORM S-3
REGISTRATION STATEMENT**
*under
the Securities Act of 1933*

NiSource Inc.

**NiSource Finance
Corp.**

(Exact name of registrant as specified in its charter)

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

35-2108964
(IRS Employer
Identification Number)

Indiana
(State or other jurisdiction of
incorporation or organization)

35-2105468
(IRS Employer
Identification Number)

**801 East 86th Avenue
Merrillville, Indiana 46410
(877) 647-5990**

(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

**David J. Vajda
NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
(877) 647-5990**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copy to:

**Robert J. Minkus, Esq.
Schiff Hardin LLP
233 South Wacker Drive, Suite 6600
Chicago, Illinois 60606
(312) 258-5500**

Approximate date of commencement of proposed sale to the public: From time to time after the Registration Statement becomes effective, as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered / Proposed maximum offering price per unit / Proposed maximum aggregate offering price / Amount of registration fee
Common stock, par value \$0.01 per share, of NiSource Inc.	(1)
Preferred stock of NiSource Inc.	(1)
Debt Securities of NiSource Finance Corp.	(1)
Guarantees of NiSource Inc. with respect to Debt Securities	(1)
Warrants of NiSource Inc. and NiSource Finance Corp.	(1)
Stock Purchase Contracts of NiSource Inc.	(1)
Stock Purchase Units of NiSource Inc.	(1)
Total	(1)

(1) We are registering a presently indeterminate number or principal amount of (a) shares of common stock, shares of preferred stock, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units which may be sold from time to time by NiSource Inc. and (b) debt securities and warrants to purchase debt securities which may be sold from time to time by NiSource Finance Corp. Pursuant to General Instruction I.E of Form S-3, and in accordance with Rules 456(b) and 457(r), the registrants are deferring payment of all of the registration fee.

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PROSPECTUS

**NiSource Inc.**

**Common Stock
Preferred Stock
Guarantees of Debt Securities
Warrants
Stock Purchase Contracts
Stock Purchase Units**

NiSource Finance Corp.

**Debt Securities
Guaranteed as Set Forth in this Prospectus by NiSource Inc.
Warrants**

NiSource Inc. may offer, from time to time, in amounts, at prices and on terms that it will determine at the time of offering, any or all of the following:

- shares of common stock;
- shares of preferred stock, in one or more series;
- warrants to purchase common stock or preferred stock; and
- stock purchase contracts to purchase common stock, either separately or in units with the debt securities described below or U.S. Treasury securities.

NiSource Finance Corp., a wholly owned subsidiary of NiSource, may offer from time to time in amounts, at prices and on terms to be determined at the time of the offering:

- one or more series of its debt securities; and
- warrants to purchase debt securities.

NiSource will fully and unconditionally guarantee the obligations of NiSource Finance under any debt securities issued under this prospectus or any prospectus supplement.

We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading "Plan of Distribution" beginning on page 20 of this prospectus. We will also describe the plan of distribution for any

particular offering of these securities in the applicable prospectus supplement. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 30, 2013.

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This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration or continuous offering process. Under this process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC's public reference room offices mentioned under the heading "Where You Can Find More Information."

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

References to "NiSource" refer to NiSource Inc., and references to "NiSource Finance" refer to NiSource Finance Corp. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries, including NiSource Finance. References to "securities" refer collectively to the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain additional information about the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the internet (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including NiSource.

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

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information modifies or supersedes the existing information. We incorporate by reference the following documents filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2012;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013 and June 30, 2013;
- our Current Reports on Form 8-K filed January 25, 2013, April 12, 2013, May 16, 2013, October 1, 2013 and October 7, 2013; and
- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities.

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

We maintain an internet site at <http://www.nisource.com> which contains information concerning NiSource and its subsidiaries. The information contained at our internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

We have filed this prospectus with the SEC as part of a registration statement on Form S-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

RISK FACTORS

Investing in the securities involves risk. You should read carefully the "Risk Factors" and "Information Regarding Forward-Looking Statements" sections in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in NiSource's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013, which are incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus. The prospectus supplement applicable to each type or series of securities we offer may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under that prospectus supplement.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, in any prospectus supplement and in the documents incorporated by reference are "forward-looking statements" within the meaning of the securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these

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cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, 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, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" sections of NiSource's 2012 Form 10-K and 2013 Forms 10-Q, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus, the date of the accompanying prospectus supplement or, in the case of documents incorporated by reference, the date of those documents.

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NISOURCE INC.

Overview. NiSource is an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; NiSource Gas Distribution Group, Inc., a natural gas distribution company providing service to customers in the Midwest, the Mid-Atlantic and Massachusetts; and Northern Indiana Public Service Company, or NIPSCO, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana. NiSource derives substantially all of its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

- Gas Distribution Operations;
- Columbia Pipeline Group Operations; and
- Electric Operations.

Strategy. We have established four key initiatives to build a platform for long-term, sustainable growth: commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and process and expense management.

Gas Distribution Operations. Our natural gas distribution operations serve more than 3.3 million customers in seven states and operate approximately 58 thousand miles of pipeline. Through our wholly-owned subsidiaries NiSource Gas Distribution Group, Inc. and Columbia Energy Group, we own six distribution subsidiaries that provide natural gas to approximately 2.5 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland and Massachusetts. We also distribute natural gas to approximately 798 thousand customers in northern Indiana through our wholly-owned subsidiary NIPSCO.

Columbia Pipeline Group Operations. Our Columbia Pipeline Group operations own and operate approximately 15 thousand miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 637.8 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission LLC, Columbia Gulf Transmission, LLC, NiSource Midstream Services, LLC and Crossroads Pipeline Company, we own and operate an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia. Our subsidiary NiSource Energy Ventures (NEVCO) manages the company's mineral rights positions in the Marcellus and Utica shale areas.

Electric Operations. Through our subsidiary NIPSCO, we generate, transmit and distribute electricity to approximately 458 thousand customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. NIPSCO owns and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 megawatts. NIPSCO also owns and operates Sugar Creek, a combined cycle gas turbine plant with a net capability of 535 megawatts, four gas-fired generating units located at NIPSCO's coal fired electric generating stations with a net capability of 206 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts. These facilities provide for a total system operating net capability of 3,291 megawatts. NIPSCO's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,800 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2012, NIPSCO generated 74.1% and purchased 25.9% of its electric requirements.

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

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NISOURCE FINANCE CORP.

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource. NiSource Finance was incorporated in March 2000 under the laws of the State of Indiana.

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Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement for general corporate purposes, including additions to working capital and repayment of existing indebtedness.

RATIOS OF EARNINGS TO FIXED CHARGES

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

Six Months Ended	Fiscal Year Ended December 31				
June 30, 2013	2012	2011	2010	2009	2008
2.92	2.38	2.07	1.97	1.87	2.26

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

Table of Contents**DESCRIPTION OF CAPITAL STOCK****General**

The authorized capital stock of NiSource consists of 420,000,000 shares, \$0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares were reserved for issuance upon the exercise of rights under NiSource's former Shareholder Rights Plan, which was effectively terminated in 2006 and formally expired in 2010.

Anti-Takeover Provisions

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. Members of NiSource's board of directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-outstanding shares of stock of NiSource voting together as a single class. Unless the board of directors determines otherwise or except as otherwise required by law, vacancies on the board or newly-created directorships may be filled only by the affirmative vote of directors then in office, even though less than a quorum. If the board of directors or applicable Delaware law confers power on the stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by the affirmative vote of 80% of the combined voting power of the outstanding shares of stock of NiSource entitled to vote. Stockholders may not cumulate their votes, and stockholder action may be taken only at a duly called meeting and not by written consent. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

NiSource is subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination," which includes a merger or sale of more than 10% of the corporation's assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation's outstanding voting stock without the prior approval of the corporation's board of directors.

The following summaries of provisions of our common stock and preferred stock are not necessarily complete. You are urged to read carefully NiSource's certificate of incorporation and bylaws which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Common Stock

NiSource common stock is listed on the New York Stock Exchange under the symbol "NI." Common stockholders may receive dividends if and when declared by the board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations to any preferred stockholders have been satisfied. All common stock will be fully paid and non-assessable. Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive rights or cumulative voting rights. Common stockholders will be notified of any stockholders' meeting according to applicable law. If NiSource liquidates, dissolves or winds-up its business, either voluntarily or involuntarily, common stockholders will share equally in the assets remaining after creditors and preferred stockholders are paid.

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Preferred Stock

The board of directors can, without approval of stockholders, issue one or more series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences and limitations of each series, including any dividend rights, voting rights, conversion rights, redemption rights and liquidation preferences, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in control of NiSource and make it harder to remove incumbent management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of common stock. All preferred stock will be fully paid and non-assessable.

The terms of the preferred stock that NiSource may offer will be established by or pursuant to a resolution of the board of directors of NiSource and will be issued under certificates of designations or through amendments to NiSource's certificate of incorporation. If NiSource uses this prospectus to offer preferred stock, an accompanying prospectus supplement will describe the specific terms of the preferred stock. NiSource will also indicate in the prospectus supplement whether the general terms and provisions described in this prospectus apply to the preferred stock that NiSource may offer.

The following terms of the preferred stock, as applicable, will be set forth in a prospectus supplement relating to the preferred stock:

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;
- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;
- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

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The terms, if any, on which the preferred stock may be exchanged for or converted into shares of common stock or any other security and, if applicable, the conversion or exchange price, or how it will be calculated, and the conversion or exchange period will be set forth in the applicable prospectus supplement.

The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates, which will have an aggregate liquidation preference equal to that of the preferred stock represented by the global certificate.

Each global certificate will:

- be registered in the name of a depository or a nominee of the depository identified in the prospectus supplement;
- be deposited with such depository or nominee or a custodian for the depository; and
- bear a legend regarding the restrictions on exchanges and registration of transfer and any other matters as may be provided for under the certificate of designations.

DESCRIPTION OF THE DEBT SECURITIES

NiSource Finance may issue the debt securities, in one or more series, from time to time under an Indenture, dated as of November 14, 2000, among NiSource Finance, NiSource, as guarantor, and The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee. The Bank of New York Mellon, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have incorporated by reference the Indenture as an exhibit to the registration statement of which this prospectus is a part.

This section briefly summarizes some of the terms of the debt securities and the Indenture. This section does not contain a complete description of the debt securities or the Indenture. The description of the debt securities is qualified in its entirety by the provisions of the Indenture. References to section numbers in this description of the debt securities, unless otherwise indicated, are references to section numbers of the Indenture.

General

The Indenture does not limit the amount of debt securities that may be issued. The Indenture provides for the issuance of debt securities from time to time in one or more series. The terms of each series of debt securities may be established in a supplemental indenture or in resolutions of NiSource Finance's board of directors or a committee of the board.

The debt securities:

- are direct senior unsecured obligations of NiSource Finance;
- are equal in right of payment to any other senior unsecured obligations of NiSource Finance; and
- are guaranteed on a senior unsecured basis by NiSource.

NiSource Finance is a special purpose financing subsidiary formed solely as a financing vehicle for NiSource and its subsidiaries. Therefore, the ability of NiSource Finance to pay its obligations under the debt securities is dependent upon the receipt by it of payments from NiSource. If NiSource were not to make such payments for any reason, the holders of the debt securities would have to rely on the enforcement of NiSource's guarantee described below.

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If NiSource Finance uses this prospectus to offer debt securities, an accompanying prospectus supplement will describe the following terms of the debt securities being offered, to the extent applicable:

- the title;
- any limit on the aggregate principal amount;
- the date or dates on which NiSource Finance will pay principal;
- the right, if any, to extend the date or dates on which NiSource Finance will pay principal;
- the interest rates or the method of determining them and the date interest begins to accrue;
- the interest payment dates and the regular record dates for any interest payment dates;
- the right, if any, to extend the interest payment periods and the duration of any extension;
- the place or places where NiSource Finance will pay principal and interest;
- the terms and conditions of any optional redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- the terms and conditions of any optional purchase or repayment, including the date after which, and the price or prices at which, holders may require NiSource Finance to purchase, or a third party may require holders to sell, securities;
- the terms and conditions of any mandatory or optional sinking fund redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- whether bearer securities will be issued;
- the denominations in which NiSource Finance will issue securities;
- the currency or currencies in which NiSource Finance will pay principal and interest;
- any index or indices used to determine the amount of payments;
- the portion of principal payable on declaration of acceleration of maturity;
- any additional events of default or covenants of NiSource Finance or NiSource applicable to the debt securities;
- whether NiSource Finance will pay additional amounts in respect of taxes and similar charges on debt securities held by a United States alien and whether NiSource Finance may redeem those debt securities rather than pay additional amounts;
- whether NiSource Finance will issue the debt securities in whole or in part in global form and, in such case, the depository for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;
- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and
- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and

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punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to regulatory restrictions. In addition, NIPSCO's debt indenture provides that NIPSCO will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits.

NiSource's holding company status also means that its right to participate in any distribution of the assets of any of its subsidiaries upon liquidation, reorganization or otherwise is subject to the prior claims of the creditors of each of the subsidiaries (except to the extent that the claims of NiSource itself as a creditor of a subsidiary may be recognized). Since this is true for NiSource, it is also true for the creditors of NiSource (including the holders of the debt securities).

Conversion Rights

The terms, if any, on which a series of debt securities may be exchanged for or converted into shares of common stock or preferred stock of NiSource will be set forth in the applicable prospectus supplement.

Denomination, Registration and Transfer

NiSource Finance may issue the debt securities as registered securities in certificated form or as global securities as described under the heading "Book-Entry Issuance." Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue registered debt securities in denominations of \$1,000 or integral multiples of \$1,000. (See Section 302.)

If NiSource Finance issues the debt securities as registered securities, NiSource Finance will keep at one of its offices or agencies a register in which it will provide for the registration and transfer of the debt securities. NiSource Finance will appoint that office or agency the security registrar for the purpose of registering and transferring the debt securities.

The holder of any registered debt security may exchange the debt security for registered debt securities of the same series having the same stated maturity date and original issue date, in any authorized denominations, in like tenor and in the same aggregate principal amount. The holder may exchange those debt securities by surrendering them in a place of payment maintained for this purpose at the office or agency NiSource Finance has appointed securities registrar. Holders may present the debt securities for exchange or registration of transfer, duly endorsed or accompanied by a duly executed written instrument of transfer satisfactory to NiSource Finance and the securities registrar. No service charge will apply to any exchange or registration of transfer, but NiSource Finance may require payment of any taxes and other governmental charges as described in the Indenture. (See Section 305.)

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If debt securities of any series are redeemed, NiSource Finance will not be required to issue, register transfer of or exchange any debt securities of that series during the 15 business day period immediately preceding the day the relevant notice of redemption is given. That notice will identify the serial numbers of the debt securities being redeemed. After notice is given, NiSource Finance will not be required to issue, register the transfer of or exchange any debt securities that have been selected to be either partially or fully redeemed, except the unredeemed portion of any debt security being partially redeemed. (See Section 305.)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, on each interest payment date, NiSource Finance will pay interest on each debt security to the person in whose name that debt security is registered as of the close of business on the record date relating to that interest payment date. If NiSource Finance defaults in the payment of interest on any debt security, it may pay that defaulted interest to the registered owner of that debt security:

- as of the close of business on a date that the indenture trustee selects, which may not be more than 15 days or less than 10 days before the date NiSource Finance proposes to pay the defaulted interest, or
- in any other lawful manner that does not violate the requirements of any securities exchange on which that debt security is listed and that the indenture trustee believes is acceptable.

(See Section 307.)

Unless otherwise indicated in the applicable prospectus supplement, NiSource Finance will pay the principal of and any premium or interest on the debt securities when they are presented at the office of the indenture trustee, as paying agent. NiSource Finance may change the place of payment of the debt securities, appoint one or more additional paying agents, and remove any paying agent.

Redemption

The applicable prospectus supplement will contain the specific terms on which NiSource Finance may redeem a series of debt securities prior to its stated maturity. NiSource Finance will send a notice of redemption to holders at least 30 days but not more than 60 days prior to the redemption date. The notice will state:

- the redemption date;
- the redemption price;
- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);
- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;
- the place or places of payment; and
- whether the redemption is for a sinking fund.

(See Section 1104.)

On or before any redemption date, NiSource Finance will deposit an amount of money with the indenture trustee or with a paying agent sufficient to pay the redemption price. (See Section 1105.)

If NiSource Finance is redeeming less than all the debt securities, the indenture trustee will select the debt securities to be redeemed using a method it considers fair and appropriate. After the redemption date, holders of redeemed debt securities will have no rights with respect to the debt securities except the right to receive the redemption price and any unpaid interest to the redemption date. (See Section 1103.)

Table of Contents**Consolidation, Merger, Conveyance, Transfer or Lease**

Neither NiSource Finance nor NiSource shall consolidate or merge with any other corporation or convey, transfer or lease substantially all of its assets or properties to any entity unless:

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;
- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and
- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

Limitation on Liens

As long as any debt securities remain outstanding, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any debt secured by any mortgage, security interest, pledge, lien or other encumbrance on any property owned by NiSource Finance, NiSource or that subsidiary, except intercompany indebtedness, without also securing the debt securities equally and ratably with (or prior to) the new debt, unless the total amount of all of the secured debt would not exceed 10% of the consolidated net tangible assets of NiSource and its subsidiaries (other than utilities).

In addition, the lien limitations do not apply to NiSource Finance's, NiSource's and any subsidiary's ability to do the following:

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;
- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource or any subsidiary;
- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;
- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;
- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property, including mortgages for pollution control or industrial revenue bonds;
- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;
- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;
- to continue mortgages existing on the date of the Indenture; and
- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

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Events of Default

The Indenture provides, with respect to any outstanding series of debt securities, that any of the following events constitutes an "Event of Default":

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;
- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;
- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;
- NiSource Finance or NiSource defaults in the performance of or breaches any covenant or warranty in the Indenture for 90 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- NiSource Finance or NiSource Capital Markets, Inc., a subsidiary of NiSource, defaults under any bond, debenture, note or other evidence of indebtedness for money borrowed by NiSource Finance or NiSource Capital Markets, or NiSource Finance or NiSource Capital Markets defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, and in the event such debt has become due as the result of an acceleration, such acceleration is not rescinded or annulled or such debt is not paid within 60 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- the NiSource guarantee ceases to be in full force and effect in any material respect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or
- certain events of bankruptcy, insolvency or reorganization of NiSource Finance, NiSource Capital Markets or NiSource.

(See Section 501.)

If an Event of Default occurs with respect to debt securities of a particular series, the indenture trustee or the holders of 33% in principal amount of the outstanding debt securities of that series may declare the debt securities of that series due and payable immediately. (See Section 502.)

The holders of a majority in principal amount of the outstanding debt securities of a particular series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee under the Indenture, or exercising any trust or power conferred on the indenture trustee with respect to the debt securities of that series. The indenture trustee may refuse to follow directions that are in conflict with law or the Indenture, that expose the indenture trustee to personal liability or that are unduly prejudicial to other holders. The indenture trustee may take any other action it deems proper that is not inconsistent with those directions. (See Section 512.)

The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past default under the Indenture and its consequences, except a default:

- in respect of a payment of principal of, or premium, if any, or interest on any debt security; or
- in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected debt security.

(See Section 513.)

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At any time after the holders of the debt securities of a series declare that the debt securities of that series are due and immediately payable, a majority in principal amount of the outstanding holders of debt securities of that series may rescind and cancel the declaration and its consequences: (1) before the indenture trustee has obtained a judgment or decree for money, (2) if all defaults (other than the non-payment of principal which has become due solely by reason of the declaration) have been waived or cured, and (3) NiSource or NiSource Finance has paid or deposited with the indenture trustee an amount sufficient to pay:

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by reason of the declaration;
- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due to the indenture trustee under the Indenture.

(See Section 502.)

Modification of Indenture

NiSource Finance, NiSource and the indenture trustee may modify or amend the Indenture, without the consent of the holders of any debt securities, for any of the following purposes:

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no outstanding debt securities entitled to the benefit of the provision);
- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

The Indenture provides that we and the indenture trustee may amend the Indenture or the debt securities with the consent of the holders of a majority in principal amount of the then outstanding debt securities of each

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series affected by the amendment voting as one class. However, without the consent of each holder of any outstanding debt securities affected, an amendment or modification may not, among other things:

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;
- change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- impair a holder's right to institute suit for the enforcement of any payment after the stated maturity or after any redemption date or repayment date;
- reduce the percentage of holders of debt securities necessary to modify or amend the Indenture or to consent to any waiver under the Indenture;
- change any obligation of NiSource Finance to maintain an office or agency in each place of payment or to maintain an office or agency outside the United States;
- modify the obligations of NiSource under its guarantee in any way adverse to the interests of the holders of the debt securities; and
- modify these requirements or reduce the percentage of holders of debt securities necessary to waive any past default of certain covenants.

(See Section 902.)

Satisfaction and Discharge

Under the Indenture, NiSource Finance can terminate its obligations with respect to debt securities of any series not previously delivered to the indenture trustee for cancellation when those debt securities:

- have become due and payable;
- will become due and payable at their stated maturity within one year; or
- are to be called for redemption within one year under arrangements satisfactory to the indenture trustee for giving notice of redemption.

NiSource Finance may terminate its obligations with respect to the debt securities of that series by depositing with the indenture trustee, as trust funds dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the debt securities of that series. In that case, the Indenture will cease to be of further effect and NiSource Finance's obligations will be satisfied and discharged with respect to that series (except as to NiSource Finance's obligations to pay all other amounts due under the Indenture and to provide certain officers' certificates and opinions of counsel to the indenture trustee). At the expense of NiSource Finance, the indenture trustee will execute proper instruments acknowledging the satisfaction and discharge.

(See Section 401.)

Book-Entry Issuance

Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue any debt securities offered under this prospectus as "global securities." We will describe the specific terms for issuing any debt security as a global security in the prospectus supplement relating to that debt security.

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Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company, or DTC, will act as the depository for any global securities. NiSource Finance will issue global securities as fully registered securities registered in the name of DTC's nominee, Cede & Co. NiSource Finance will issue one or more fully registered global securities for each issue of debt securities, each in the aggregate principal or stated amount of such issue, and will deposit the global securities with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act. DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments that DTC's participants deposit with DTC. DTC also facilitates the post-trade settlement among its direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between its direct participants' accounts. This eliminates the need for physical movement of securities certificates. DTC's direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. The DTC rules applicable to its participants are on file with the SEC.

Purchases of securities under DTC's system must be made by or through a direct participant, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security, the beneficial owner, is in turn recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchases, but they should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the participants through which they entered into the transactions. Transfers of ownership interests in the securities are accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all global securities that are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the debt securities of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC will mail an omnibus

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proxy to NiSource Finance as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and any premium, interest or other payments on the global securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC, NiSource Finance, NiSource or the indenture trustee, subject to any statutory or regulatory requirements in effect at the time. Payment of redemption proceeds, principal and any premium, interest or other payments to DTC is the responsibility of NiSource Finance and the applicable paying agent, disbursement of payments to direct participants will be the responsibility of DTC, and disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records and followed by a book-entry credit to the appropriate party's DTC account.

DTC may discontinue providing its services as securities depository with respect to the global securities at any time by giving reasonable notice to NiSource Finance or the indenture trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the securities are required to be printed and delivered to DTC.

NiSource Finance may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the securities will be printed and delivered.

We have provided the foregoing information with respect to DTC to the financial community for information purposes only. We do not intend the information to serve as a representation, warranty or contract modification of any kind. We have received the information in this section concerning DTC and DTC's system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Governing Law

The Indenture and the debt securities are governed by the internal laws of the State of New York.

Information Concerning the Indenture Trustee

Prior to default, the indenture trustee will perform only those duties specifically set forth in the Indenture. After default, the indenture trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. The indenture trustee is under no obligation to exercise any of the powers vested in it by the Indenture at the request of any holder of debt securities unless the holder offers the indenture trustee reasonable indemnity against the costs, expenses and liability that the indenture trustee might incur in exercising those powers. The indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if it reasonably believes that it may not receive repayment or adequate indemnity. (See Section 601.)

Table of Contents**DESCRIPTION OF WARRANTS**

NiSource and NiSource Finance may issue warrants to purchase equity or debt securities, respectively. NiSource and NiSource Finance may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. NiSource and NiSource Finance will issue the warrants under warrant agreements to be entered into between NiSource or NiSource Finance, as the case may be, and a bank or trust company, as warrant agent, all as described in the applicable prospectus supplement. The warrant agent will act solely as agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. These terms may include the following:

- the title of the warrants;
- the designation, amount and terms of the securities for which the warrants are exercisable;
- the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;
- the price or prices at which the warrants will be issued;
- the aggregate number of warrants;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;
- the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;
- if applicable, the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the exercise of the warrants;
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;
- the date on which the right to exercise the warrants will commence, and the date on which the right will expire;
- the maximum or minimum number of warrants that may be exercised at any time; and
- information with respect to book-entry procedures, if any.

Exercise of Warrants

Each warrant will entitle the holder of warrants to purchase for cash the amount of equity or debt securities at the exercise price stated or determinable in the prospectus supplement for the warrants. Warrants may be exercised at any time up to the close of business on the expiration date shown in the applicable prospectus supplement, unless otherwise specified in such prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void. Warrants may be exercised as described in the applicable prospectus supplement. When the warrant holder makes the payment and properly completes and signs the warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, NiSource or NiSource Finance, as the case may be, will, as soon as possible, forward the equity or debt securities that the warrant holder has purchased. If the warrant holder exercises the warrant for less than all of the warrants represented by the warrant certificate, NiSource or NiSource Finance, as the case may be, will issue a new warrant certificate for the remaining warrants.

Table of Contents**DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS**

NiSource may issue stock purchase contracts, including contracts obligating holders to purchase from NiSource, and for NiSource to sell to the holders, a specified number of shares of common stock at a future date or dates. The price per share of common stock and the number of shares of common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula stated in the stock purchase contracts.

The stock purchase contracts may be issued separately or as part of units that we call "stock purchase units." Stock purchase units consist of a stock purchase contract and either NiSource Finance's debt securities or U.S. treasury securities securing the holders' obligations to purchase the common stock under the stock purchase contracts.

The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice versa, and these payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations in a specified manner.

The applicable prospectus supplement will describe the terms of the stock purchase contracts or stock purchase units. The description in the prospectus supplement will only be a summary, and you should read the stock purchase contracts, and, if applicable, collateral or depositary arrangements, relating to the stock purchase contracts or stock purchase units. Material U.S. federal income tax considerations applicable to the stock purchase units and the stock purchase contracts will also be discussed in the applicable prospectus supplement.

PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. The prospectus supplement with respect to any offering of securities will describe the specific terms of the securities being offered, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the proceeds to NiSource or NiSource Finance from the sale;
- any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchange on which the offered securities may be listed.

Through Underwriters. If we use underwriters in the sale of the securities, the underwriters will acquire the offered securities for their own account. We will execute an underwriting agreement with an underwriter or underwriters once an agreement for sale of the securities is reached. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may sell the offered securities directly or through underwriting syndicates represented by managing underwriters. Unless otherwise stated in the prospectus supplement relating to offered securities, the obligations of the underwriters to purchase those offered securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of those offered securities if they purchase any of them.

Through Dealers. If we use a dealer to sell the securities, we will sell the offered securities to the dealer as principal. The dealer may then resell those offered securities at varying prices determined at the time of resale. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

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Through Agents. If we use agents in the sale of securities, we may designate one or more agents to sell offered securities. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly to Purchasers. We may sell the offered securities directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved. We will describe the terms of our direct sales in our prospectus supplement.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallocated to them. A prospectus supplement will also state the proceeds to us from the sale of offered securities, any initial public offering price and other terms of the offering of those offered securities.

Our agents, underwriters and dealers, or their affiliates, may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase offered securities from us at the public offering price and on terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. If we use delayed delivery contracts, we will disclose that we are using them in our prospectus supplement and will tell you when we will demand payment and delivery of the securities. The delayed delivery contracts will be subject only to the conditions we set forth in our prospectus supplement.

We may enter into agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

LEGAL OPINIONS

Schiff Hardin LLP, Chicago, Illinois, will pass upon the validity of the securities offered by this prospectus for us. The opinions with respect to the securities may be subject to assumptions regarding future action to be taken by us and the trustee, if applicable, in connection with the issuance and sale of the securities, the specific terms of the securities and other matters that may affect the validity of securities but that cannot be ascertained on the date of those opinions.

EXPERTS

The consolidated financial statements and related financial statement schedules of NiSource Inc. and subsidiaries, incorporated in this prospectus by reference from NiSource Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, and the effectiveness of NiSource Inc. and subsidiaries' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth fees and expenses in connection with the issuance and distribution of the securities being registered hereby (other than any underwriting discounts and commissions). All amounts set forth below relate to the registration of the securities pursuant to this registration statement and are estimates. As the amount of securities to be issued and distributed pursuant to this registration statement is indeterminate, the fees and expenses of such issuances and distributions cannot be determined or estimated at this time.

Securities and Exchange Commission filing fee	\$ *
Trustee's fees	12,000
Accounting fees and expenses	25,000
Legal fees and expenses	10,000
Printing expenses	7,000
Miscellaneous expenses	<u>1,000</u>
TOTAL	<u>\$55,000</u>

* This registration statement relates to the registration of securities having an indeterminate maximum aggregate principal amount. The registration fee will be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section B.1. of Article V of NiSource Inc.'s Amended and Restated Certificate of Incorporation, as amended, provides that no director shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Section B.2. of Article V of NiSource Inc.'s Amended and Restated Certificate of Incorporation, as amended, pursuant to Section 145 of the General Corporation Law of Delaware, provides that NiSource Inc. will, to the fullest extent permitted by applicable law, as then in effect, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil or criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation (including NiSource Finance Corp.), partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such investigation, claim, action, suit or proceeding, provided that such person acted in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if he or she had no reason to believe his or her conduct was unlawful.

Section B.2. of Article V of NiSource Inc.'s Amended and Restated Certificate of Incorporation, as amended, pursuant to Section 145 of the General Corporation Law of Delaware, also provides that if the investigation, claim, action, suit or proceeding is a derivative action (meaning one brought by or on behalf of the corporation), NiSource Inc. will, to the extent permitted by applicable law, as then in effect, indemnify any person against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such investigation, claim, action, suit or proceeding if incurred by such person in connection with the defense or settlement of such investigation, claim, action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect to any investigation, claim, action, suit,

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proceeding or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the corporation, unless and only to the extent that the Delaware Court of Chancery or the court in which the action or suit is brought determines upon application that, despite the adjudication of liability but in light of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expense as the court deems proper.

NiSource Inc.'s Amended and Restated Certificate of Incorporation, as amended, and the General Corporation Law of Delaware permit NiSource Inc. and its subsidiaries to purchase and maintain insurance on behalf of any person who is a director or officer for acts committed in their capacities as such directors or officers. NiSource Inc. currently maintains such liability insurance.

Article VIII of NiSource Finance Corp.'s By-Laws provides for indemnification by NiSource Finance Corp. of any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, formal or informal by reason of the fact such person was a director, officer, employee or agent of NiSource Finance Corp., or is or was serving at the request of NiSource Finance Corp. as a director, officer, employee, agent, partner, trustee or member or in another authorized capacity of or for another corporation, unincorporated association, business trust, partnership, joint venture, trust or other legal entity, against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, formal or informal, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of NiSource Finance Corp. and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful; except that, in the case of an action by or in the right of NiSource Finance Corp. to procure judgment in its favor, no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for willful negligence or misconduct in the performance of such person's duties to NiSource Finance Corp. unless and only to the extent that a court of equity or the court in which such action was pending shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. To the extent such a person is successful on the merits or otherwise in defense of any action, claim, issue or matter referred to herein, such person shall be indemnified against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in such action, claim, issue or matter.

As authorized under NiSource Finance Corp.'s By-Laws and the Indiana Business Corporation Law, NiSource Finance Corp. has insurance which insures directors and officers for acts committed as such directors or officers.

ITEM 16. EXHIBITS

Reference is made to the information in the Exhibit Index filed as part of this registration statement.

ITEM 17. UNDERTAKINGS

(a) Each undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.

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Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

Each undersigned registrant undertakes that in a primary offering of securities of such undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, such undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of such undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of such undersigned registrant or used or referred to by such undersigned registrant;

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(iii) The portion of any other free writing prospectus relating to the offering containing material information about such undersigned registrant or its securities provided by or on behalf of such undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by such undersigned registrant to the purchaser.

(b) Each undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of NiSource Inc.'s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by such registrant of expenses incurred or paid by a director, officer or controlling person of such registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Merrillville, State of Indiana, on October 30, 2013.

NISOURCE INC.
(Registrant)

By: /s/ Robert C. Skaggs, Jr.
Name: Robert C. Skaggs, Jr.
Title: President, Chief Executive Officer and Director

POWER OF ATTORNEY

Know All Persons By These Presents, that each person whose signature appears below constitutes and appoints Stephen P. Smith, Jon D. Veurink, David J. Vajda, Carrie J. Hightman and Robert E. Smith or any one of them his or her true lawful attorney-in-fact and agent with full power of substitution and re-substitution for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority, to do and perform each and every act and thing requisite or necessary to be done in and about the premises, to all intents and purposes and as fully as they might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert C. Skaggs, Jr.</u> Robert C. Skaggs, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	October 30, 2013
<u>/s/ Stephen P. Smith</u> Stephen P. Smith	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	October 30, 2013
<u>/s/ Jon D. Veurink</u> Jon D. Veurink	Vice President and Chief Accounting Officer (Principal Accounting Officer)	October 30, 2013
<u>/s/ Richard L. Thompson</u> Richard L. Thompson	Chairman and Director	October 30, 2013
<u>/s/ Richard A. Abdoo</u> Richard A. Abdoo	Director	October 30, 2013

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<u>/s/ Aristides S. Candris</u> Aristides S. Candris	Director	October 30, 2013
<u>/s/ Sigmund L. Cornelius</u> Sigmund L. Cornelius	Director	October 30, 2013
<u>/s/ Michael E. Jesanis</u> Michael E. Jesanis	Director	October 30, 2013
<u>/s/ Marty R. Kittrell</u> Marty R. Kittrell	Director	October 30, 2013
<u>/s/ W. Lee Nutter</u> W. Lee Nutter	Director	October 30, 2013
<u>/s/ Deborah S. Parker</u> Deborah S. Parker	Director	October 30, 2013
<u>/s/ Teresa A. Taylor</u> Teresa A. Taylor	Director	October 30, 2013
<u>/s/ Carolyn Y. Woo</u> Carolyn Y. Woo	Director	October 30, 2013

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Merrillville, State of Indiana, on October 30, 2013.

NISOURCE FINANCE CORP.
(Registrant)

By: /s/ Stephen P. Smith
Name: Stephen P. Smith
Title: President and Director

POWER OF ATTORNEY

Know All Persons By These Presents, that each person whose signature appears below constitutes and appoints Stephen P. Smith, Jon D. Veurink, David J. Vajda, Carrie J. Hightman and Robert E. Smith or any one of them his or her true lawful attorney-in-fact and agent with full power of substitution and re-substitution for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority, to do and perform each and every act and thing requisite or necessary to be done in and about the premises, to all intents and purposes and as fully as they might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stephen P. Smith</u> Stephen P. Smith	President and Director (Principal Executive Officer and Principal Financial Officer)	October 30, 2013
<u>/s/ Jon D. Veurink</u> Jon D. Veurink	Vice President (Principal Accounting Officer)	October 30, 2013

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EXHIBIT INDEX

The following documents are filed as part of the registration statement or are incorporated by reference:

<u>Exhibit Number</u>	<u>Document Description</u>
1.1	Form of Underwriting Agreement (incorporated by reference to Exhibit 1.1 to the NiSource Inc. Form 8-K filed on December 6, 2010).
4.1	Amended and Restated Certificate of Incorporation of NiSource Inc. (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 10-Q filed on August 4, 2008)
4.2	Bylaws of NiSource Inc., as amended and restated through May 11, 2010 (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on May 14, 2010)
4.3	Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3 filed November 17, 2000 (Registration No. 333-49330))
5.1	Opinion of Schiff Hardin LLP*
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges (incorporated by reference to Exhibit 12.1 to the NiSource Inc. Form 8-K filed on October 7, 2013).
23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of Schiff Hardin LLP (included in Exhibit 5.1)
24.1	Powers of Attorney (included on signature pages)
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Trustee for the Indenture with respect to Debt Securities*
25.2	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Trustee for the Indenture with respect to Guarantees of Debt Securities*

* Filed herewith

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL Utilities

5. Supply projected capital requirements and sources of Company, Parent, and System (Consolidated) for each of future three years.

Response:

Please see Exhibit No. 405 Attachment A page 1 for Columbia Gas of Pennsylvania, Inc.

Please see Exhibit No. 405 Attachment A page 2 for NiSource Inc.

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL Utilities

USES OF FUNDS 000's	FY 2014	FY 2015	FY 2016
Constructions	\$206,429	\$194,296	\$210,580
Allowance for Funds Used During Construction	328	0	0
Debt Retirement and Redemption	0	47,350	18,525
Common Dividends	0	8,000	0
Other Investing Activities	6,799	0	0
Total Funds Required	<u>213,556</u>	<u>249,646</u>	<u>229,105</u>
<u>SOURCES OF FUNDS</u>			
<u>Internal Sources</u>			
Net Income	\$63,629	\$63,897	\$53,507
Income from Subsidiaries	(592)	(431)	(427)
Dividends from Subsidiaries	0	1,000	0
Depreciation	41,346	48,705	50,334
Deferred Taxes	26,609	26,770	29,316
OPEB	9,983	(1,338)	(1,457)
Retirement Income Plan	(1,867)	(0)	(0)
Other Assets/Liabilities	3,372	(2,082)	(2,163)
Working Capital	(7,457)	(8,737)	133
Total Internal Sources	<u>135,023</u>	<u>127,783</u>	<u>129,243</u>
<u>External Sources</u>			
Common Stock	33	0	0
Net Increase(Decrease) in Short-Term Borrowings	48,500	1,706	54,704
Issuance of Long-Term debt	30,000	120,000	45,000
Capital Leases	0	157	157
Sale of Assets	0	0	0
Total External Sources	<u>78,533</u>	<u>121,862</u>	<u>99,861</u>
Total Sources of Funds	<u>213,556</u>	<u>249,646</u>	<u>229,105</u>

NISOURCE, INC.
53.53 II. RATE OF RETURN
A. ALL Utilities

USES OF FUNDS 000's	FY 2014	FY 2015	FY 2016
Constructions	\$2,116,500	\$2,289,700	\$2,378,300
Allowance for Funds Used During Construction	0	0	0
Debt Retirement and Redemption	521,000	267,400	762,000
Common Dividends	321,300	336,000	350,700
Other Investing Activities	0	0	0
Total Funds Required	<u>2,958,800</u>	<u>2,893,100</u>	<u>3,491,000</u>
<u>SOURCES OF FUNDS</u>			
<u>Internal Sources</u>			
Net Income	\$530,000	\$609,400	\$706,300
Depreciation	605,600	665,000	704,500
Deferred Taxes	299,000	322,800	352,300
Other Cash Flow From Operations	(73,000)	(50,300)	(99,700)
Working Capital	(39,300)	(187,100)	26,000
Total Internal Sources	<u>1,322,300</u>	<u>1,359,800</u>	<u>1,689,400</u>
<u>External Sources</u>			
Common Stock	30,300	10,500	0
MLP LP Share Issuances	0	870,000	850,000
Treasury Stock Acquisition	(10,200)	(64,300)	(66,700)
Distributions to NonControlling Interest	0	(28,200)	(68,800)
Net Increase(Decrease) in Short-Term Borrowings	878,100	(17,600)	71,600
Issuance of Long-Term debt	739,700	762,900	1,015,500
Sale of Assets	0	0	0
Total External Sources	<u>1,637,900</u>	<u>1,533,300</u>	<u>1,801,600</u>
Net Cash from (used for) Discontinued Operations	(1,400)	0	0
Net Investing Activities from (used for) Discontinued Operations	0	0	0
Total Sources of Funds	<u>2,958,800</u>	<u>2,893,100</u>	<u>3,491,000</u>

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

6. Provide a schedule of debt and preferred stock of Company, Parent and System (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):
- a. Date of issue
 - b. Date of maturity
 - c. Amount issued
 - d. Amount outstanding
 - e. Amount retired
 - f. Amount reacquired
 - g. Gain on reacquisition
 - h. Coupon rate
 - i. Discount or premium at issuance
 - j. Issuance expenses
 - k. Net proceeds
 - l. Sinking Fund requirements
 - m. Effective interest rate
 - n. Dividend rate
 - o. Effective cost rate
 - p. Total average weighted effective cost rate

Response: Please see Attachment A:

Page 1 and 2 – Columbia Gas of Pennsylvania, Inc. (Company)

Page 3 and 4 – NiSource Inc. (System)

The November 30, 2014 test year-end long-term debt schedule is the latest date available for NiSource Inc. The December 31, 2014 long-term debt schedule will be provided when quarter close is complete and the schedule is available.

COLUMBIA GAS OF PENNSYLVANIA, INC.
SCHEDULE OF LONG TERM DEBT AND PREFERRED STOCK CAPITAL
AS OF NOVEMBER 30, 2014
(000's)

Line No.	Title	Date of Issue (1)	Date of Maturity (2)	Principal Amount Issued (3)	Amount Paid (4)	Amount Outstanding (5)	Coupon Interest Rate (6)	Unamortized Debt costs (7)	Net Amount Outstanding (8)	Annualized Cost (a) (9)
				\$	\$	\$		\$	\$	\$
<u>NISOURCE, INC.</u>										
<u>Current Portion of Long-term Debt</u>										
1	Finance Corp									
2	Notes		11/28/15	230,000.00	0.00	230,000.00	5.36%	0.00	230,000.00	12,328.00
3	Construction Loans:									
4										
5	Total Current Portion of Long-term Debt			<u>230,000.00</u>	<u>0.00</u>	<u>230,000.00</u>		<u>0.00</u>	<u>230,000.00</u>	<u>12,328.00</u>
6	<u>Long-term Debt</u>									
7	<u>Pollution Control Bonds:</u>									
8	Northern Indiana									
9	Series 1988 A	11/01/88	11/01/16	37,000.00	0.00	37,000.00	5.60%	0.00	37,000.00	2,072.00
10	Series 1988 B	11/01/88	11/01/16	47,000.00	0.00	47,000.00	5.60%	0.00	47,000.00	2,632.00
11	Series 1988 C	11/01/88	11/01/16	46,000.00	0.00	46,000.00	5.60%	0.00	46,000.00	2,576.00
12				<u>130,000.00</u>	<u>0.00</u>	<u>130,000.00</u>		<u>0.00</u>	<u>130,000.00</u>	<u>7,280.00</u>
13	Series 1994 B	8/25/94	04/01/19	41,000.00	0.00	41,000.00	5.85%	0.00	41,000.00	2,398.50
14				<u>41,000.00</u>	<u>0.00</u>	<u>41,000.00</u>		<u>0.00</u>	<u>41,000.00</u>	<u>2,398.50</u>
15	Series 2003	12/18/03	07/01/17	55,000.00	0.00	55,000.00	5.70%	0.00	55,000.00	3,135.00
16				<u>226,000.00</u>	<u>0.00</u>	<u>226,000.00</u>		<u>0.00</u>	<u>226,000.00</u>	<u>12,813.50</u>
17	<u>Medium Term Notes:</u>									
18	Northern Indiana - Series E	6/10/97	8/12/17	22,500.00	0.00	22,500.00	7.59%	0.00	22,500.00	1,707.75
19		8/4/97	8/4/17	5,000.00	0.00	5,000.00	7.02%	0.00	5,000.00	351.00
20		8/26/97	8/30/22	10,000.00	0.00	10,000.00	7.40%	0.00	10,000.00	740.00
21		6/6/97	6/6/27	20,000.00	0.00	20,000.00	7.69%	0.00	20,000.00	1,538.00
22		6/6/97	6/27/27	33,000.00	0.00	33,000.00	7.69%	0.00	33,000.00	2,537.70
23		8/4/97	8/4/27	5,000.00	0.00	5,000.00	7.16%	0.00	5,000.00	358.00
				<u>95,500.00</u>	<u>0.00</u>	<u>95,500.00</u>		<u>0.00</u>	<u>95,500.00</u>	<u>7,232.45</u>
24	Bay State Gas	12/15/95	12/15/25	10,000.00	0.00	10,000.00	6.43%	0.00	10,000.00	643.00
25		2/11/98	2/15/28	30,000.00	0.00	30,000.00	6.26%	0.00	30,000.00	1,878.00
26				<u>40,000.00</u>	<u>0.00</u>	<u>40,000.00</u>		<u>0.00</u>	<u>40,000.00</u>	<u>2,521.00</u>
27	Capital Markets	3/27/97	3/27/17	2,000.00	0.00	2,000.00	7.85%	0.00	2,000.00	157.00
28		3/27/97	3/27/17	30,000.00	0.00	30,000.00	7.86%	0.00	30,000.00	2,358.00
29		3/31/97	4/3/17	2,000.00	0.00	2,000.00	7.82%	0.00	2,000.00	156.40
30		3/31/97	4/3/17	10,000.00	0.00	10,000.00	7.82%	0.00	10,000.00	782.00
31		3/31/97	4/3/17	10,000.00	0.00	10,000.00	7.92%	0.00	10,000.00	792.00
32		4/1/97	4/3/17	2,000.00	0.00	2,000.00	7.93%	0.00	2,000.00	158.60
33		4/1/97	4/3/17	1,000.00	0.00	1,000.00	7.94%	0.00	1,000.00	79.40
34		3/31/97	4/1/22	6,000.00	0.00	6,000.00	7.99%	0.00	6,000.00	479.40
35		3/31/97	4/1/22	8,000.00	0.00	8,000.00	7.99%	0.00	8,000.00	639.20
36		3/31/97	4/1/22	6,000.00	0.00	6,000.00	7.99%	0.00	6,000.00	479.40
37		5/5/97	5/5/27	29,000.00	0.00	29,000.00	7.99%	0.00	29,000.00	2,317.10
38				<u>106,000.00</u>	<u>0.00</u>	<u>106,000.00</u>		<u>0.00</u>	<u>106,000.00</u>	<u>8,398.50</u>
39	Total Medium Term Notes			<u>241,500.00</u>	<u>0.00</u>	<u>241,500.00</u>		<u>0.00</u>	<u>241,500.00</u>	<u>18,151.95</u>

COLUMBIA GAS OF PENNSYLVANIA, INC.

SCHEDULE OF LONG TERM DEBT AND PREFERRED STOCK CAPITAL
AS OF NOVEMBER 30, 2013
 (000's)

Line No.	Title	Date of Issue (1)	Date of Maturity (2)	Principal Amount Issued (3)	Amount Paid (4)	Amount Outstanding (5)	Coupon Interest Rate (6)	Unamortized Debt costs	Net Amount Outstanding	Annualized Cost (a) (7)
				\$	\$	\$		\$	\$	\$
<u>NISOURCE, INC.</u>										
40	Senior Notes;									
41	Capital Markets	12/1/97	12/1/27	3,000.00	0.00	3,000.00	6.78%	0.00	3,000.00	203.40
42	Notes;									
43	NDC Douglas	Various		2,079.91	0.00	2,079.91	7.14%	0.00	2,079.91	148.51
44	<u>NISource Finance Corp.</u>									
45	Notes	3/09/09	3/15/16	201,526.00	0.00	201,526.00	10.75%	0.00	201,526.00	21,664.05
46	Notes	11/28/05	11/28/16	90,000.00	0.00	90,000.00	5.41%	0.00	90,000.00	4,869.00
47	Notes	9/16/05	9/15/17	450,000.00	0.00	450,000.00	5.25%	0.00	450,000.00	23,625.00
48	Notes	8/31/07	3/15/18	800,000.00	0.00	800,000.00	6.40%	0.00	800,000.00	51,200.00
49	Notes	5/20/08	1/15/19	500,000.00	0.00	500,000.00	6.80%	0.00	500,000.00	34,000.00
50	Notes	9/16/05	9/15/20	550,000.00	0.00	550,000.00	5.45%	0.00	550,000.00	29,975.00
51	Notes	12/04/09	03/01/22	500,000.00	0.00	500,000.00	6.13%	0.00	500,000.00	30,625.00
52	Notes	11/28/05	11/28/25	265,000.00	0.00	265,000.00	5.89%	0.00	265,000.00	15,608.50
53	Notes	12/8/10	12/15/40	250,000.00	0.00	250,000.00	6.25%	0.00	250,000.00	15,625.00
54	Notes	6/10/11	6/15/41	400,000.00	0.00	400,000.00	5.95%	0.00	400,000.00	23,800.00
55	Notes	11/23/11	12/1/21	250,000.00	0.00	250,000.00	4.45%	0.00	250,000.00	11,125.00
56	Notes	11/23/11	2/1/42	250,000.00	0.00	250,000.00	5.80%	0.00	250,000.00	14,500.00
57	Notes	4/3/12	4/3/16	325,000.00	0.00	325,000.00	1.16%	0.00	325,000.00	3,757.81
58	Notes	6/14/12	2/15/23	250,000.00	0.00	250,000.00	3.85%	0.00	250,000.00	9,625.00
59	Notes	6/14/12	2/15/43	500,000.00	0.00	500,000.00	5.25%	0.00	500,000.00	26,250.00
60	Notes	4/12/13	2/15/44	750,000.00	0.00	750,000.00	4.80%	0.00	750,000.00	36,000.00
61	Notes	10/03/13	02/01/45	500,000.00	0.00	500,000.00	5.65%	0.00	500,000.00	28,250.00
62	Notes	8/20/14	08/18/17	750,000.00	0.00	750,000.00	1.16%	0.00	750,000.00	6,662.50
63	Total Notes			<u>7,581,526.00</u>	<u>0.00</u>	<u>7,581,526.00</u>		<u>0.00</u>	<u>7,581,526.00</u>	<u>389,161.86</u>
64	Total Long-term Debt			<u>8,054,105.91</u>	<u>0.00</u>	<u>7,828,105.91</u>		<u>0.00</u>	<u>8,054,105.91</u>	<u>420,471.22</u>

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

7. Supply financial data of Company and/or Parent for last five years:
- a. Earnings - price ratio (average)
 - b. Earnings - book value ratio (per share basis)
(average book value)
 - c. Dividend yield (average)
 - d. Earnings per share (dollars)
 - e. Dividends paid per share (dollars)
 - f. Average book value per share yearly
 - g. Average yearly market price per share
(monthly high-low basis)
 - h. Pre-tax funded debt interest coverage
 - I. Post-tax funded debt interest coverage
 - j. Average market price - average book value ratio

Response:

Please see Exhibit 407 Page 2.

NISOURCE, INC
FINANCIAL DATA FOR THE YEARS 2010-2014
As Reported

Line No.	Description	Year Ended December 31,				
		2010	2011	2012	2013	2014
(a)	Earnings - Price Ratio (Average) (%)	6.5	5.1	5.7	5.8	4.4
(b)	Earnings - Book Value Ratio (Per share basis) (Average Book Value) (%)	5.9	5.8	7.8	9.1	8.5
(c)	Dividend Yield (Average) (%)	5.8	4.6	3.8	3.3	2.7
(d)	Earnings - per share (\$)	1.04	1.03	1.39	1.70	1.67
(e)	Dividends - per share (\$)	0.92	0.92	0.94	0.98	1.02
(f)	Average Book Value per Share Yearly (\$)	17.56	17.73	17.90	18.77	19.54
(g)	Average Yearly Market Price per Share (Monthly high-low basis) (\$)	16.0	20.2	24.4	29.5	37.9
(h)	Pre-Tax Funded Debt Interest Coverage (X)	2.11	2.13	2.30	2.54	2.61
(i)	Post-Tax Funded Debt Interest Coverage (X)	3.04	3.46	4.67	6.32	7.59
(j)	Market Price - Book Value Ratio (%)	91.1	114.0	136.5	157.2	193.9

COLUMBIA GAS OF PENNSYLVANIA, INC.

53.53 II. RATE OF RETURN

A. ALL UTILITIES

11. Provide AFUDC charged by company at test year-end and latest date, and explain method by which rate was calculated.

Response: AFUDC in the amount of \$902,663.65 was recorded during the historic test year. The calculated rate of 4.08% was based on an aggregate of NiSource's regulated subsidiaries' average Construction Work In Progress (CWIP) compared to NiSource's regulated subsidiaries' short term (ST) borrowings on a monthly basis and on an aggregate annual basis.

As of this filing, this is the latest AFUDC rate available, further details on this rate and computation are included in response to Question No. GAS-ROR-005.

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

12. Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.

Response:

1. Restrictions contained in the Amended and Restated Certificate of Incorporation of NiSource Inc. as amended ("Charter").

The Charter provides that dividends may be declared by the Board of Directors and paid on NiSource Inc.'s common stock subject to the powers, preferences and other special rights afforded Preferred Stock holders. (See Article IV, Section A on Exhibit No. 409, Attachment A, page 4 of 17). Currently, NiSource Inc. does not have any outstanding preferred stock.

The Charter does not contain any coverage requirements or any limits on proportions of types of capital outstanding.

2. Restrictions contained in indentures and indenture supplements.

The indenture and indenture supplements to which Company or Parent is a party do not contain any coverage requirements, limits on proportions of types of capital outstanding and restrictions on dividend payouts.

NiSource Inc. guarantees debt issued by a subsidiary in the private market, which is covered by a Note Purchase Agreement. In the agreement, there is a financial covenant which states, "The Debt to Capitalization ratio shall not be more than .75 to 1.00 at any given time." For purposes of the covenant, "Debt to Capitalization" is calculated for NiSource Inc. and its consolidated subsidiaries on a consolidated basis. (See the Note Purchase Agreement, Exhibit No. 409, Attachment B, page 22)

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

NISOURCE INC.

As Amended Through

May 20, 2008

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
NISOURCE INC.

**Article I
Name**

The name of this Corporation is NiSource Inc.

**Article II
Registered Office**

The registered office of the Corporation in the State of Delaware is located at Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle. The name of its registered agent is Corporation Service Company, and the address of said registered agent is 2711 Centerville Road, Suite 400, in said city.

**Article III
Statement of Purpose**

The nature of the business to be conducted and the purposes of the Corporation are to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as amended.

**Article IV
Classes of Capital Stock**

The total number of shares of all classes of stock which the Corporation shall have authority to issue is Four hundred twenty million (420,000,000), of which Twenty million (20,000,000) shares of the par value \$.01 each are to be of a class designated Preferred Stock and Four hundred million (400,000,000) shares of the par value of \$.01 each are to be of a class designated Common Stock.

A. Common Stock

1. Subject to the powers, preferences and other special rights afforded Preferred Stock by the provisions of this Article IV or resolutions adopted pursuant hereto, the holders of the Common Stock shall be entitled to receive, to the extent permitted by Delaware law, such

dividends as may from time to time be declared by the Board of Directors.

2. Except as otherwise required by Delaware law and as otherwise provided in this Article IV and resolutions adopted pursuant hereto with respect to Preferred Stock, and subject to the provisions of the Bylaws of the Corporation, as from time to time amended, with respect to the closing of the transfer books and the fixing of a record date for the determination of stockholders entitled to vote, the holders of the Common Stock shall exclusively possess voting power for the election of directors and for all other purposes, and the holders of the Preferred Stock shall have no voting power and shall not be entitled to any notice of any meeting of stockholders.

3. Except as may otherwise be required by law, this Amended and Restated Certificate of Incorporation or the provisions of the resolution or resolutions as may be adopted by the Board of Directors pursuant to this Article IV with respect to Preferred Stock, each holder of Common Stock, and each holder of Preferred Stock, if entitled to vote on such matter, shall be entitled to one vote in respect of each share of Common Stock or Preferred Stock, as the case may be, held by such holder on each matter voted upon by stockholders, and any such right to vote shall not be cumulative.

4. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Except as otherwise required by law and subject to the rights of the holders of any class or any series of Preferred Stock, special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

5. In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of Preferred Stock, as set forth in this Article IV or the resolutions adopted with respect to such series under this Article IV, holders of Common Stock shall be entitled to receive all of the remaining assets of the Corporation of whatever kind available for distribution to the stockholders ratably and in proportion to the number of shares of Common Stock held by them respectively. The Board of Directors may distribute in kind to the holders of Common Stock such remaining assets of the Corporation or may sell, transfer, otherwise dispose of all or any part of such remaining assets to any other corporation, trust or other entity and receive payment therefor in cash, stock or obligations of such other corporation, trust or other entity, or a combination thereof, and may set all or make any part of the consideration so received and distributed or any balance thereof in kind to holders of Common Stock. The merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, or any purchase or redemption of shares of stock of the Corporation of any class, shall not be deemed to be a dissolution, liquidation, or winding-up of the Corporation for the purposes of this Article IV.

B. Preferred Stock

The express grant of authority to the Board of Directors of the Corporation to fix by resolution or resolutions the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the shares of Preferred Stock that are not fixed by this Amended and Restated Certificate of Incorporation is as follows:

1. The Preferred Stock may be issued from time to time in any amount, not exceeding in the aggregate the total number of shares of Preferred Stock herein above authorized, reduced by the number of shares of Preferred Stock designated under Section C of this Article IV, as Preferred Stock of one or more series, as hereinafter provided. All shares of any one series of Preferred Stock shall be alike in every particular, each series thereof shall be distinctively designated by letter or descriptive words, and all series of Preferred Stock shall rank equally and be identical in all respects except as permitted by the provisions of Subsection B.2 of this Article IV.

2. Authority is hereby expressly granted to and vested in the Board of Directors from time to time to issue the Preferred Stock as Preferred Stock of any series and in connection with the creation of each such series to fix, by the resolution or resolutions providing for the issue of shares thereof, the voting powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, if any, of such series, to the full extent now or hereafter permitted by the laws of the State of Delaware. Pursuant to the foregoing general authority vested in the Board of Directors, but not in limitation of the powers conferred on the Board of Directors thereby and by the laws of the State of Delaware, the Board of Directors is expressly authorized to determine with respect to each series of Preferred Stock other than the series designated under Section C of this Article IV:

- (a) the designation of such series and number of shares constituting such series;
- (b) the dividend rate or amount of such series, the payment dates for dividends on shares of such series, the status of such dividends as cumulative or non-cumulative, the date from which dividends on shares of such series, if cumulative, shall be cumulative, and the status of such as participating or non-participating after the payment of dividends as to which such shares are entitled to any preference;
- (c) the price or prices (which amount may vary under different conditions or at different dates) at which, and the times, terms and conditions on which, the shares of such series may be redeemed at the option of the Corporation;
- (d) whether or not the shares of such series shall be made optionally or mandatorily convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation or other securities and, if made so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments thereof, if any, at which such conversion or exchange may be made and any other terms and conditions of such conversion or exchange;

- (e) whether or not the shares of such series shall be entitled to the benefit of a retirement or sinking fund to be applied to the purchase or redemption of shares of such series, and if so entitled, the amount of such fund and the manner of its application, including the price or prices at which shares of such series may be redeemed or purchased through the application of such fund;
- (f) whether or not the issue of any additional shares of such series or any future series in addition to such series or of any shares of any other class of stock of the Corporation shall be subject to restrictions and, if so, the nature thereof;
- (g) the rights and preferences, if any, of the holders of such series of Preferred Stock upon the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, and the status of the shares of such series as participating or non-participating after the satisfaction of any such rights and preferences;
- (h) the full or limited voting rights, if any, to be provided for shares of such series, in addition to the voting rights provided by law; and
- (i) any other relative powers, preferences and participating, optional or other special rights and the qualifications, limitations or restrictions thereof, of shares of such series;

in each case, so far as not inconsistent with the provisions of this Amended and Restated Certificate of Incorporation or the Delaware General Corporation Law then in effect.

C. Series A Junior Participating Preferred Stock.

The designation and number of shares, and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of a series of Preferred Stock are fixed by this Section C of ARTICLE IV as follows:

1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 4,000,000.

2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar shares) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of Series A Preferred Stock, in preference to the holders of Common Stock and of any other junior shares, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the 20th day of February, May, August and November in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) \$26 or (ii) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per

share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in Common Stock or a subdivision of the outstanding Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share of Series A Preferred Stock or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph 2(a) of this Section C immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$26 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of Series A Preferred Stock will have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided in this Amended and Restated Certificate of Incorporation, in any resolution creating a series of Preferred Stock or by law, the holders of Series A Preferred Stock and the holders of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) If at the time of any annual meeting of stockholders for the election of directors a "default in preference dividends" on the Series A Preferred Stock shall exist, the number of directors constituting the Board of Directors of the Corporation shall be increased by two (2), and the holders of the Preferred Stock of all series (whether or not the holders of such series of Preferred Stock would be entitled to vote for the election of directors if such default in preference dividends did not exist) shall have the right at such meeting, voting together as a single class without regard to series, to the exclusion of the holders of Common Stock, to elect two (2) directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon the Preferred Stock. Each director elected by the holders of Preferred Stock (a "Preferred Director") shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding Preferred Stock voting together as a single class without regard to series, at a meeting of the stockholders or of the holders of Preferred Stock called for the purpose. So long as a default in any preference dividends on the Preferred Stock shall exist, (i) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (ii)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (ii) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding Preferred Stock voting together as a single class without regard to series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be a Preferred Director. Whenever the term of office of the Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors constituting the Board of Directors of the Corporation shall be reduced by two (2). For the purposes hereof, a

“default in preference dividends” on the Preferred Stock shall be deemed to have occurred whenever the amount of accrued dividends upon any series of the Preferred Stock shall be equivalent to six (6) full quarterly dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all Preferred Stock of each and every series then outstanding shall have been paid to the end of the last preceding quarterly dividend period.

(d) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock, as provided in paragraph 2 of this Section C, are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity shares on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration any shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior shares in exchange for any shares of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any Series A Preferred Stock, or any shares ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such stock upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of the Corporation unless the Corporation could, under paragraph 4(a) of this Section C, purchase or otherwise acquire such shares at such time and in such manner.

5. Reacquired Shares. Any Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and, upon the filing of any certificate that may be required by Delaware law, canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth in this Article IV or any resolution providing for the creation of any series of Preferred Stock adopted pursuant thereto or as otherwise required by law.

6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (a) to the holders of shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of Series A Preferred Stock shall have received \$6,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, or (b) to the holders of shares ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity shares in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (a) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of Common Stock that were outstanding immediately prior to such event.

7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other shares or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of shares, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Shares payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by

reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

8. No Redemption. The Series A Preferred Stock shall not be redeemable.

9. Conversion. The Series A Preferred Stock shall not be convertible into Common Stock or shares of any other series of any other class of Preferred Stock.

10. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of Preferred Stock, unless the terms of any such series shall provide otherwise.

11. Amendment. This Amended and Restated Certificate of Incorporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding Series A Preferred Stock, voting together as a single class.

Article V Board of Directors

A. Election and Removal of Directors

1. The Board of Directors shall consist of not less than nine (9) or more than twelve (12) persons, the exact number to be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption), provided, however, this provision shall not act to limit Board size in the event the holders of one or more series of Preferred Stock are entitled to elect directors to the exclusion of holders of Common Stock. Each director who is serving as a director on the date of this Amended and Restated Certificate of Incorporation shall hold office until the next annual meeting of stockholders following such date and until his or her successor has been duly elected and qualified, notwithstanding that such director may have been elected for a term that extended beyond the date of such next annual meeting of stockholders. At each annual meeting of the stockholders of the Corporation after the date of this Amended and Restated Certificate of Incorporation, directors elected at such annual meeting shall hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified.

2. Notwithstanding the foregoing and except as otherwise provided by law, whenever the holders of any series of Preferred Stock shall have the right (to the exclusion of holders of Common Stock) to elect directors of the Corporation pursuant to the provisions of Article IV or any resolution adopted pursuant thereto, the election of such directors of the

Corporation shall be governed by the terms and provisions of Article IV or said resolutions and such directors shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the first year following their election or, if such right of the holders of the Preferred Stock is terminated, for a term expiring in accordance with the provisions of Article IV or such resolutions.

3. Newly-created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, even though less than a quorum of the Board of Directors, acting at a regular or special meeting. If any applicable provision of the Delaware General Corporation Law, Article IV or any resolution adopted pursuant to Article IV expressly confers power on stockholders to fill such a directorship at a special meeting of stockholders, such a directorship may be filled at such a meeting only by the affirmative vote of a majority of the combined voting powers of the outstanding shares of stock of the Corporation entitled to vote generally; provided, however, that when (a) pursuant to the provisions of Article IV or any resolutions adopted pursuant thereto, the holders of any series of Preferred Stock have the right (to the exclusion of holders of the Common Stock), and have exercised such right, to elect directors and (b) Delaware General Corporation Law, Article IV or any such resolution expressly confers on stockholders voting rights as aforesaid, if the directorship to be filled had been occupied by a director elected by the holders of Common Stock, then such directorship shall be filled by a majority vote as aforesaid, but if such directorship to be filled had been elected by holders of Preferred Stock, then such directorship shall be filled in accordance with Article IV or the applicable resolutions adopted under Article IV. Any director elected in accordance with the two preceding sentences shall hold office until such director's successor shall have been elected and qualified unless such director was elected by holders of Preferred Stock (acting to the exclusion of the holders of Common Stock), in which case such director's term shall expire in accordance with Article IV or the applicable resolutions adopted pursuant to Article IV. No decrease in the number of authorized directors constituting the entire Board of Directors shall shorten the term of any incumbent director, except as otherwise provided in Article IV or the applicable resolutions adopted pursuant to Article IV with respect to directorships created pursuant to one or more series of Preferred Stock.

4. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, any director or directors may be removed from office at any time, but only for cause and only by the affirmative vote of a majority of the combined voting power of all of the then-outstanding shares of stock of the Corporation entitled to vote generally, voting together as a single class (it being understood that for all purposes of this Article V, each share of Preferred Stock shall have the number of votes, if any, granted to it pursuant to this Amended and Restated Certificate of Incorporation or any resolution adopted pursuant to Article IV).

5. Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the stock of the Corporation required by law, this Amended and Restated Certificate of Incorporation or any resolution adopted pursuant to Article IV, the affirmative vote of a majority of the total number

of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such alteration, amendment or repeal is presented to the Board for adoption), shall be required to alter, amend or repeal this Article V, or any provision hereof.

B. Liability, Indemnification and Insurance

1. Limitation on Liability. To the fullest extent that the Delaware General Corporation Law as it exists on the date hereof or as it may hereafter be amended permits the limitation or elimination of the personal liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Section B.1 shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

2. Right to Indemnification. The Corporation shall to the fullest extent permitted by applicable law as then in effect indemnify any person (the Indemnitee) who was or is involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or of NiSource Corporate Services Company or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against all expenses including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding. Such indemnification shall be a contract right and shall include the right to receive payment of any expenses incurred by the Indemnitee in connection with such Proceeding in advance of its final disposition, consistent with the provisions of applicable law as then in effect.

3. Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement as specified in Subsection B.2 of this Section B or incurred by any Indemnitee in connection with any Proceeding referred to in Subsection B.2 of this Section B, to the fullest extent permitted by applicable law as then in effect. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation in furtherance of the provisions of this Section B and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Section B.

4. Indemnification; No Exclusive Right. The right of indemnification provided in this Section B shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Section B shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Section B and shall be applicable to Proceedings commenced or continuing after the adoption of this Section B, whether arising from acts or omissions occurring before or after such adoption.

5. Advancement of Expenses; Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Section B:

(a) Advancement of Expenses. All reasonable expenses incurred by or on behalf of the Indemnatee in connection with any Proceeding shall be advanced to the Indemnatee by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the Indemnatee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnatee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnatee to repay the amounts advanced if it should ultimately be determined that the Indemnatee is not entitled to be indemnified against such expenses pursuant to this Section B.

(b) Procedure for Determination of Entitlement to Indemnification.

(i) To obtain indemnification under this Section B, an Indemnatee shall submit to the Secretary of the Corporation a written request, including such documentation and information as is reasonably available to the Indemnatee and reasonably necessary to determine whether and to what extent the Indemnatee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnatee's entitlement to indemnification shall be made not later than sixty (60) days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that the Indemnatee has requested indemnification.

(ii) The Indemnatee's entitlement to indemnification under this Section B shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined), even if they constitute less than a quorum of the Board; (B) by a written opinion of Independent Counsel (as hereinafter defined) if (x) a Change of Control (as hereinafter defined) shall have occurred and the Indemnatee so requests or (y) there are no Disinterested Directors or a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation (but only if a majority of the Disinterested Directors presents the issue of entitlement to indemnification to the stockholders for their determination); or (D) as provided in Section B.5(c).

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section B.5(b)(ii), a majority of the Disinterested Directors shall select the Independent Counsel (except that if there are no Disinterested Directors, the Corporation's General Counsel shall select the Independent Counsel), but only an Independent Counsel to which the Indemnatee does not reasonably object; provided, however, that if a Change of

Control shall have occurred, the Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which the Board of Directors does not reasonably object.

(iv) The only basis upon which a finding of no entitlement to indemnification may be made is that indemnification is prohibited by law.

(c) Presumptions and Effect of Certain Proceedings. Except as otherwise expressly provided in this Section B, if a Change of Control shall have occurred, the Indemnitee shall be presumed to be entitled to indemnification under this Section B upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section B.5(b)(i), and thereafter the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section B.5(b) to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within sixty (60) days after receipt by the Corporation of the request therefor together with the Supporting Documentation, the Indemnitee shall be deemed to be entitled to indemnification and the Indemnitee shall be entitled to such indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section B.2, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that the Indemnitee's conduct was unlawful.

(d) Remedies of Indemnitee.

(i) In the event that a determination is made, pursuant to Section B.5(b) that the Indemnitee is not entitled to indemnification under this Section B, (A) the Indemnitee shall be entitled to seek an adjudication of his entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial Proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) in any such judicial Proceeding or arbitration the Corporation shall have the burden of proving that the Indemnitee is not entitled to indemnification under this Section B.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section B.5(b) or (c), that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within five (5) days after such determination

has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the Indemnatee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. In the event that (x) advancement of expenses is not timely made pursuant to Section B.5(a) or (y) payment of indemnification is not made within five (5) days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section B.5(b) or (c), the Indemnatee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnatee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnatee to receive indemnification hereunder due to the occurrence of an event described in subclause (A) or (B) of this clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial Proceeding or arbitration commenced pursuant to this Section B.5(d) that the procedures and preemptions of this Section B are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Section B.

(iv) In the event that the Indemnatee, pursuant to this Section B.5(d), seeks a judicial adjudication of or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Section B, the Indemnatee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by the Indemnatee if the Indemnatee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the Indemnatee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the Indemnatee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of this Section B.5:

(i) "Change in Control" means (A) so long as the Public Utility Holding Company Act of 1935 is in effect, any "company" becoming a "holding company in respect to the Corporation or any determination by the Securities and Exchange Commission that any "person" should be subject to the obligations, duties, and liabilities if imposed by said Act by virtue of his, hers or its influence over the management or policies of the Corporation, or (B) whether or not said Act is in effect a change in control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), whether or not the Corporation is then subject to such reporting

requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing ten percent or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such acquisition; (ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(ii) "Disinterested Director" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(iii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent: (A) the Corporation or the Indemnitee in any matter material to either such party or (B) any other party to the Proceeding giving rise to a claim for indemnification under this Section B. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under Delaware law, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Section B.

6. Severability. If any provision or provisions of this Section B shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provision of this Section B (including, without limitation, all portions of any paragraph of this Section B containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Section B (including, without limitation, all portions of any paragraph of this Section B containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

7. Successor Laws, Regulations and Agencies. Reference herein to laws, regulations or agencies shall be deemed to include all amendments thereof, substitutions therefor and successors thereto.

Article VI
General Powers of the Board of Directors

A. Bylaws

The Board of Directors shall have the power to make, alter, amend and repeal the Bylaws of the Corporation in such form and with such terms as the Board may determine, subject to the power granted to stockholders to alter or repeal the Bylaws provided under Delaware law; provided, however, that, notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such alteration, amendment or repeal is presented to the Board for adoption), shall be required to alter, amend or repeal any provision of the Bylaws which is to the same effect as any one or more sections of this Article VI.

B. Charter Amendments

Subject to the provisions hereof, the Corporation, through its Board of Directors, reserves the right at any time, and from time to time, to amend, alter, repeal or rescind any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereinafter prescribed by law, and any other provisions authorized by Delaware law at the time enforced may be added or inserted, in the manner now or hereinafter prescribed by law, and any and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Amended and Restated Certificate of Incorporation in its present form or as hereinafter amended are granted subject to the rights reserved in this Article.

EXECUTION COPY

NI SOURCE FINANCE CORP., AS ISSUER,
AND
NI SOURCE INC., AS GUARANTOR

\$315,000,000 5.21% Series A Senior Notes due November 28, 2012
\$230,000,000 5.36% Series B Senior Notes due November 28, 2015
\$90,000,000 5.41% Series C Senior Notes due November 28, 2016
\$265,000,000 5.89% Series D Senior Notes due November 28, 2025

NOTE PURCHASE AGREEMENT

Dated August 23, 2005

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NISOURCE FINANCE CORP.
NISOURCE INC.
801 East 86th Avenue
Merrillville, Indiana 46410

August 23, 2005

TO EACH OF THE PURCHASERS LISTED IN
SCHEDULE A HERETO:

Ladies and Gentlemen:

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

SECTION 1. AUTHORIZATION OF NOTES.

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

SECTION 2. SALE AND PURCHASE OF NOTES.

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

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

SECTION 3. CLOSING.

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

SECTION 4. CONDITIONS TO CLOSING.

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

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

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

Section 4.3 Compliance Certificates, Etc.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

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

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

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

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

Section 5.4 Organization and Ownership of Shares of Subsidiaries.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 5.11 Licenses, Permits, Etc.

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

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

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

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

Section 5.12 Compliance with ERISA.

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

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

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

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

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

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

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

Section 5.15 Existing Indebtedness; Future Liens.

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

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

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

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

Section 5.16 Foreign Assets Control Regulations, Etc.

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

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

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

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

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

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

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

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

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

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

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

SECTION 6. REPRESENTATIONS OF THE PURCHASER.

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

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

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

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

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

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

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

- (f) the Source is a governmental plan; or
- (g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or
- (h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

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

SECTION 7. INFORMATION AS TO COMPANY.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 9. AFFIRMATIVE COVENANTS.

So long as any of the Notes are outstanding:

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

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

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

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

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

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

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

SECTION 10. NEGATIVE COVENANTS.

So long as any of the Notes are outstanding:

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

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

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

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

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

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

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

Section 10.4 Liens. The Obligors will not, and will not permit any of their Subsidiaries (other than a Utility Subsidiary) to, create or suffer to exist any lien, security interest or other charge or encumbrance (collectively, “**Liens**”) upon or with respect to any of its properties, whether now owned or hereafter acquired, to secure or provide for or guarantee the payment of Debt for Borrowed Money of any Person, without in any such case effectively securing, prior to or concurrently with the creation, issuance, assumption or guaranty of any such Debt for Borrowed Money, the Notes equally and ratably with (or prior to) such Debt for Borrowed Money; *provided, however,* that the foregoing restrictions shall not apply to or prevent the creation or existence of:

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

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

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

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

(e) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt for Borrowed Money incurred for the purpose of financing all or any part of the purchase price of the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

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

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

(h) Liens on any property or assets of a Project Financing Subsidiary, or on any equity investment in a Project Financing Subsidiary, in either such case, that secure only a Project Financing or a Contingent Guaranty that supports a Project Financing; or

(i) Any Lien, other than a Lien described in any of the foregoing clauses (a) through (h), inclusive, to the extent that it secures Debt for Borrowed Money, or guaranties thereof, the outstanding principal balance of which at the time of creation of such Lien, when added to the aggregate principal balance of all Debt for Borrowed Money secured by Liens incurred under this clause (i) then outstanding, does not exceed 10% of Consolidated Net Tangible Assets.

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

SECTION 11. EVENTS OF DEFAULT.

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

(a) NFC defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) NFC defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) any Obligor defaults in the performance of or compliance with any term contained in Section 7.1(d) or Sections 10.1 through 10.5; or

(d) any Obligor defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) any Obligor receiving written notice of such default from any holder of a Note (any such written notice to be identified as a “notice of default” and to refer specifically to this Section 11(d)); or

(e) any representation or warranty made in writing by or on behalf of an Obligor or by any officer of an Obligor in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) any Obligor, or any of its Subsidiaries, is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$75,000,000 beyond any period of grace provided with respect thereto, or (ii) any Obligor, or any of its Subsidiaries, is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$75,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) any Obligor, or any of its Subsidiaries, has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$75,000,000, or (y) one or more Persons have the right to require any Obligor, or any of its Subsidiaries, so to purchase or repay such Indebtedness; or

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

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

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

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

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

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

SECTION 12. REMEDIES ON DEFAULT, ETC.

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

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

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

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

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

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

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

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

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

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

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

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

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

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

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

SECTION 14. PAYMENTS ON NOTES.

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

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

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

SECTION 15. EXPENSES, ETC.

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

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

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

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

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

SECTION 17. AMENDMENT AND WAIVER.

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

Section 17.2 Solicitation of Holders of Notes.

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

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

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

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

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

SECTION 18. NOTICES.

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

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

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

SECTION 19. REPRODUCTION OF DOCUMENTS.

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

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

SECTION 20. CONFIDENTIAL INFORMATION.

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

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

SECTION 21. SUBSTITUTION OF PURCHASER.

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

SECTION 22. MISCELLANEOUS.

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

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

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

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

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

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

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

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

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

Section 22.8 Jurisdiction and Process; Waiver of Jury Trial.

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

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

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

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

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

SECTION 23. THE GUARANTY.

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

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

The Guaranty provided for herein (i) is a guaranty of payment and not of collection; (ii) is a continuing guaranty and shall remain in full force and effect until the Obligations have been paid in full in cash; and (iii) shall continue to be effective or shall be reinstated, as the case may

be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be returned by any Beneficiary upon or as a result of the insolvency, bankruptcy, dissolution, liquidation or reorganization of NFC or otherwise, all as though such payment had not been made.

The obligations and liabilities of the Company hereunder shall not be conditioned or contingent upon the pursuit by any Beneficiary or any other Person at any time of any right or remedy against NFC or any other Person that may be or become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor or right of setoff with respect thereto.

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

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

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

The Company hereby unconditionally waives in its capacity as a guarantor under this Section: (i) promptness and diligence; (ii) notice of or proof of reliance by the holders of the Notes upon the terms of this Section or acceptance of the terms of this Section; (iii) notice of the incurrence of any Obligation by NFC or the renewal, extension or accrual of any Obligation or of any circumstances affecting NFC's financial condition or ability to perform the Obligations; (iv) notice of any actions taken by the Beneficiaries or NFC or any other Person under any Credit Document or any other agreement or instrument relating thereto; (v) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, of the obligations of the Company hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Section might constitute grounds for relieving the Company of its obligations under this Section; (vi) any requirement that the Beneficiaries protect, secure, perfect or insure any Lien or any property subject thereto, or exhaust any right or take any action against NFC or any other Person or any collateral; and (vii) each other circumstance, other than payment of the Obligations in full, that might otherwise

result in a discharge or exoneration of, or constitute a defense to, the Company's obligations hereunder.

No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The terms of this Section are in addition to and not in limitation of any other rights, remedies, powers and privileges the Beneficiaries may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Company or any other Person or by applicable law or otherwise. All rights, remedies, powers and privileges of the Beneficiaries shall be cumulative and may be exercised singly or concurrently. The rights, remedies, powers and privileges of the Beneficiaries under this Section against the Company are not conditional or contingent on any attempt by the Beneficiaries to exercise any of their rights, remedies, powers or privileges against any other guarantor or surety or under the Credit Documents or any other agreement or instrument relating thereto against NFC or against any other Person.

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

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

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

* * * * *

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

Very truly yours,

NISOURCE FINANCE CORP.

By: _____
Name:
Title:

NISOURCE INC.

By: _____
Name:
Title:

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

[Add Purchaser Signature Blocks]

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

**THE NORTHWESTERN MUTUAL LIFE INSURANCE
COMPANY**

(1) All payments by wire transfer of immediately available funds to: **\$127,000,000 Series B Note
\$23,000,000 Series C Note**

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

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

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

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

(3) All other communications:

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

(4) Tax identification number: 39-0509570

NAME AND ADDRESS OF PURCHASER:

ALLSTATE LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

NAME AND ADDRESS OF PURCHASER:

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

ALLSTATE INSURANCE COMPANY

- (1) All payments by Fedwire transfer of immediately available funds or ACH Payment, identifying the name of the Issuer, the Private Placement Number and the payment as principal, interest or premium, in the format as follows: **\$5,000,000 Series A Note**
\$5,000,000 Series A Note
\$5,000,000 Series A Note

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

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

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

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

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

- (4) Tax identification number: 36-0719665

NAME AND ADDRESS OF PURCHASER:

ALLSTATE LIFE INSURANCE COMPANY OF NEW YORK

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

- (1) All payments by Fedwire transfer of immediately available funds or ACH Payment, identifying the name of the Issuer, the Private Placement Number and the payment as principal, interest or premium, in the format as follows: **\$5,000,000 Series A Note**
\$5,000,000 Series A Note

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

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

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

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

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

- (4) Tax identification number: 36-2608394

NAME AND ADDRESS OF PURCHASER:

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

PRINCIPAL AMOUNT OF NOTES OF EACH SERIES TO BE PURCHASED:

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

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

JPMorgan Chase Bank, N.A.

ABA #021-000-021

Account Number: 900-9-000200

Account Name: TIAA

For Further Credit to the Account Number: G07040

On order of: PPN 65473Q A* 4 (Series A Note); PPN 65473Q B* 3 (Series D Note) / NiSource Finance Corp.

Maturity Date: [November 28, 2012/November 28, 2025]/

Interest Rate: [5.21/5.89%] / P&I Breakdown

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

Teachers Insurance and Annuity Association of America

730 Third Avenue

New York, New York 10017

Attn: Securities Accounting Division

Telephone: (212) 916-4109

Facsimile: (212) 916-6955

AND

JPMorgan Chase Bank, N.A.

P.O. Box 35308

Newark, NJ 07101

AND

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

(3) All other communications:

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

(4) Tax identification number: 13-1624203

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

\$5,000,000 Series C Note

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

Hare & Co.
The Bank of New York
ABA #021000018
Account Number/Beneficiary: GLA111566
SWIFT Code: IRVTUS3N
Bank to Bank Information: American Mayflower Life Insurance
Company of New York, Account #127677, PPN 65473Q A# 0 &
Security Description, and Identify Principal & Interest Amounts

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

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

AND

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

AND

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

(3) All other communications:

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

(4) Tax identification number: 13-5660550

NAME AND ADDRESS OF PURCHASER:

FIRST COLONY LIFE INSURANCE COMPANY

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

AND

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

AND

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

(3) All other communications:

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

(4) Tax identification number: 54-0596414

NAME AND ADDRESS OF PURCHASER:

GE CAPITAL LIFE ASSURANCE COMPANY OF NEW YORK

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

\$5,000,000 Series A Note

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

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

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

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

AND

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

AND

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

(3) All other communications:

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

(4) Tax identification number: 22-2882416

NAME AND ADDRESS OF PURCHASER:

GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

AND

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

AND

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

(3) All other communications:

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

(4) Tax identification number: 91-6027719

NAME AND ADDRESS OF PURCHASER:

RELIASTAR LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

The Bank of New York

ABA#: 021000018

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

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

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

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

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

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Operations/Settlements

Fax: (770) 690-4886

- (3) All other communications:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Private Placements

Fax: (770) 690-5057

- (4) Tax identification number: 41-0451140

NAME AND ADDRESS OF PURCHASER:

ING USA ANNUITY AND LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

The Bank of New York

ABA#: 021000018

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

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

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

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

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

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Operations/Settlements

Fax: (770) 690-4886

- (3) All other communications:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Private Placements

Fax: (770) 690-5057

- (4) Tax identification number: 41-0991508

NAME AND ADDRESS OF PURCHASER:

SECURITY LIFE OF DENVER INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

The Bank of New York

ABA#: 021000018

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

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

Attn: P&I Department

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

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

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

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Operations/Settlements

Fax: (770) 690-4886

- (3) All other communications:

ING Investment Management LLC

5780 Powers Ferry Road, NW, Suite 300

Atlanta, GA 30327-4349

Attn: Private Placements

Fax: (770) 690-5057

- (4) Tax identification number: 84-0499703

NAME AND ADDRESS OF PURCHASER:

ING LIFE INSURANCE AND ANNUITY COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

The Bank of New York
ABA#: 021000018
BFN: IOC 566/INST'L CUSTODY (for principal and interest
payments)
BFN: IOC 565/INST'L CUSTODY (for all other payments)
Attn: P&I Department
Ref: ING Life Insurance and Annuity Company, Acct. No.
216101 and PPN 65473Q A* 4

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

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

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, GA 30327-4349
Attn: Operations/Settlements
Fax: (770) 690-4886

(3) All other communications:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, GA 30327-4349
Attn: Private Placements
Fax: (770) 690-5057

(4) Tax identification number: 71-0294708

NAME AND ADDRESS OF PURCHASER:

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

AND

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

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

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

- (4) Tax identification number: 41-1366075

NAME AND ADDRESS OF PURCHASER:

NEW YORK LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

- (2) With advice of such payments to:

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

- (3) All other communications:

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

AND

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

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

- (4) Tax identification number: 13-5582869

NAME AND ADDRESS OF PURCHASER:
**NEW YORK LIFE INSURANCE AND ANNUITY
CORPORATION**

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

- (2) With advice of such payments to:

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

- (3) All other communications to:

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

AND

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

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

(4) Tax identification number: 13-3044743

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$500,000 Series A Note

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

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

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

- (2) With advice of such payments to:

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

- (3) All other communications to:

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

AND

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

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

(4) Tax identification number: 13-3044743

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

- (2) With advice of such payments to:

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

- (3) All other communications to:

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

AND

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

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

(4) Tax identification number: 13-3044743

**NAME AND ADDRESS OF PURCHASER:
CONNECTICUT GENERAL LIFE INSURANCE COMPANY**

**PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:**

- Note to be registered in the name of "CIG & CO."
- (1) All payments by wire transfer of immediately available funds to:
- J.P. Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021
OBI=[name of company; description of security; interest rate,
maturity date; PPN [65473Q A@ 2 / 65473Q A# 0]
- (2) All notices of payments and written confirmations of such wire transfers:
- CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Fixed Income Securities, H16B
280 Trumbull Street
Hartford, CT 06103
FAX: 860-727-8024
- AND
- J.P. Morgan Chase Bank
14201 Dallas Parkway, 13th Floor
Dallas, TX 75254
Attention: Heather Frisina, Mail Code 300-116
FAX: 469-477-1904
- (3) All other communications:
- CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Fixed Income Securities, H16B
280 Trumbull Street
Hartford, CT 06103
FAX: 860-727-8024
- (4) Tax identification number: 13-3574027
- \$2,000,000 Series B Note
(CGL/RAA)
\$2,000,000 Series B Note
(CGL/RE)
\$3,000,000 Series B Note
(CGL/STK)
\$2,000,000 Series B Note
(SABOLI)
\$2,000,000 Series B Note
(SAHUNT)
\$1,000,000 Series B Note
(SAKEYCO)
\$5,400,000 Series C Note
(CGL/CGS)
\$2,000,000 Series C Note
(CGL/LEV)
\$3,400,000 Series C Note
(CGL/RE)
\$2,200,000 Series C Note
(SAHUNT)**

NAME AND ADDRESS OF PURCHASER:

LIFE INSURANCE COMPANY OF NORTH AMERICA

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

J.P. Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021

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

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

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

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

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

AND

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

- (3) All other communications:

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

- (4) Tax identification number: 13-3574027

**NAME AND ADDRESS OF PURCHASER:
PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY**

**PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:**

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

\$5,000,000 Series D Note

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

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

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

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

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

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

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

**PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:**

\$10,000,000 Series D Note

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

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

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

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

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

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

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

**NAME AND ADDRESS OF PURCHASER:
FIRST UNUM LIFE INSURANCE COMPANY**

**PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:**

\$10,000,000 Series D Note

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

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

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

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

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

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

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

NAME AND ADDRESS OF PURCHASER:

COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

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

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

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

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

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

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

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

**PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:**

\$15,000,000 Series D Note

NAME AND ADDRESS OF PURCHASER:

**TRANSAMERICA OCCIDENTAL LIFE INSURANCE
COMPANY**

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$35,000,000 Series A Note

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

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

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

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

- (3) All other communications:

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

AND

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

- (4) Tax identification number: 95-1060502

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,300,000 Series B Note

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series C Note

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 04-1590850

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 06-1041383

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

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

(3) All other communications:

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

Corporate Action Notification to:

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

(4) Tax identification number: N/A

NAME AND ADDRESS OF PURCHASER:

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

**PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:**

\$3,000,000 Series B Note

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

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

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

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

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

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

- (3) All other communications:

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

Corporate Action Notification to:

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

- (4) Tax identification number: N/A

NAME AND ADDRESS OF PURCHASER:

JACKSON NATIONAL LIFE INSURANCE COMPANY

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

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

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

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

- (3) All other communications:

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

AND

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

- (4) Tax identification number: 38-1659835

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

NAME AND ADDRESS OF PURCHASER:

THRIVENT FINANCIAL FOR LUTHERANS

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

\$25,000,000 Series A Note

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

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

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

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

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

AND

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

- (3) All other communications to:

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

- (4) Tax identification number: 39-0123480

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$25,000,000 Series B Note

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 63-0169720

NAME AND ADDRESS OF PURCHASER:

AMERICAN REPUBLIC INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

\$2,000,000 Series C Note

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

Wells Fargo Bank, N.A.
ABA #121000248
BNFA=0000840245 (include all 10 digits)
BNF=Trust Wire Clearing
FFC Attn: Income Collections, a/c #20983400
(add additional information such as PPN 65473Q A# 0 and P&I)
For further credit to: American Republic Insurance Co.
Account Number: 20983400

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

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

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

- (3) Tax identification number: 42-0113630

NAME AND ADDRESS OF PURCHASER:

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series C Note

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

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

BK of NYC
ABA: 021000018
BBK=IOC 363
Account: 531463
Name on Acct: Blue Cross and Blue Shield of Florida, Inc.

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

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

Blue Cross and Blue Shield of Florida, Inc.
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, MN 55101
Attn: Client Administrator

- (3) Tax identification number: 59-2015694

NAME AND ADDRESS OF PURCHASER:

THE CATHOLIC AID ASSOCIATION

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,000,000 Series C Note

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

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

Wells Fargo Bank N.A.
ABA #: 121000248
BNFA: 0000840245 (must use all 10 digits)
Beneficiary Acct Name: Trust Wire Clearing
Wells Fargo Acct Name: The Catholic Aid Association
Wells Fargo Acct #: 15313201
Contact Name: Linh Nguyen (612) 667-7197

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

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

The Catholic Aid Association
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, MN 55101
Attn: Client Administrator

- (3) Tax identification number: 41-0182070

NAME AND ADDRESS OF PURCHASER:

THE LAFAYETTE LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series D Note

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

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

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

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

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

- (3) Tax identification number: 35-0457540

NAME AND ADDRESS OF PURCHASER:

MINNESOTA LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

\$5,000,000 Series C Note

Mellon Bank, Pittsburgh, PA

ABA#: 011001234

DDA#: 048771

Account Name: Minnesota Life Insurance Company

Account #: ADF0106002

Cost Code: 1167

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

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

Minnesota Life Insurance Company

c/o Advantus Capital Management, Inc.

400 Robert Street North

St. Paul, MN 55101

Attn: Client Administrator

- (3) Tax identification number: 41-0417830

NAME AND ADDRESS OF PURCHASER:

MTL INSURANCE COMPANY

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

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

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

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

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

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

- (3) Tax identification number: 36-1516780

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series D Note

NAME AND ADDRESS OF PURCHASER:

THE RELIABLE LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,000,000 Series B Note

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

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

Interest:

ABA # 021000018
Bank of New York
GLA # 111 - 363
PPN 65473Q A@ 2
Custody Account # 276073
Custody Account Name: The Reliable Life Insurance Co

Principal:

ABA #021000018
Bank of New York
GLA # 111 - 566
PPN 65473Q A@ 2
Custody Account # 276073
Custody Account Name: The Reliable Life Insurance Co

Amendment:

ABA # 021000018
Bank of New York
GLA # 111-565
PPN 65473Q A@ 2
Custody Account # 276073
Custody Account Name: The Reliable Life Insurance Co.

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

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

- (3) Tax identification number: 43-0476110

NAME AND ADDRESS OF PURCHASER:

UNITED INSURANCE COMPANY OF AMERICA

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series B Note

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

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

Interest:

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

Principal:

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

Amendment:

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

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

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

- (3) Tax identification number: 36-1896670

NAME AND ADDRESS OF PURCHASER:

WESTERN UNITED LIFE ASSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$2,000,000 Series C Note

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

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

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

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

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

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

- (3) Tax identification number: 91-0756069

NAME AND ADDRESS OF PURCHASER:

HARTFORD ACCIDENT AND INDEMNITY COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 06-0383030

NAME AND ADDRESS OF PURCHASER:

PHYSICIANS LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$500,000 Series A Note

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 47-0529583

NAME AND ADDRESS OF PURCHASER:

PHYSICIANS LIFE INSURANCE COMPANY

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$1,500,000 Series A Note

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 47-0529583

NAME AND ADDRESS OF PURCHASER:

PHOENIX LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

ABA 021 000 021

Bank: JP Morgan Chase

City, State: New York, NY

Acct. #: 900 9000 200

Acct. Name: Income Processing

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

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

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

- (2) All legal notices to:

Phoenix Life Insurance Company

Attn: John Mulrain

One American Row

PO Box 5056

Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners

Attn: Private Placement Department

56 Prospect Street

Hartford, CT 06115

- (4) Tax identification number: 06-0493340

NAME AND ADDRESS OF PURCHASER:

PHOENIX LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

ABA 021 000 021

Bank: JP Morgan Chase

City, State: New York, NY

Acct. #: 900 9000 200

Acct. Name: Income Processing

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

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

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

- (2) All legal notices to:

Phoenix Life Insurance Company

Attn: John Mulrain

One American Row

PO Box 5056

Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners

Attn: Private Placement Department

56 Prospect Street

Hartford, CT 06115

- (4) Tax identification number: 06-0493340

NAME AND ADDRESS OF PURCHASER:

PHL VARIABLE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

ABA 021 000 021
Bank: JP Morgan Chase
City, State: New York, NY
Acct. #: 900 9000 200
Acct. Name: Income Processing
Reference: G09390, Phoenix Life Insur., PPN = (65473Q A@ 2),
OBI = (issuer name), Rate = (coupon), Due = (mat. Date)
INCLUDE company name, principal and interest breakdown and
premium, if any.

- (2) All legal notices to:

Phoenix Life Insurance Company
Attn: John Mulrain
One American Row
PO Box 5056
Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners
Attn: Private Placement Department
56 Prospect Street
Hartford, CT 06115

- (4) Tax identification number: 06-1045829

NAME AND ADDRESS OF PURCHASER:

PHL VARIABLE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

ABA 021 000 021

Bank: JP Morgan Chase

City, State: New York, NY

Acct. #: 900 9000 200

Acct. Name: Income Processing

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

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

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

- (2) All legal notices to:

Phoenix Life Insurance Company

Attn: John Mulrain

One American Row

PO Box 5056

Hartford, CT 06102-5056

- (3) All other correspondence to:

Phoenix Investment Partners

Attn: Private Placement Department

56 Prospect Street

Hartford, CT 06115

- (4) Tax identification number: 06-1045829

NAME AND ADDRESS OF PURCHASER:

AMERUS LIFE INSURANCE COMPANY

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series C Note

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

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

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

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

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

- (3) All other communications:

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

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

NAME AND ADDRESS OF PURCHASER:

AMERICAN INVESTORS LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$10,000,000 Series C Note

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

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

The Bank of New York
New York, NY
ABA #021000018
BNF: IOC566
Attn: P & I Department
Ref: American Investors Life Account 010048, PPN 65473Q A#
0

Name of Companies:
Description of Security:
PPN 65473Q A# 0
Due Date and Application (as among principal, Make-Whole
Amount and interest) of the payment being made:

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

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

- (3) All other communications:

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

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

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$10,000,000 Series A Note

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

JPMorgan Chase Bank .
ABA 021000021
Account Name: Travelers Indemnity Company - Private
Placement
Account Number: 323954448

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

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

St. Paul Travelers
Mail Code 511B
385 Washington Street
St. Paul, MN 55102-1396

- (3) Tax identification number: 06-0566050

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series A Note

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

JPMorgan Chase Bank
ABA 021000021
Account Name: Travelers Indemnity Company - Private
Placement
Account Number: 323954448

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

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

St. Paul Travelers
Mail Code 511B
385 Washington Street
St. Paul, MN 55102-1396

- (3) Tax identification number: 41-0406690

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$5,000,000 Series A Note

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 36-0770740

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$6,000,000 Series D Note

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 04-2299444

NAME AND ADDRESS OF PURCHASER:

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

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

\$3,000,000 Series D Note

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 23-0704970

NAME AND ADDRESS OF PURCHASER:

LIFE INSURANCE COMPANY OF THE SOUTHWEST

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

- (3) Tax identification number: 75-0953004

NAME AND ADDRESS OF PURCHASER:

NATIONAL LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

(3) Tax identification number: 03-0144090

NAME AND ADDRESS OF PURCHASER:

**AMERICAN EQUITY INVESTMENT LIFE INSURANCE
COMPANY**

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

\$9,000,000 Series D Note

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

State Street Bank & Trust Company
ABA # 011000028
Account # 00076026, Income Collection
BNF - BEV3
PPN 65473Q B* 3
Security Description: _____
Principal, Interest, Premium Breakdown: _____

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

American Equity Investment Life Insurance Co.
Attn: Asset Administration
5000 Westown Parkway, Suite 440
West Des Moines, IA 50266
Fax: 515-221-0329

AND

American Equity Investment Life Insurance Co.
Attn: Investment Department – Private Placements
5000 Westown Parkway, Suite 440
West Des Moines, IA 50266
Fax: 515-221-0329

- (3) Tax identification number: 65-1186810

NAME AND ADDRESS OF PURCHASER:

COUNTRY LIFE INSURANCE COMPANY

PRINCIPAL AMOUNT OF
NOTES OF EACH SERIES
TO BE PURCHASED:

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

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

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

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

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

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

- (3) All other communications:

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

- (4) Tax identification number: 37-0808781

SCHEDULE B

DEFINED TERMS

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

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

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

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

“Beneficiary” is defined in Section 23.

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

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

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

“Capital Stock” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including, but not limited to, all common stock and preferred stock and partnership, membership and joint venture interests in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

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

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

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

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

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

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

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

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

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

(a) all current liabilities (excluding any thereof that are by their terms extendable or renewable at the sole option of the obligor thereon, without requiring the consent of the obligee, to a date more than 12 months after the date of determination);

(b) all reserves for depreciation and other asset valuation reserves (but excluding any reserves for deferred Federal income taxes, arising from accelerated amortization or otherwise);

(c) all intangible assets, such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense, carried as an asset on such balance sheet; and

(d) all appropriate adjustments on account of minority interests of other Persons holding common stock of any Subsidiary of the Company.

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

“**Contingent Guaranty**” means a direct or contingent liability in respect of a Project Financing (whether incurred by assumption, guaranty, endorsement or otherwise) that either

(a) is limited to guarantying performance of the completion of the Project that is financed by such Project Financing or (b) is contingent upon, or the obligation to pay or perform under which is contingent upon, the occurrence of any event other than failure of the primary obligor to pay upon final maturity (whether by acceleration or otherwise).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Governmental Authority” means

(a) the government of

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

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

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

“Guaranty” is defined in Section 23.

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

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

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

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

“Lien” is defined in Section 10.4.

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

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

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

“Material Subsidiary” means at any time NFC, NIPSCO, Columbia, and each Subsidiary of the Company, other than NFC, NIPSCO and Columbia, in respect of which: (a) the Company’s and its other Subsidiaries’ investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Company and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year; or (b) the Company’s and its other Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated income of the Company and its Subsidiaries for the most recent fiscal year.

“Memorandum” is defined in Section 5.3.

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

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

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

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

“Notes” is defined in Section 1.

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

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

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

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

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

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

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

“**Project**” means an energy or power generation, transmission or distribution facility (including, without limitation, a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, a cogeneration facility)), a gas production, transportation or distribution facility, or a minerals extraction, processing or distribution facility, together with (a) all related electric power transmission, fuel supply and fuel transportation facilities and power supply, thermal energy supply, gas supply, minerals supply and fuel contracts, (b) other facilities, services or goods that are ancillary, incidental, necessary or reasonably related to the marketing, development, construction, management, servicing, ownership or operation of such facility, (c) contractual arrangements with customers, suppliers and contractors in respect of such facility, and (d) any infrastructure facility related to such facility, including, without limitation, for the treatment or management of waste water or the treatment or remediation of waste, pollution or potential pollutants.

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

“**Project Financing Subsidiary**” means any Subsidiary of the Company (a) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, the financing and operation of such Project), or to become a partner, member or other equity participant in a partnership, limited liability company or other entity having such a principal purpose, and (b) substantially all the assets of

which are limited to the assets relating to the Project being developed or Capital Stock in such partnership, limited liability company or other entity (and substantially all of the assets of any such partnership, limited liability company or other entity are limited to the assets relating to such Project); *provided* that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Series A Notes" is defined in Section 1.

"Series B Notes" is defined in Section 1.

"Series C Notes" is defined in Section 1.

"Series D Notes" is defined in Section 1.

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

"Substantial Subsidiary" means, at any time, any Subsidiary in which the aggregate sum of (a) the amounts invested by the Company and its other Subsidiaries in the aggregate, by way of purchases of capital stock, Capital Leases, loans or otherwise, and (b) the amount of recourse, whether contractual or as a matter of law (but excluding non-recourse debt), available to creditors of such Subsidiary or Subsidiaries against the Company or any of its other Subsidiaries, is \$100,000,000 or more.

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

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

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

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

[FORM OF SERIES A NOTE]

NISOURCE FINANCE CORP.

5.21% SERIES A SENIOR NOTE DUE NOVEMBER 28, 2012

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

[Date]
PPN: 65473Q A* 4

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

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

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

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

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

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

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

NI SOURCE FINANCE CORP.

By _____
[Title]

SECURITY GUARANTEE

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

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

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

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

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

NISOURCE INC.

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

[FORM OF SERIES B NOTE]

NISOURCE FINANCE CORP.

5.36% SERIES B SENIOR NOTE DUE NOVEMBER 28, 2015

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

[Date]
 PPN: 65473Q A@ 2

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

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

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

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

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

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

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

NISOURCE FINANCE CORP.

By _____
[Title]

SECURITY GUARANTEE

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

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

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

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

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

NISOURCE INC.

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

[FORM OF SERIES C NOTE]

NISOURCE FINANCE CORP.

5.41% SERIES C SENIOR NOTE DUE NOVEMBER 28, 2016

No. [C-____]
\$[_____]

[Date]
PPN: 65473Q A# 0

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

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

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

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

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

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

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

NISOURCE FINANCE CORP.

By _____
[Title]

SECURITY GUARANTEE

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

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

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

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

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

NISOURCE INC.

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

[FORM OF SERIES D NOTE]

NISOURCE FINANCE CORP.

5.89% SERIES D SENIOR NOTE DUE NOVEMBER 28, 2025

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

[Date]
PPN: 65473Q B* 3

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

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

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

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

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

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

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

NISOURCE FINANCE CORP.

By _____
[Title]

SECURITY GUARANTEE

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

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

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

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

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

NISOURCE INC.

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

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

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

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

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

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

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

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

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

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

14. Describe long-term debt reacquisition by Company and Parent as follows:
- a. Reacquisition's by issue by year.
 - b. Total gain on reacquisition by issue by year.
 - c. Accounting of gain for income tax and book purposes.

Response:

Columbia Gas of Pennsylvania did not reacquire any long-term debt.

- a. During January 2009, NiSource Inc., through its financing subsidiary NiSource Finance, repurchased \$32.4 million of the \$450 million floating rate notes scheduled to mature in November 2009 and \$67.6 million of the \$1.0 billion 7.875% unsecured notes scheduled to mature in November 2010. Also, on March 31, 2009, NiSource Finance announced that it was commencing a cash tender offer for up to \$300 million aggregate principal amount of its outstanding 7.875% Notes due 2010. On April 28, 2009, NiSource Finance announced that \$250.6 million of these notes were successfully tendered. On December 30, 2010, NiSource Finance announced that \$273.1 million of its outstanding 10.75% notes due 2016 were successfully tendered and accepted for purchase. On December 13, 2011, in a separate transaction, NiSource Finance announced that approximately \$125.3 million of the aggregate principal amount of its outstanding 10.75% notes due 2016 were validly tendered and accepted for purchase. In addition, approximately \$228.7 million of the aggregate principal amount of outstanding 6.15% notes due 2013 were validly tendered, of which \$124.7 million were accepted for purchase.
- b. For the January 2009 repurchase of \$32.4 million, a gain of \$1.8 million was recorded. The repurchase of \$67.6 million resulted in a gain of \$3.9 million. These gains were offset by some fees totaling \$2.3 million, resulting in a net gain of \$3.4 million. The April 2009

transaction did not result in any gains, however fees of \$.8 million were incurred. In addition, unamortized debt costs associated with the repurchases were written down, totaling \$.2 million. The net gain of all transactions totaled \$2.4 million. The December 2010 tender offer did not result in any gains. However, there were transaction costs including a significant redemption premium, as well as a write down in unamortized debt costs. The December 2011 tender offer did not result in any gains. However, there were transaction costs including a significant redemption premium.

- c. The gains were charged to the account - 'gain/loss on early extinguishment of long term debt'.

COLUMBIA GAS OF PENNSYLVANIA, INC.

53.53 II. RATE OF RETURN

A. ALL UTILITIES

15. Set forth amount of compensating bank balances required under each of the following rate base bases:
 - a. Annualized test year operation
 - b. Operations under proposed rates

16. Provide the following information concerning compensating bank balance requirements for the actual test year.
 - a. Name of each bank.
 - b. Address of each bank.
 - c. Types of accounts with each bank (checking, savings, escrow, other services, etc.).
 - d. Average Daily Balance in each account.
 - e. Amount and percentage requirements for compensating bank balance at each bank.
 - f. Average daily compensating bank balance at each bank.
 - g. Documents from each bank explaining compensating bank balance requirements.
 - h. Interest earned on each type of account.

Response:

NiSource and Columbia Gas of Pennsylvania do not carry compensating bank balances nor are they required to under any rate base bases.

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

17. Provide the following information concerning bank notes payable for actual test year.
- a. Line of Credit at each bank.
 - b. Average daily balances of notes payable to each bank, by name of bank.
 - c. Interest rate charged on each bank note (prime rate, formula rate, or other).
 - d. Purpose of each bank note (e.g.: construction, fuel storage, working capital, debt retirement).
 - e. Prospective future need for this type of financing.

Response:

Columbia Gas of Pennsylvania, Inc. (CPA) does not have debt with external bank counterparties. All of CPA's long-term debt borrowings are with NiSource Finance Corp. Please refer to Attachment A of CPA's response to GAS-ROR-019 for detail of CPA's outstanding long-term notes payable at December 31, 2014. Long-term financing is primarily used to fund capital projects.

CPA is party to the NiSource System Money Pool Agreement whereby CPA may borrow up to \$150.0 million, or invest funds, on a short-term basis. CPA borrows funds on a short-term basis primarily to fund working capital and to temporarily fund capital expenditures and debt retirements until long-term financing can be obtained. Refer to Attachment A of this response for detail of CPA's short term borrowing over the test year.

Columbia Gas of Pennsylvania, Inc.
Money Pool Borrowings & Investment
Test year: 12 months ended November 30, 2014

Exhibit No. 412
Attachment A
Page 1 of 1
Witness: P. R. Moul

<u>Month</u>	<u>Average Money Pool Interest Rate</u>	<u>Avg. Borrowing Balance</u>	<u>Interest Charged</u>
Nov-14	0.71%	\$ 119,956,102	\$ 70,001.73
Oct-14	0.66%	\$ 109,211,552	\$ 61,218.31
Sep-14	0.67%	\$ 92,185,615	\$ 50,765.21
Aug-14	0.73%	\$ 72,730,226	\$ 45,092.72
Jul-14	0.67%	\$ 40,104,118	\$ 22,820.71
Jun-14	0.64%	\$ 13,351,276	\$ 3,043.38
May-14	0.61%	\$ -	\$ -
Apr-14	0.59%	\$ -	\$ -
Mar-14	0.61%	\$ -	\$ -
Feb-14	0.69%	\$ -	\$ -
Jan-14	0.71%	\$ 28,019,543	\$ 10,900.76
Dec-13	0.71%	\$ 44,804,164	\$ 26,172.81
			<u>\$ 290,015.63</u>

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

19. Submit details on Company or Parent common stock offerings (past five years to present)
- a. Date of Prospectus
 - b. Date of offering
 - c. Record date
 - d. Offering period-dates and number of days
 - e. Amount and number of shares of offerings
 - f. Offering ratio (if rights offering)
 - g. Per cent subscribed
 - h. Offering price
 - i. Gross proceeds per share
 - j. Expenses per share
 - k. Net proceeds per share (i-j)
 - l. Market price per share
 1. At record date
 2. At offering date
 3. One month after close of offering
 - m. Average market price during offering
 1. Price per share
 2. Rights per share-average value of rights
 - n. Latest reported earnings per share at time of offering
 - o. Latest reported dividends at time of offering

Response:

- Columbia Gas of Pennsylvania, Inc. has not issued any stock in the past five years
- NiSource Gas Distribution Group, the parent company of Columbia Gas of Pennsylvania, Inc. has not issued any stock in the past five years

- a. Date of Prospectus – N/A
- b. Date of offering – N/A
- c. Record date – N/A
- d. Offering period-dates and number of days N/A
- f. Offering ratio (if rights offering) – N/A
- g. Per cent subscribed N/A
- h. Offering price – N/A
- i. Gross proceeds per share N/A
- j. Expenses per share N/A
- k. Net proceeds per share (i-j)N/A
- l. Market price per share
 - 1. At record date – N/A
 - 2. At offering date - N/A
 - 3. One month after close of offering N/A
- m. Average market price during N/A
- o. Latest reported dividends at time of offering N/A

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

20. Provide latest available balance sheet and income statement for Company, Parent and System (Consolidated)

Response:

Refer to Attachment A for balance sheets and income statements for Columbia Gas of Pennsylvania, Inc. (Company) and NiSource Gas Distribution (Parent), at November 30, 2014. NiSource Inc.'s (System) most recently quarterly 10Q at September 2014 is provided in Exhibit 402.

Columbia Gas of Pennsylvania
10Q Balance Sheet-FERC Tree
Regulatory View - FERC Account Tree
As of November 30, 2014
For Internal Use Only

	November 2014	December 2013	Variation \$	Variation %
Assets and Other Debits				
Utility Plant				
Total Utility Plant	1,611,176,272.31	1,432,909,187.33	178,267,084.98	12.44%
Accum Prov - Amort and Depr	(347,783,451.04)	(328,623,701.85)	(19,159,749.19)	5.83%
Net Utility Plant	1,263,392,821.27	1,104,285,485.48	159,107,335.79	14.41%
Other Plant Adjustments	-	-	-	0.00%
Gas Store Undergrd_SysBal	731,872.25	731,872.25	-	0.00%
Total Utility Plant	1,264,124,693.52	1,105,017,357.73	159,107,335.79	14.40%
Other Property and Investments				
Non Utility Other Property	8,346.49	8,346.49	-	0.00%
Accum Prov - Deprec Oth Plant	-	-	-	0.00%
Investments in Associated Cos	-	-	-	0.00%
Investments in Subsidiary Cos	18,169,429.36	17,606,369.13	563,060.23	3.20%
Other Investments	-	-	-	0.00%
Sinking Fund	-	-	-	0.00%
Other Special Funds	-	-	-	0.00%
Total Other Property and Investments	18,177,775.85	17,614,715.62	563,060.23	3.20%
Current and Accrued Assets				
Cash	773,069.81	1,856,421.39	(1,083,351.58)	-58.36%
Special Deposits	-	-	-	0.00%
Working Funds	2,550.00	3,350.00	(800.00)	-23.88%
Temp Cash Investments	569,950.00	150,855.00	419,095.00	277.81%
Notes Receivable	-	(68.00)	68.00	-100.00%
Customer Accounts Receivable	0.43	(1.22)	1.65	-135.25%
Other Accounts Receivable	(0.09)	(38.65)	38.56	-99.77%
Accum Prov Uncollectible - Cr	6,727.36	(18.98)	6,746.34	-35544.47%
NR from Associated Cos	35,578,603.30	50,121,307.00	(14,542,703.70)	-29.02%
AR from Associated Cos	131,764.66	146,287.22	(14,522.56)	-9.93%
Fuel Stock	-	-	-	0.00%
Fule Stock Expenses Undistrib	-	-	-	0.00%
Residuals & Extracted Products	-	-	-	0.00%
Plant Materials & Supplies	662,539.97	616,344.95	46,195.02	7.49%
Merchandise	-	-	-	0.00%
Allowances	-	-	-	0.00%
Stores Exp Undistributed	-	-	-	0.00%
Gas Stored Underground - Curr	111,585,516.02	87,496,543.99	24,088,972.03	27.53%
LNG Stored & Held for Process	-	-	-	0.00%
Prepayments	3,152,464.04	2,341,910.47	810,553.57	34.61%
Interest & Dividends Rec	-	83.00	(83.00)	-100.00%
Rent Receivable	-	-	-	0.00%
Accrued Utility Revenues	-	20.24	(20.24)	-100.00%
Misc Current & Accrued Assets	219,799.15	253,538.63	(33,739.48)	-13.31%
Derivative Instrument Assets	-	278,170.00	(278,170.00)	-100.00%
Derivative Assets - Hedging	-	-	-	0.00%
Total Current and Accrued Assets	152,682,984.65	143,264,705.04	9,418,279.61	6.57%

Columbia Gas of Pennsylvania
10Q Balance Sheet-FERC Tree
Regulatory View - FERC Account Tree
As of November 30, 2014
For Internal Use Only

	November 2014	December 2013	Variation \$	Variation %
Deferred Debits				
Unamortized Debt Expense	-	-	-	0.00%
Extraordinary Property Loss	-	-	-	0.00%
Other Regulatory Asset	257,625,777.76	270,993,929.01	(13,368,151.25)	-4.93%
Preliminary Surveys	3,315,521.46	2,739,364.30	576,157.16	21.03%
Clearing Accounts	(16,084.55)	-	(16,084.55)	0.00%
Miscellaneous Deferred Debits	7,640,733.58	7,219,475.64	421,257.94	5.84%
Research & Development Expense	-	-	-	0.00%
Unamort Loss Reacquired Debt	-	-	-	0.00%
Accum Deferred Income Taxes	57,461,149.84	69,803,829.24	(12,342,679.40)	-17.68%
Unrecovered Purchase Gas Costs	4,869,485.37	2,401,105.28	2,468,380.09	102.80%
Total Deferred Debits	330,896,583.46	353,157,703.47	(22,261,120.01)	-6.30%
Total Assets and Other Debits	1,765,882,037.48	1,619,054,481.86	146,827,555.62	9.07%

Columbia Gas of Pennsylvania
10Q Balance Sheet-FERC Tree
Regulatory View - FERC Account Tree
As of November 30, 2014
For Internal Use Only

	November 2014	December 2013	Variation \$	Variation %
CAPITALIZATION and LIABILITIES				
Proprietary Capital				
Common Stock FERC	45,127,800.00	45,127,800.00	-	0.00%
Preferred Stock Issued	-	-	-	0.00%
Capital Stock Subscribed	-	-	-	0.00%
Premium on Capital Stock	-	-	-	0.00%
Other Paid-in Capital	7,720,355.00	7,686,976.00	33,379.00	0.43%
Capital Stock Expense	-	-	-	0.00%
Retained Earnings	422,052,046.54	365,599,692.57	56,452,353.97	15.44%
Retained Earnings - Current Year	50,198,997.24	56,452,353.97	(6,253,356.73)	-11.08%
Unapprop Undistrib Sub Earning	-	-	-	0.00%
Reqquired Capital Stock	-	-	-	0.00%
Accumulated OCI	-	-	-	0.00%
Total Proprietary Capital	525,099,198.78	474,866,822.54	50,232,376.24	10.58%
Long Term Debt				
Bonds	-	-	-	0.00%
Advances from Associated Cos	411,390,000.00	411,390,000.00	-	0.00%
Other Long Term Debt	-	-	-	0.00%
Unamortized Premium on LTD	-	-	-	0.00%
Unamortized Discount on LTD	-	-	-	0.00%
Total Long Term Debt	411,390,000.00	411,390,000.00	-	0.00%
Current & Accrued Liabilities				
Curr Portion of Long-Term Debt	-	-	-	0.00%
Notes Payable	-	-	-	0.00%
Accounts Payable	28,992,391.33	33,220,100.99	(4,227,709.66)	-12.73%
NP to Associated Cos	-	-	-	0.00%
AP to Associated Cos	148,128,181.41	55,401,474.33	92,726,707.08	167.37%
Customer Deposits	3,299,574.68	3,334,765.00	(35,190.32)	-1.06%
Taxes Accrued	10,750,353.18	2,276,076.73	8,474,276.45	372.32%
Interest Accrued	360,767.46	328,454.44	32,313.02	9.84%
Dividends Declared	-	-	-	0.00%
Tax Collections Payable	173,858.32	505,780.24	(331,921.92)	-65.63%
Misc Current & Accrued Liab	71,704,401.52	66,303,723.32	5,400,678.20	8.15%
Obligation Cap Lease - Current	165,898.02	48,732.57	117,165.45	240.43%
Derivative Liability	487,790.00	367,390.00	120,400.00	32.77%
Derivative Liability - Hedge	-	-	-	0.00%
Total Current & Accrued Liabilities	264,063,215.92	161,786,497.62	102,276,718.30	63.22%
Other Noncurrent Liabilities				
Obligations - Cap Leases - NC	9,289,750.49	2,177,034.16	7,112,716.33	326.72%
Accum Prov - Property Ins	-	-	-	0.00%
Accum Prov - Injuries & Damage	93,463.48	83,669.00	9,794.48	11.71%
Accum Prov - Pension & Benefit	(1,987,096.37)	(793,005.00)	(1,194,091.37)	150.58%
Accum Misc Operating Provision	1,191,751.58	987,534.00	204,217.58	20.68%
Provision for Rate Refunds	-	-	-	0.00%
Asset Retirement Obligations	-	-	-	0.00%
Total Other Noncurrent Liabilities	8,587,869.18	2,455,232.16	6,132,637.02	249.78%
Deferred Credits				
Customer Adv. for Construction	7,789,686.21	7,074,911.20	714,775.01	10.10%
Acc Defd Investment Tax Credit	3,212,604.00	3,542,824.00	(330,220.00)	-9.32%
Other Deferred Credits	8,657,208.86	9,148,344.63	(491,135.77)	-5.37%
Other Regulatory Liabilities	55,711,759.67	62,988,360.36	(7,276,600.69)	-11.55%
Accum Defer inc Tax - Oth Prop	469,892,908.21	473,482,486.43	(3,589,578.22)	-0.76%
Accum Defer inc Tax - Other	11,477,586.65	12,319,002.92	(841,416.27)	-6.83%
Total Deferred Credits	556,741,753.60	568,555,929.54	(11,814,175.94)	-2.08%
Total Capitalization & Liabilities	1,765,882,037.48	1,619,054,481.86	146,827,555.62	9.07%

Columbia Gas of Pennsylvania
Income Statement-FERC Tree
Regulatory View - FERC Account Tree
For the Month Ended November 30, 2014
For Internal Use Only

	Current Month	Change from Prior Month	Year-To- Date
Operating Revenues			
Gas Residential Sales	21,067,726.23	10,365,137.64	275,075,806.12
Gas Comm & Indust Revenues	6,106,234.75	2,927,240.21	87,278,367.14
Gas Sales for Resale	-	-	-
Gas Interdepartmental Sales	-	-	-
Gas Intercompany Transfers	-	-	-
Total Sales of Gas	27,173,960.98	13,292,377.85	362,354,173.26
Electric Residential Revenues	-	-	-
Elec Comm & Indust Rev	-	-	-
Public Street & Hwy Lighting	-	-	-
Elec Oth Sales to Public Auth	-	-	-
Sales to Railroads & Railways	-	-	-
Electric Sales for Resale	-	-	-
Elec Interdepartmental Sales	-	-	-
Total Sales of Electricity	-	-	-
Forfeited Discounts - Gas	56,761.19	1,589.20	1,243,536.85
Forfeited Discounts - Ele	-	-	-
Total Forfeited Discounts	56,761.19	1,589.20	1,243,536.85
Misc Service Revenues - Gas	9,286.02	(5,579.26)	135,414.91
Misc Service Revenues - Ele	-	-	-
Total Miscellaneous Service Revenues	9,286.02	(5,579.26)	135,414.91
Rent from Electricity Property	-	-	-
Other Electric Revenues	-	-	-
Rev Transm of Elec of Oth	-	-	-
Nonutility Revenues - Serv Co	-	-	-
Regional Transm Service Rev	-	-	-
Rev Transp Gas of Oth - Gather	-	-	-
Rev Transp Gas of Oth - Transm	-	-	-
Rev Transp Gas of Oth - Distr	12,363,123.90	4,914,771.86	113,680,737.54
Rev from Storing Gas of Oth	-	-	-
Sales - Prod Extracted from NG	-	-	-
Incidental Gasoline & Oil Sale	-	-	-
Rent from Gas Property	13,068.00	(185.00)	130,704.00
Other Gas Revenues	14,441,545.02	6,647,957.19	11,603,170.00
Gas Provision of Rate Refunds	-	-	-
Total Other Operating Revenues	26,883,784.13	11,558,553.99	126,793,563.30
Total Operating Revenues	54,057,745.11	24,850,931.84	489,147,736.56

Operating Expenses

Operation Expenses

Manufac Gas Production - Oper	-	-	-
NG Production & Gather - Oper	-	-	-
Products Extraction - Oper	-	-	-
Other Gas Supply - Operations	23,809,960.52	13,644,287.51	209,302,349.90
Steam Power - Operations	-	-	-
Hydraulic Power - Operations	-	-	-
Other Power - Operations	-	-	-
Other Power Supply - Oper	-	-	-
NG Stor, Term & Proc - Oper	34,490.85	8,963.04	393,683.72
Transmission Exp - Oper	-	(3,162.97)	3,162.97
Regional Market Exp - Oper	-	-	-

Columbia Gas of Pennsylvania
Income Statement-FERC Tree
Regulatory View - FERC Account Tree
For the Month Ended November 30, 2014
For Internal Use Only

	Current Month	Change from Prior Month	Year-To- Date
Distribution Exp - Oper	2,567,648.37	280,086.06	26,194,072.73
Customer Accounts - Oper	2,282,320.14	824,542.23	29,127,991.53
Cust Serv & Info Exp - Oper	941,774.99	546,582.35	8,122,038.67
Sales Expenses - Oper	62,781.72	12,073.22	554,658.09
Admin & General Exp - Oper	5,396,141.17	172,945.53	52,027,212.27
Total Operation Expenses	35,095,117.76	15,486,316.97	325,725,169.88
Maintenance Expenses			
Production Expenses - Maint	-	-	-
NG Stor, Term & Proc - Maint	1,405.06	(4,671.50)	28,871.57
Transmission Exp - Maint	500,817.78	(221,557.37)	8,073,356.34
Distribution Exp - Maint	713,416.99	(127,528.71)	17,724,080.05
Maintenance Gen and Admin	14,891.87	(15,809.57)	180,429.84
Total Maintenance Expenses	1,230,531.70	(369,567.15)	26,006,737.80
Depreciation Expense	3,284,336.50	40,134.00	34,414,262.40
Depreciation Expense for AROs	-	-	-
Amort & Deplet of Util Plant	306,113.25	(3,640.47)	3,311,772.48
Amort of Gas Plant Acq Adj	-	-	-
Amort of Conversion Exp	-	-	-
Reg Debits	-	-	-
Reg Credits	-	-	-
Other Taxes FERC	311,923.95	436,679.55	2,473,377.77
Income Taxes - State	445,776.09	(131,919.28)	4,097,197.82
Income Taxes - Federal	1,235,957.47	(2,980,404.39)	13,085,327.62
Total Utilities Current Fed State	1,681,733.56	(3,112,323.67)	17,182,525.44
Deferred Income Taxes	6,222,098.54	(6,465,919.88)	63,444,562.52
Prov Deferred Inc Tax - Cr	(3,372,486.81)	11,872,728.93	(52,598,692.67)
Investment Tax Credit Adj	(30,020.00)	-	(330,220.00)
Gain from Disposition of Plant	-	-	-
Loss from Disposition of Plant	-	-	-
Accretion Expenses	-	-	-
Total Operating Expenses	44,729,348.45	17,884,408.28	419,629,495.62
Net Utility Operating Income(Loss)	9,328,396.66	6,966,523.56	69,518,240.94
Other Income & Deductions			
Revenues from Merchandising	5,400.00	(600.00)	32,160.00
Costs and Exp Merch Job	(13,401.00)	(1,280.82)	(77,679.59)
NonUtility Revenues	88,219.87	174,305.42	(1,334,397.36)
NonUtility Unaffil	-	-	-
Nonoperating Rental Revenue	-	-	-
Earnings of Subsidiaries	40,984.21	16,544.79	529,681.23
Interest and Dividend Income	211,079.39	115,166.84	(453,524.17)
Allow for Other FUDC	(151,132.62)	(224,175.40)	463,503.81
Misc Nonoperating Income	395,938.77	244,749.31	5,208,013.00
Gain Disposition of Property	-	-	-
Total Other Income	577,088.62	324,710.14	4,367,756.92
Loss on Disposal of Property	-	(47.81)	1,462.06
Misc Amortization	-	-	-
Other Inc Exp Donations	8,845.76	(61,739.24)	475,396.50

Columbia Gas of Pennsylvania
Income Statement-FERC Tree
Regulatory View - FERC Account Tree
For the Month Ended November 30, 2014
For Internal Use Only

	Current Month	Change from Prior Month	Year-To- Date
Corporate Owned Life Ins	-	-	-
Penalties	-	(8.58)	(110,344.05)
Other Inc Exp Political Contrib	-	-	-
Other Inc Deductions	(28.22)	(5,577.47)	41,817.50
Total Other Income Deductions	8,817.54	(67,373.10)	408,332.01
NonUtility Taxes	-	-	-
Income Taxes - Federal	317,041.90	(1,727,827.77)	3,228,353.72
Income Taxes - State	53,925.71	39,667.49	342,939.34
Total Income Taxes Federal Other	370,967.61	(1,688,160.28)	3,571,293.06
Other Deferred Income Taxes	-	(42,579.00)	42,579.00
Prov Defer Inc Tax - Oth - Cr	(146,987.00)	1,852,919.30	(2,146,893.30)
Invest Tax Credits Adjust -Net	-	-	-
Amortization of ITC	-	-	-
Total Taxes Other Income & Deduct	223,980.61	122,180.02	1,466,978.76
Total Other Income (Deductions)	344,290.47	269,903.22	2,492,446.15
Interest LT Debt	-	-	-
Amort of Debt Disc & Exp	-	-	-
Amort of Loss on Reacq Debt	-	-	-
Amort of Prem on Debt - Cr	-	-	-
Interest Exp Affiliate	1,972,829.45	(83,445.95)	21,686,623.54
Other Interest Expense	14,448.60	124.64	435,779.27
AFUDIC PISCC	43,442.70	85,754.33	(310,712.96)
Total Interest Charges	2,030,720.75	2,433.02	21,811,689.85
Income from Continuing Operations Before Tax	7,641,966.38	7,233,993.76	50,198,997.24
Extraordinary Income	-	-	-
Extraordinary Deductions	-	-	-
Net Extraordinary Items	-	-	-
Extraordinary Taxes	-	-	-
Deferred Extraordinary Taxes	-	-	-
Income Taxes - Federal & Other	-	-	-
Total Extraordinary Items	-	-	-
Net Income	7,641,966.38	7,233,993.76	50,198,997.24



10Q Balance Sheet
(in thousands)

Entity: NiSource Gas Distribution
Scenario: Actual
Custom 1: GAAP
Custom 3: Top Custom 3

Exhibit 414 (20)
Attachment A
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	November 2014	December 2013	Variation
ASSETS			
Property, Plant, and Equipment			
Investments			
Consolidated Affiliates	2,160,081.6	1,983,592.3	176,489.3
Total Investments	2,160,081.6	1,983,592.3	176,489.3
Current Assets			
Accounts Receivable - Affiliated	962.8	241.9	720.9
Total Current Assets	962.8	241.9	720.9
Other Assets			
Total Assets	2,161,044.3	1,983,834.2	177,210.2



10Q Balance Sheet
(in thousands)

Entity: NiSource Gas Distribution
Scenario: Actual
Custom 1: GAAP
Custom 3: Top Custom 3
Exhibit 414 (20)
Attachment A
Page 8 of 9

	November 2014	December 2013	Variation
CAPITALIZATION and LIABILITIES			
Capitalization			
Common Stock	0.0	0.0	-
Additional Paid-In Capital	90,476.0	56,012.7	(34,463.3)
Retained Earnings	2,074,801.4	1,932,780.9	(142,020.5)
Accumulated Other Comprehensive Income (Loss)	(5,195.8)	(5,201.3)	(5.5)
Total Common Stock Equity	2,160,081.6	1,983,592.3	(176,489.3)
Total Capitalization	2,160,081.6	1,983,592.3	(176,489.3)
Current Liabilities			
Accounts Payable - Affiliated	-	241.8	241.8
Total Current Liabilities	-	241.8	241.8
Noncurrent Liabilities			
Deferred Income Taxes	962.7	-	(962.7)
Total Noncurrent Liabilities	962.7	-	(962.7)
Total Capitalization and Liabilities	2,161,044.3	1,983,834.2	(177,210.2)



10Q Income Statement
(in thousands)

Entity: NiSource Gas Distribution Co
View: Year-to-Date
Custom 1: GAAP
Custom 3: Top Custom 3

Exhibit 14 (20)
Attachment A
Page 9 of 9

	November 2014	November 2013	Variation
Net Revenues			
Operating Expenses			
Other Income (Deductions)			
Income Taxes	0.0	-	0.0
Income from Continuing Operations	0.0	-	0.0
Total Earnings of Subsidiaries	177,020.5	84,926.9	92,093.6
Net Income	177,020.5	84,926.9	92,093.6