

NISOURCE INC/DE
Form U5S
April 26, 2004

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

FORM U5S

ANNUAL REPORT

For the Year Ended December 31, 2003

Filed pursuant to the Public Utility Holding Company Act of 1935

NISOURCE INC.

COLUMBIA ENERGY GROUP
(Name of registered holding company)

801 E 86th Avenue
Merrillville, Indiana 46410

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003

TIER	NAME OF COMPANY (COMPANY ABBREVIATION)	NUMBER OF COMMON SHARES HELD	% OF VOTING POWER OR INTEREST HELD	ISSUER BOOK VALUE (\$000)	B
	NISOURCE INC. (NI)				
1	Bay State Gas Company (BSG)	100	100	529,215	
	Unsecured Debt (h)	-	-	242,359	
	Subsidiaries:				
2	Bay State GPE, Inc. (BSGPE)	1,000	100	36	
2	Boundary Gas, Inc. (BDY) * (g)	-	-	-	
2	Northern Utilities, Inc. (NU)	100	100	114,935	
	Unsecured Debt (h)	-	-	76,362	
1	Columbia Energy Group (CG)	100	100	2,568,575	6
	Subsidiaries:				
2	Columbia Accounts Receivable Corporation (CAR)	10	100	9,750	
2	Columbia Atlantic Trading Corporation (CAT)	308	100	3,947	

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2	Columbia Deep Water Services Company (CDW)	1	100	734
	Unsecured Debt (h)	-	-	452
2	Columbia Energy Group Capital Corporation (CCC) (g)	-	-	-
	Subsidiary:			
3	TriStar Gas Technologies, Inc. (TGT) * (g)	-	-	-
2	Columbia Energy Resources, Inc. (CER) (a) (g)	-	-	-
	Subsidiaries:			
3	Alamco-Delaware, Inc. (AD) (a)	-	-	-
3	Columbia Natural Resources, Inc. (CNR) (a)	-	-	-
3	Columbia Natural Resources Canada, Ltd. (CNRCL) (a)	-	-	-
3	Hawg Hauling & Disposal, Inc. (HH) (a)	-	-	-
2	Columbia Energy Services Corporation (CES)	2,500	100	(79,113)
	Unsecured Debt (h)	-	-	35,280
2	Columbia Gas of Kentucky, Inc. (CKY)	147,752	100	77,755
	Unsecured Debt (h)	-	-	46,068
2	Columbia Gas of Maryland, Inc. (CMD)	2,883	100	29,010
	Unsecured Debt (h)	-	-	18,975
2	Columbia Gas of Ohio, Inc. (COH)	6,369,585	100	451,524
	Unsecured Debt	-	-	500,141
2	Columbia Gas of Pennsylvania, Inc. (CPA)	1,805,112	100	208,663
	Unsecured Debt (h)	-	-	263,534
2	Columbia Gas of Virginia, Inc. (CGV)	1,306,106	100	190,241
	Unsecured Debt (h)	-	-	151,011
2	Columbia Gas Transmission Corporation (TCO)	1,934	100	1,309,218
	Unsecured Debt (h)	-	-	113,569
	Secured Debt (i)	-	-	385,500
2	Columbia Gulf Transmission Company (CGT)	1,933	100	151,658
	Unsecured Debt (h)	-	-	78,543

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

TIER	NAME OF COMPANY (COMPANY ABBREVIATION)	NUMBER OF COMMON SHARES HELD	% OF VOTING POWER OR INTEREST HELD	ISSUER BOOK VALUE (\$000)
2	Columbia Network Services Corporation (CNS)	900	100	5,118
	Subsidiary:			
3	CNS Microwave, Inc. (CMC)	110	100	-

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2	Columbia Petroleum Corporation (PET) * (g)	-	-	-
2	Columbia Remainder Corporation (CRC)	100	100	(92)
	Subsidiaries:			
3	Columbia Electric Binghamton General Corp. (CEB) * (g)	-	-	-
3	Columbia Electric Binghamton Limited Corp. (CEBL) * (g)	-	-	-
3	Haverstraw Bay, LLC (HBL) *	-	100	-
2	Columbia Service Partners, Inc. (CSP) (b)	-	-	-
	Subsidiaries:			
3	Columbia Assurance Agency, Inc. (CAA)	850	100	31
3	Columbia Service Partners of Virginia, Inc. (CSPV) * (g)	-	-	-
2	Columbia Transmission Communications Corporation (CTC) (c)	-	-	-
2	NiSource Insurance Corporation Limited (NICL)	14,800	100	9,049
1	EnergyUSA, Inc. (IN) (EUII) Unsecured Debt (h)	1,000	100	(84,245)
	Subsidiaries:			
2	EnergyUSA Commercial Energy Services, Inc. (EUC) Unsecured Debt (h)	1,000	100	(9,191)
				5,037
2	EnergyUSA Retail, Inc. (EUR) * (g)	-	-	-
2	EnergyUSA, Inc. (MA) (EUM) * (d)	10,000	100	-
	Subsidiaries:			
3	EnergySPE, Inc. (ESPE) * (g)	-	-	-
3	EnergyUSA (Connecticut), Inc. (EUIIC) (g)	-	-	-
	Subsidiaries:			
4	EnergyUSA Engineering, Inc. (EUE) * (g)	-	-	-
4	EnergyUSA Mechanical, Inc. (EUM) * (g)	-	-	-
2	EnergyUSA-TPC Corp. (TPC) Unsecured Debt (h)	100	100	(12,467)
	Subsidiary:			
3	EnergyUSA-Appalachian Corp. (EUA) (g)	-	-	-
2	NI Energy Services Transportation, Inc. (NEST)	1,000	100	434
2	NI Fuel Company, Inc. (NIFC) *	1,000	100	(15,040)
2	NI-TEX, Inc. (NITEX) Subsidiary:	1,000	100	(2,059)
	Laredo Nueces Pipeline Company	-	50	704
2	NI-TEX Gas Services, Inc. (NGS) * (g)	-	-	-

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

TIER	NAME OF COMPANY (COMPANY ABBREVIATION)	NUMBER OF COMMON SHARES HELD	% OF VOTING POWER OR INTEREST HELD	ISSUER BOOK VALUE (\$000)
1	Granite State Gas Transmission, Inc. (GSGT)	29,900	100	11,972
	Unsecured Debt (h)	-	-	6,837
	Subsidiaries:			
2	Bay State Energy Enterprises, Inc. (BSEE) * (g)	-	-	-
1	IWC Resources Corporation (IWCR) * (e)	1,000	100	587,262
	Subsidiaries:			
2	Harbour Water Corporation (HWC) * (e)	1,000	100	10,206
2	Indianapolis Water Company (IWC) * (e)	500	100	585,207
	Subsidiary:			
3	White River Environmental Partnership, Inc. (WRP) * (g) (e)	-	-	-
2	Irishman's Run Acquisition Corporation (IRAC) * (e)	1,000	100	172
2	IWC Morgan Water Corporation (IWCM) * (e)	1,000	100	3,505
2	Lawrence Water Company, Inc. (LWC) * (g) (e)	-	-	-
2	Liberty Water Corporation (LWAC) * (e)	200	100	37
2	The Darlington Water Works Company (DWWC) * (e)	1,000	100	371
1	Kokomo Gas and Fuel Company (KOKO)	478,248	100	37,799
	Subsidiary:			
2	KGF Trading Company (KGF) *	100	100	-
1	NI Energy Services, Inc. (NESI)	1,000	100	(8,529)
	Unsecured Debt (h)	-	-	46,111
	Subsidiaries:			
2	Crossroads Pipeline Company (CROSS)	1,000	100	(6,001)
	Unsecured Debt (h)	-	-	14,914
2	NESI Power Marketing, Inc. (NPM) *	1,000	100	(22,736)
2	NiSource Energy Services Canada, Ltd. (NESCL) *	9,705,432	100	(518)
	Subsidiary:			
3	NESI Energy Marketing Canada Ltd. (NEMCL) *	518	70	-
1	NiSource Capital Markets, Inc. (NCM)	1,000	100	33,273
1	NiSource Capital Trust I (NCT) (g)	-	-	-
1	NiSource Corporate Services Company (NCS)	1,000	100	(9,919)
	Unsecured Debt (h)	-	-	59,176
1	NiSource Development Company, Inc. (NDEV)	1,000	100	(84,117)
	Unsecured Debt (h)	-	-	178,293
	Subsidiaries:			
2	Cardinal Property Management, Inc. (CARD)	1,000	100	18
2	JOF Transportation Company (JOF)	1,000	100	4,041
2	Lake Erie Land Company (LEL)	1,000	100	65,100

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3	Subsidiary: SCC Services, Inc. (SCC)	1,000	100	(2,935)
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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

TIER	NAME OF COMPANY (COMPANY ABBREVIATION)	NUMBER OF COMMON SHARES HELD	% OF VOTING POWER OR INTEREST HELD	ISSUER BOOK VALUE (\$000)
2	NDC Douglas Properties, Inc. (NDC)	1,000	100	16,011
2	South Works Power Company (SWP) *	1,000	100	-
1	NiSource Energy Technologies, Inc. (NET) Unsecured Debt (h)	100 -	100 -	(11,792) 21,639
1	NiSource Finance Corp. (NFC)	100	100	(291,771)
1	NiSource Retail Services, Inc. (NRS)	100	100	10
1	Northern Indiana Fuel and Light Company, Inc. (NIFL) Subsidiary:	275,000	100	49,432
2	Northern Indiana Trading Company, Inc. (NITC)	1,000	100	5,574
1	Northern Indiana Public Service Company (NIP) Unsecured Debt (h)	73,282,258 -	100 -	971,745 578,417
2	NIPSCO Receivables Corporation (NRC)	1,000	100	50,381
1	PEI Holdings, Inc. (PEI) Unsecured Debt (h) Subsidiaries:	1,000 -	100 -	(81,124) 97,778
2	Cokenergy, Inc. (CEI) (f) (g)	-	-	-
2	Harbor Coal Company (HCC) (f) (g)	-	-	-
2	Ironside Energy LLC (IEL) (f) (g)	-	-	-
2	Lakeside Energy Corporation (LEC) (f) (g)	-	-	-
2	North Lake Energy Corporation (NLEC) (f) (g)	-	-	-
2	Portside Energy Corporation (PORT) (f) (g)	-	-	-
2	Whiting Clean Energy, Inc. (WCE)	1,000	100	(50,971)
2	Whiting Leasing LLC (WLC)			16,492

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Note: All debt amounts exclude the current portion of long-term debt.
* Company was inactive at December 31, 2003

- (a) Columbia Energy Resources, Inc. and subsidiaries were sold 8/28/03
- (b) Columbia Service Partners, Inc. was sold 10/20/03
- (c) Columbia Transmission Communication Corporation (Transcom) was sold 9/12/03
- (d) EnergyUSA, Inc. MA sold the majority of its assets to North American Propane, Inc.
- (e) On April 30, 2002, NiSource sold the water utility assets of the Indianapolis Water Company (IWC) and other assets of IWC Resources Corporation.
- (f) Cokenergy, Inc., Harbor Coal Company, Ironside Energy LLC, Lakeside Energy Corporation, North Lake Energy Corporation and Portside Energy Corporation were sold 10/20/03

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003 (continued)

- (g) The following companies were dissolved during 2003:
 - NiSource Capital Trust I
 - Columbia Electric Binghamton General Corporation
 - Columbia Electric Binghamton Limited Corporation
 - Columbia Energy Group Capital Corporation
 - Columbia Petroleum Corporation
 - TriStar Gas Technologies, Inc.
 - EnergyUSA Mechanical, Inc.
 - EnergyUSA Connecticut, Inc.
 - EnergyUSA Engineering Inc.
 - EnergyUSA Retail, Inc.
 - Lawrence Water Company
 - Columbia Service Partners of VA
 - White River Environmental Partnership, Inc.
 - Bay State Energy Enterprises, Inc.
 - EnergySPE, Inc.
 - Boundry Gas, Inc.
 - EnergyUSA-Appalacian Corp.
 - Ni-Tex Gas Services, Inc.
- (h) NiSource Retail Services, Inc. was formed 11/12/03
- (i) NIPSCO Receivables Corporation was formed 11/13/03
- (j) Unsecured debt is presented on pages 8 - 12
- (k) Secured debt is presented on page 12

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

NOTE (J) UNSECURED DEBT

NAME OF COMPANY (ISSUER)	SECURITY OWNED BY REGISTRANT	PRINCIPAL AMOUNT OWED (\$000)	ISSUER BOOK VALUE (\$000)	OWN BOOK (\$000)
BSG	Intercompany Notes:			
	5.40% Due December 31, 2059	50,000	50,000	50,000
	1.74% Money Pool	192,359	192,359	192,359
		242,359	242,359	242,359
NU	Intercompany Notes:			
	4.8% Due December 31, 2059	60,000	60,000	60,000
	1.74% Money Pool	16,362	16,362	16,362
		76,362	76,362	76,362
CES	Intercompany Notes:			
	1.74% Money Pool	35,280	35,280	35,280
CKY	Intercompany Notes:			
	7.28% Due March 1, 2011	5,030	5,030	5,030
	8.00% Due March 1, 2006	8,000	8,000	8,000
	7.30% Due November 28, 2005	5,805	5,805	5,805
	7.55% Due November 28, 2007	5,805	5,805	5,805
	7.82% Due November 28, 2010	5,805	5,805	5,805
	7.92% Due November 28, 2015	5,805	5,805	5,805
	8.12% Due November 28, 2025	5,805	5,805	5,805
1.74% Money Pool	4,013	4,013	4,013	
		46,068	46,068	46,068
CMD	Intercompany Notes:			
	8.12% Due March 1, 2016	6,500	6,500	6,500
	7.30% Due November 28, 2005	2,495	2,495	2,495
	7.55% Due November 28, 2007	2,495	2,495	2,495
	7.82% Due November 28, 2010	2,495	2,495	2,495
	7.92% Due November 28, 2015	2,495	2,495	2,495
8.12% Due November 28, 2025	2,495	2,495	2,495	
		18,975	18,975	18,975

ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

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NOTE (J) UNSECURED DEBT (CONTINUED)

NAME OF COMPANY (ISSUER)	SECURITY OWNED BY REGISTRANT	PRINCIPAL AMOUNT OWED (\$000)	ISSUER BOOK VALUE (\$000)	OWN BOOK (\$000)
COH	Intercompany Notes:			
	8.20% Due March 1, 2006	25,000	25,000	25,000
	7.90% Due March 1, 2006	35,000	35,000	35,000
	7.55% Due November 28, 2007	36,394	36,394	36,394
	7.82% Due November 28, 2010	36,394	36,394	36,394
	7.92% Due November 28, 2015	36,394	36,394	36,394
	8.12% Due November 28, 2025	36,394	36,394	36,394
	7.50% Due July 15, 2022	100,000	100,000	100,000
	1.74% Money Pool	194,565	194,565	194,565
		500,141	500,141	500,141
CPA	Intercompany Notes:			
	7.28% Due March 1, 2011	11,000	11,000	11,000
	7.89% Due March 1, 2014	20,000	20,000	20,000
	7.89% Due March 1, 2016	20,000	20,000	20,000
	8.12% Due March 1, 2013	35,000	35,000	35,000
	7.90% Due March 1, 2006	10,000	10,000	10,000
	7.30% Due November 28, 2005	17,843	17,843	17,843
	7.55% Due November 28, 2007	17,843	17,843	17,843
	7.82% Due November 28, 2010	17,843	17,843	17,843
	7.92% Due November 28, 2015	17,843	17,843	17,843
	8.12% Due November 28, 2025	17,843	17,843	17,843
	1.74% Money Pool	78,319	78,319	78,319
		263,534	263,534	263,534

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

NOTE (J) UNSECURED DEBT (CONTINUED)

NAME OF COMPANY (ISSUER)	SECURITY OWNED BY REGISTRANT	PRINCIPAL AMOUNT OWED (\$000)	ISSUER BOOK VALUE (\$000)	OWN BOOK (\$000)
CGV	Intercompany Notes:			
	7.28% Due March 1, 2011	10,000	10,000	10,000
	6.81% Due March 1, 2012	15,000	15,000	15,000
	6.73% Due March 1, 2013	10,000	10,000	10,000
	7.89% Due March 1, 2014	10,000	10,000	10,000
	8.12% Due March 1, 2016	21,000	21,000	21,000
	7.30% Due November 28, 2005	12,835	12,835	12,835

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	7.55% Due November 28, 2007	12,835	12,835	12
	7.82% Due November 28, 2010	12,835	12,835	12
	7.92% Due November 28, 2015	12,835	12,835	12
	8.12% Due November 28, 2025	12,835	12,835	12
	1.74% Money Pool	20,836	20,836	20
		151,011	151,011	151
TCO	Intercompany Notes: 1.74% Money Pool	113,569	113,569	113
CGT	Intercompany Notes: 7.65% Due March 1, 2014 7.30% Due November 28, 2005 7.55% Due November 28, 2007 7.82% Due November 28, 2010 7.92% Due November 28, 2015 8.12% Due November 28, 2025 1.74% Money Pool	20,000 9,578 9,578 9,578 9,578 9,578 10,653	20,000 9,578 9,578 9,578 9,578 9,578 10,653	20 9 9 9 9 9 10
		78,543	78,543	78
CDW	Intercompany Notes: 1.74% Money Pool	452	452	
EUII	Intercompany Notes: 1.74% Money Pool	36,255	36,255	36

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

NOTE (J) UNSECURED DEBT (CONTINUED)

NAME OF COMPANY (ISSUER)	SECURITY OWNED BY REGISTRANT	PRINCIPAL AMOUNT OWED (\$000)	ISSUER BOOK VALUE (\$000)	OWN BOOK (\$000)
EUC	Intercompany Notes: 4% Due December 31, 2059	5,037	5,037	5
TPC	Intercompany Notes: 1.74% Money Pool	27,618	27,618	27
NESI	Intercompany Notes: 1.74% Money Pool	46,111	46,111	46

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CROSS	Intercompany Notes: 1.74% Money Pool	14,914	14,914	14

NCS	Intercompany Notes: 7.33% Due March 1, 2014 7.30% Due November 28, 2005 7.55% Due November 28, 2007 7.82% Due November 28, 2010 7.92% Due November 28, 2015 8.12% Due November 28, 2025 1.74% Money Pool	12,700 2,246 2,246 2,246 2,246 2,246 35,246	12,700 2,246 2,246 2,246 2,246 2,246 35,246	12 2 2 2 2 2 35
		59,176	59,176	59

NDEV	Intercompany Notes: 1.74% Money Pool	178,293	178,293	178

NET	Intercompany Notes: 1.74% Money Pool	21,639	21,639	21

GSGT	Intercompany Notes: 1.74% Money Pool	6,837	6,837	6

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ITEM 1. SYSTEM COMPANIES AND INVESTMENT THEREIN AS OF DECEMBER 31, 2003
(continued)

NOTE (J) UNSECURED DEBT (CONTINUED)

NAME OF COMPANY (ISSUER)	SECURITY OWNED BY REGISTRANT	PRINCIPAL AMOUNT OWED (\$000)	ISSUER BOOK VALUE (\$000)	OWN BOOK (\$000)
NIP	Intercompany Notes: 1.74% Money Pool	578,417	578,417	578

PEI	Intercompany Notes: 1.74% Money Pool	97,778	97,778	97
		2,598,369	2,598,369	2,598
=====				

NOTE (K)

SECURED DEBT

PRINCIPAL ISSUER OWN

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NAME OF COMPANY (ISSUER)	SECURITY OWNED BY REGISTRANT	AMOUNT OWED (\$000)	BOOK VALUE (\$000)	BOOK (\$000)
TCO	Intercompany Notes:			
	6.80% Due November 28, 2005	128,500	128,500	128,500
	7.05% Due November 28, 2007	128,500	128,500	128,500
	7.32% Due November 28, 2010	128,500	128,500	128,500
		385,500	385,500	385,500

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ITEM 2. ACQUISITIONS OR SALES OF UTILITY ASSETS

ACQUISITIONS

NAME OF COMPANY	CONSIDERATION GIVEN (\$000)	DESCRIPTION OF TRANSACTION
TCO	6,500	TCO purchased 128 miles of 18" diameter (East Waterford, PA) and 59 miles of 8" (and Malvern, PA) along with other related rights-of-ways from Columbia Transmission
NIP	1,415	Purchase of Gas Vaporizer for LNG Plant

SALES

NAME OF COMPANY	CONSIDERATION GIVEN (\$000)	DESCRIPTION OF TRANSACTION
TCO	3,930	Storage base gas with a book cost of \$3.93 M. The cost was split with TCO customers in accordance with the terms of the agreement and refund to customers was \$1.615M.
TCO	1,799	36.68 acres of land at Loudon Compressors was sold to Dominion Cove Point LNG, Inc.
TCO	3,333	The Gainesville Office in Prince William County, VA was sold to Prosperity Investors, Inc. Net book value was \$3.333M.

ITEM 3. ISSUE, SALE, PLEDGE, GUARANTEE OR ASSUMPTION OF SYSTEM SECURITIES

On December 18, 2003, \$55.0 million of new tax-exempt Pollution Control Revenue Refunding Bonds were issued by Jasper County, Indiana on behalf of Northern Indiana. The new tax-exempt bonds were issued on an auction rate basis and bear interest at a floating rate as determined in 35-day increments by the tax-exempt auction process. The proceeds of the bonds were loaned to Northern Indiana, pursuant to a financing agreement dated as of December 1, 2003, and were used to refund Northern Indiana's \$55.0 million aggregate principal amount of Jasper County, Indiana Collateralized Pollution Control Refunding Revenue Bonds Series

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ITEM 4. ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES DURING 2003

Name of Issuer and Type of Issue	Name of Company Acquiring, Redeeming or Retiring Securities	Number of Shares	Principal Amount (\$000)	Consid (\$0
BSG				
Medium Term Note - 6.00% Due 09-29-03	BSG	-	15,000	15,0
Medium Term Note - 8.15% Due 08-26-22	BSG	-	12,000	12,3
Subsidiary:				
NU				
Medium Term Note - 9.700% Due 09-01-03	NU	-	833	8
CEG				
Debentures - 6.80% Series C, Due 11-28-05	CEG	-	3	
Debentures - 7.05% Series D, Due 11-28-07	CEG	-	21	
Debentures - 7.32% Series E, Due 11-28-10	CEG	-	3	
Debentures - 7.42% Series F, Due 11-28-15	CEG	-	3	
Debentures - 7.62% Series G, Due 11-28-25	CEG	-	3	
CKY				
Unsecured Debt	CKY	-	29	
COH				
Unsecured Debt	COH	-	177	1
NCM				
Subordinated Debentures, Series A, 7-3/4%, Due 03-31-26	NCM	-	75,000	75,0
NDC				
Unsecured Debt	NDC	-	3,155	3,1
NFC				
Unsecured Debt, 5-3/4%, Due 04-15-03	NFC	-	300,000	300,0
Unsecured Debt, 7-1/2%, Due 11-15-03	NFC	-	750,000	750,0

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ITEM 4. ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES DURING 2003 (continued)

Name of Issuer and Type of Issue	Name of Company Acquiring, Redeeming or Retiring Securities	Number of Shares	Principal Amount (\$000)	Cons (
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NIP				
Redeemable Preferred Stock 8.35%	NIP	6,000		600
Redeemable Preferred Stock 7-3/4%	NIP	5,554		555
First Mortgage Bonds, Series NN, 7.10%, Due 07-01-07	NIP	-		55,000
Pollution Control Note, Series A Note, City of Michigan City 5.70%	NIP	-		6,000
Medium Term Note - 6.75% Due 03-31-03	NIP	-		20,000
Medium Term Note - 6.55% Due 04-07-03	NIP	-		2,000
Medium Term Note - 6.75% Due 04-07-03	NIP	-		12,500
Medium Term Note - 6.87% Due 04-07-03	NIP	-		6,400
Medium Term Note - 6.67% Due 04-21-03	NIP	-		13,100
Medium Term Note - 6.53% Due 07-08-03	NIP	-		30,000
Medium Term Note - 6.53% Due 07-08-03	NIP	-		5,000
Medium Term Note - 6.53% Due 07-08-03	NIP	-		15,000
Medium Term Note - 6.53% Due 07-08-03	NIP	-		15,000
Medium Term Note - 6.53% Due 07-08-03	NIP	-		5,000
TCO				
Unsecured Debt	TCO	-		17
WCE				
Unsecured Debt	WCE	-		25,675

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ITEM 5. INVESTMENTS IN SECURITIES OF NON SYSTEM COMPANIES

Investor	Investee	Type of Investment	% of Vote or Interest
CEB	Binghamton Cogeneration Limited Partnership* (a)	Limited Partnership	
CEBL	Binghamton Cogeneration Limited Partnership* (a)	Limited Partnership	
CES	NewPower Holding, Inc.	Common Shares	
CNR	Clarksburg Gas Limited Partnership* (b)	Limited Partnership	
HCC	PCI Associates*	Limited Partnership	
JOF	Chicago South Shore & South Bend Railroad Co. (c)	General Partnership	4
JOF	Illinois Indiana Development Company, L.L.C.*	LLC Membership	4
NDC	Bittersweet Pointe, L.P.*	Limited Partnership	9
NDC	Douglas Pointe Associates, L.P.*	Limited Partnership	9
NDC	Douglas Pointe II Associates, L.P.*	Limited Partnership	9
NDC	Douglas Pointe III Associates, L.L.C.*	Limited Partnership	9
NDC	Dunedin I, L.L.C.*	LLC Membership	9
NDC	Dunedin II, L.L.C.*	LLC Membership	9
NDC	Hebron Pointe, L.L.C.*	LLC Membership	9
NDC	House Investments - Midwest Corporate Tax Credit Fund, L.P.*	Limited Partnership	1
NDC	Kingsmill Development Co., L.L.C.*	Limited Partnership	9
NDC	Prestwick Square of Fort Wayne Associates, L.P.*	Limited Partnership	9
NDC	Robertson, L.L.C.*	LLC Membership	9
NDC	Woodland Crossing, L.L.C.*	LLC Membership	9
NDEV	N Squared Aviation, L.L.C.*	LLC Membership	3

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NET	Acumentrics Corporation	Common Shares	
NET	Capstone Turbine Corporation	Common Shares	
NET	CID Equity Capital III, L.P.* (a)	Limited Partnership	
NET	Corning Incorporated	Common Shares	
NET	Covance, Inc.	Common Shares	
NET	EnerTek Partners, LP*	Limited Partnership	1
NET	Evergreen Solar, Inc.	Common Shares	
NET	MOSAIC Energy, L.L.C.*	LLC Membership	3
NET	Nth Power Technologies Fund II, L.P.*	Limited Partnership	
NET	Nth Power Technologies Fund II-A, L.P.*	Limited Partnership	
NET	Distributed Energy Systems Corp (d)	Common Shares	
NET	Quest Diagnostics Incorporated	Common Shares	
NET	SunPower Corporation**	Preferred Shares	1
NET	Utech Climate Challenge Fund, L.P.*	Limited Partnership	1
NGS	MidTex Gas Storage Company, L.L.P.*	Limited Partnership	
NIFC	Bristol Resources Production Company, L.L.C.*	LLC Membership	6
NU	Boundary Gas, Inc. (a)	Common Shares	
SWP	The Wellingshire Joint Venture (c)	General Partnership	5
TCO	Millennium Pipeline Company, L.P.*	Limited Partnership	4
TCO	Millennium Pipeline Management Company, L.L.C. (e)*	LLC Membership	4

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ITEM 5. INVESTMENTS IN SECURITIES OF NON SYSTEM COMPANIES (continued)

* All investments shown as limited partnerships are limited partnership interests with no voting power. All LLC interests are in manager-managed LLC's in which NiSource is not the manager.

** The interest in the preferred shares are non-voting.

*** Confidential treatment requested.

(a) The following companies were dissolved during 2003:

Binghamton Cogeneration Limited Partnership
Boundary Gas, Inc.
CID Equity Capital III, L.P.

(b) The following companies were sold during 2003:

Clarksburg Gas Limited Partnership 8/28/03
PCI Associates 10/20/03
MidTex Gas Storage Company, L.L.P. 11/26/03

(c) NiSource does not consolidate either general partnership because it does not control either partnership, directly or indirectly and does not have an interest greater than 50%. All interests comprising these partnerships are general partnership interests.

(d) On 11/10/03 Proton Energy Systems, Inc. was renamed Distributed Energy Systems Corp.

(e) Millennium Pipeline Management Company, L.P. holds a 1% general partner interest in Millennium Pipeline Company, L.P.

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ITEM 6. OFFICERS AND DIRECTORS

PART I. NAMES, PRINCIPAL BUSINESS ADDRESS AND POSITIONS HELD AS OF DECEMBER 31, 2003

The names, principal address and positions held as of December 31, 2003 of the officers and directors of System companies is presented in the tables on the following pages. The principal business address of each officer and director is indicated in such tables by the numbers (1) through (23). The addresses associated with these number designations are shown in the following address key. The symbols used to indicate the positions held by officers and directors are shown in the position symbol key below.

Address:

1. 801 East 86th Avenue, Merrillville, Indiana 46410
2. 200 Civic Center Drive, Columbus, Ohio 43215
3. 12801 Fair Lakes, Parkway, Fairfax, Virginia 22030
4. 1500 165th Street, Hammond, IN 46324
5. 10 G Street, Suite 580, Washington DC 20002
6. Mintflower Place, 3rd Floor, 8 Par-La-Ville Road, Hamilton Bermuda HMNX
7. 67 Suncrest Terrace, PO Box 131, Colchester, Vermont, 05446
8. 2 Church Street, PO Box HM1022, Hamilton Bermuda HMDX
9. 5501 Frantz Road, Dublin Ohio 43215
10. 300 Friberg Pkwy, Westborough, Massachusetts 01581
11. 900 East Blvd, Kokomo, Indiana 46902
12. 220 E. Seventh Street, Auburn, Indiana 46706
13. 2001 Mercer Road, Lexington, Kentucky 40512
14. 1010 Sand Creek Drive, Chesterton, Indiana 46304
15. 650 Washington Road, Pittsburgh, Pennsylvania, 15228
16. 2603 Augusta, Houston, Texas, 77057
17. 995 Belmont Street, Brockton, Massachusetts 02301
18. 1700 MacCorkle Avenue, S.E. Charleston, West Virginia 25314
19. 48 Wall Street, New York, New York 10005
20. 8585 Broadway #301, Merrillville, IN 46410

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ITEM 6. OFFICERS AND DIRECTORS (continued)

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POSITION KEY CODE

AC - Assistant Controller
AD - Alternate Director
AS - Assistant Secretary
AT - Assistant Treasurer
C - Controller
CAO - Chief Accounting Officer
CEO - Chief Executive Officer
CFO - Chief Financial Officer
CIO - Chief Information Officer
COB - Chairman of the Board
COO - Chief Operating Officer
D - Director
EVP - Executive Vice President
GC - General Counsel
GM - General Manager
MGF - Master Gas Fitter
MGP - Master Gas Plumber
P - President
PB - Principal Broker
S - Secretary
SVP - Senior Vice President
T - Treasurer
VC - Vice Chairman
VP - Vice President

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	BSG	BSGPE	NU
Charles E. Shafer II (2)	VP		VP
Daniel D. Gavito (1)	VP	VP	VP
Danny G. Cote (10)	D, GM	D, GM	D, GM
David A. Monte (2) (2)	VP	VP	VP
David J. Vajda (1)	VP, T	VP, T	VP, T
Edward A. Santry (15)	VP	VP	VP
Francis Corkery (17)	MGF, MGP		
Gail W. Harowski (1)	VP		VP
Gary W. Pottorff (1)	S	S	S
James H. Keshian (10)	AS	AS	AS
Jeffrey W. Grossman (1)	VP	VP	VP
John M. O'Brien (2)	AC	AC	AC

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M. Carol Fox (2)	VP	VP	VP
Meg A. Brown (2)	VP	VP	VP
Robert G. Kriner (2)	C	C	C
Scott C. MacDonald (1)	VP		VP
Stephen H. Bryant (10)	D, P	D, P	D, P
Timothy J. Tokish Jr. (2)	VP	VP	VP
Vincent V. Rea (1)	AT	AT	AT
Violet Sistovaris (1)	VP	VP	VP

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	CG	CAR	CAT	CDW
David J. Vajda (1)	VP, T	VP, T	VP, T	VP, T
Gary W. Pottorff (1)	S	S	S	S
Glen L. Kettering (3)				D, P
James W Hart, Jr. (16)				VP
Jeffrey W. Grossman (1)	VP	VP	VP	VP
John M. O'Brien (2)	AC	AC	AC	AC
Karen D. Townsend (3)				C
Michael W. O'Donnell (1)	D, P	D, P	D, P	D
Stephen P. Adik (1)	D	D	D	
Vincent H. DeVito (2)	C	C	C	
Vincent V. Rea (1)	AT	AT	AT	AT

NAME	CRC	CES
David J. Vajda (1)	VP, T	VP, T

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Gary W. Pottorff (1)	S	S
Jeffrey W. Grossman (1)	P	D, VP
John M. O'Brien (2)	AC	AC
Michael W. O'Donnell (1)	D	D, P
Sherry H. Gavito (1) (1)		D
Stephen P. Adik (1)	D	
Vincent H. DeVito (2)	C	C
Vincent V. Rea (1)	AT	AT

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	CNS	CMC
Alan D. Burns (18)	P	P
David J. Vajda (1)	VP, T	VP, T
John M. O'Brien (2)	AC	AC
Richard N. Farmer (18)		AS
Gary W. Pottorff (1)	S	S
Glen L. Kettering (3)	D	D
Jeffrey W. Grossman (1)	VP	VP
Michael W. O'Donnell (1)	D	D
Rene P. Dartez (16)	VP	VP
Victor M. Gaglio (18)	VP	VP
Vincent H. DeVito (2)	C	C
Vincent V. Rea (1)	AT	AT

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ITEM 6. OFFICERS AND DIRECTORS (continued)

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NAME	CKY	CMD	COH	CPA	CGV	NEST
Charles E. Shafer II (2)	VP	VP	VP	VP	VP	
Daniel D. Gavito (1)	VP	VP	VP	VP	VP	
David A. Monte (2)	VP	VP	VP	VP	VP	
David J. Vajda (1)	VP, T	VP, T	VP, T	VP, T	VP, T	VP, T
Edward A. Santry (15)		VP		VP	VP	
Gail W. Harowski (1)	VP	VP		VP	VP	
Gary W. Pottorff (1)	S	S	S	S	S	S
Jeffrey W. Grossman (1)	VP	VP	VP	VP	VP	VP
Douglas G. Borrer (9)			D			
Charlotte P. Kessler (1)			D			
Joel L. Hoelzer (2)	VP		VP			
John M. O'Brien (2)	AC	AC	AC	AC	AC	AC
John W. Partridge, Jr. (2)			D, P			D, P
Joseph W. Kelly (13)	D, P					
Kathleen O'Leary (3)					D, P	
M. Carol Fox (2)	VP	VP	VP	VP	VP	
Mark D. Wyckoff (1)	D, GM		D, GM			D, GM
Meg A. Brown (2)		VP	VP	VP	VP	
Mike A. Huwar (2)						
Peggy H. Landini (1)		D, GM		D, GM	D, GM	
Robert G. Kriner (2)	C	C	C	C	C	
Terrence J. Murphy (15)		D, P		D, P		
Timothy J. Tokish, Jr. (2)	VP	VP	VP	VP	VP	
Vincent H. DeVito (2)						C
Vincent V. Rea (1)	AT	AT	AT	AT	AT	AT
Violet Sistovaris (1)	VP	VP	VP	VP	VP	

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	EUII	EUIME	EUC
David J. Vajda (1)	VP, T	VP, T	VP, T
Gary W. Pottorff (1)	S	S	S
James H. Keshian (10)		AS	
Jeffrey W. Grossman (1)	VP	VP	VP
John M. O'Brien (2)	AC	AC	AC
Joel L. Hoelzer (2)	VP		
Peter T. Disser (1)	VP		
Sherry H. Gavito (1)		P	
Stephen P. Adik (1)	D, P	D	D, P
Vincent H. DeVito (2)	C	C	C
Vincent V. Rea (1)	AT	AT	AT

NAME	GSGT
Carl W. Levander (3)	VP
David J. Vajda (1)	VP, T
Edward A. Santry	VP
Gail W. Harowski (1)	VP
Gary W. Pottorff (1)	S
Glen L. Kettering (3)	D, P
James W. Hart, Jr. (16)	VP
Jeffrey W. Grossman (1)	VP
John M. O'Brien (2)	AC
Karen D. Townsend (3)	C
Michael D. Watson (3)	VP
Reed D. Robinson (18)	VP

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Victor M. Gaglio ((18)	VP
Vincent V. Rea (1)	AT
William Harris Marple (18)	D

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	IWCR	IWC	HWC	IRAC	IWCM	DWWC	LWAC
David J. Vajda (1)	VP, T	VP, T	VP, T	VP, T	VP, T	VP, T	VP, T
Gary W. Pottorff (1)	S	S	S	S	S	S	S
Jeffrey W. Grossman (1)	VP	VP	VP	VP	VP	VP	VP
John M. O'Brien (2)	AC	AC	AC	AC	AC	AC	AC
Samuel W. Miller Jr. (1)	D	D	D	D	D	D	D
Sherry H. Gavito (1)	P	P	P	P	P	P	P
Vincent H. DeVito (2)	C	C	C	C	C	C	C
Vincent V. Rea (1)	AT	AT	AT	AT	AT	AT	AT

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	KOKO	KGF	NIFL	NITC	SWP
Charles E. Shafer II (2)	VP		VP		
Daniel D. Gavito (1)	VP		VP		
David A. McFatridge (11)	VP, GM	VP, GM			
David A. Monte (2)	VP	VP	VP	VP	
David J. Vajda (1)	VP, T	VP, T	VP, T	VP, T	VP, T
David W. Fox (11)	AS, AT	AS, AT			

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Donald D. Grogg (12)			AS, AT	AS, AT	
Edward F. Hemingway III (12)			VP		
Gail W. Harowski (1)	VP	VP	VP	VP	
Gary W. Pottorff (1)	S	S	S	S	S
H. Phillip Conrad Jr. (1)	D, P	D, P	D, P	D, P	
Jeffrey W. Grossman (1)	VP	VP	VP	VP	VP
Jerry L. Godwin (1)					D
Joel Hoelzer (2)	VP	VP	VP	VP	
John M. O'Brien (2)	AC	AC	AC	AC	AC
Kenneth P. Foley Jr. (1)	D, GM	D, GM	D, GM	D, GM	D, GM
Linda E. Miller (1)	C	C	C	C	
M. Carol Fox (2)	VP	VP	VP	VP	
Mark T. Maassel (1)	D	D	D	D	D, P
Meg A. Brown (2)	VP	VP	VP	VP	
R. Douglas Walker (4)		VP		VP	
Vincent H. DeVito (2)					C
Vincent V. Rea (1)	AT	AT			AT
Violet Sistovaris (1)	VP	VP	VP	VP	

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	NICL	NIFC	NITEX	NESI
Arthur A. Paquin (1)	D			
Charlene M.A. Washburn (6)	D			
David J. Vajda (1)	AD, VP, T	VP, T	VP, T	VP, T
Dawna Ferguson (6)	AS			
Gary W. Pottorff (1)	AS	S	S	S
Graham Lamb (6)	AD			

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Jeffrey W. Grossman (1)	D, P	VP	VP	VP
John M. O'Brien (2)		AC	AC	AC
Kathryn Westover (7)	D			
Michael Ashford (8)	S			
Michael W. O'Donnell (1)				D
Patrick Theriault (7)	D			
Samuel W. Miller Jr. (1)				D
Sherry H. Gavito (1)		D, P	P	P
Stephen P. Adik (1)		D	D	
Timothy R. Bucci (1)	D, VP			
Vincent H. DeVito (2)		C	C	C
Vincent V. Rea (1)		AT	AT	AT

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	NPM	NDEV	CARD	LEL	SCC	JOF	NDC
David J. Vajda (1)	VP, T	VP, T	VP, T	VP, T	VP, T	VP, T	VP, T
David A. Kelly (2)		VP		D	D		
Gary W. Pottorff (1)	S	S	S	S	S	S	S
Jeffrey W. Grossman (1)	VP	VP	VP	VP	VP	VP	VP
Jerry D. Mobley (13)				P	P		
John M. O'Brien (2)	AC	AC	AC	AC	AC	AC	AC
John M. Palmer (14)				C	C		
Michael W. O'Donnell (1)	D, P						
Patricia K. Locascio (1)			GM, PB				GM
Stephen P. Adik (1)		D, P	D, P			D, P	D, P
Vincent H. DeVito (2)	C	C	C			C	C
Vincent V. Rea (1)	AT	AT	AT	AT	AT	AT	AT

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NAME	NCM	NFC
David J. Vajda (1)	VP, T	VP, T
Gary W. Pottorff (1)	S	S
Jeffrey W. Grossman (1)	VP	VP
John M. O'Brien (2)	AC	AC
Michael W. O'Donnell (1)	D, P	D, P
Stephen P. Adik (1)	D	D
Vincent H. DeVito (2)	C	C
Vincent V. Rea (1)	AT	AT

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	NIP	CAA	NET	NRC	NRS
Charles E. Shafer II (2)	VP				
Daniel D. Gavito (1)	VP				
David A. Monte (2)	VP				
David J. Vajda (1)	VP, T	VP, T	VP, T	D, VP, T	VP, T
Gail W. Harowski (1)	VP		VP		
Gary W. Pottorff (1)	S	S	S	S	S
Jeffrey W. Grossman (1)	VP	VP	VP	VP	VP
Jerry L. Godwin (1)	D, VP, COO				
Jerome B. Weeden (1)	VP				
Joel L. Hoelzer (2)	VP		VP		VP
John M. O'Brien (2)	AC	AC	AC	AC	AC
Kenneth P. Foley Jr. (1)	D, GM				
Linda E. Miller (1)	C			C	

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M. Carol Fox (2)	VP				
Mark T. Maassel (1)	D, P				
Meg A. Brown (2)	VP				
Michael L. Zdyb (1)		VP			
Michael W. O'Donnell (1)			D, P		
Mitchell E. Hershberger (1)		C			
Orlando Figueroa (19)			D		
Peter T. Disser (1)		VP			
Robert G. Kriner (2)		C			C
Samuel W. Miller Jr. (1) Jr.		D	D		D
Scott C. MacDonald (1)	VP	P			D, P
Sherry H. Gavito (1) (1)					D
William M. O'Malley (1)	VP				
Violet Sistovaris (1)	VP				
Vincent V. Rea (1)	AT	AT	AT	AT	AT
Vittorio E. Pareto (1)					VP

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	NCS	NI
Arthur A. Paquin (1)	VP	VP
Arthur E. Smith Jr. (1)	SVP	SVP
Arthur J. Decio (1)		D
Barbara S. McKay (1)	VP	VP
Carolyn Y. Woo (1)		D
Charles E. Shafer II (2)	VP	
Daniel D. Gavito (1)	VP	
David A. Kelly (2)	VP	VP
David J. Vajda (1)	VP, T	VP, T

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Dennis E. Foster (1)		D
Dennis E. Senchak (1)	VP	VP, AT, AS
Edward A. Santry (15)	VP	
Gail W. Harowski (1)	VP	
Gary L. Neale (1)	D, COB, P, CEO	D, COB, P, CEO
Gary W. Pottorff (1)	S	S
Genevieve A. Tuchow (2)	VP	
Ian M. Rolland (1)		D
Jeffrey W. Grossman (1)	VP	VP, C, COA
Joel L. Hoelzer (2)	VP	
John M. O'Brien (2)	AC	
John W. Thompson (1)		D
Karen A. Lohss(1)	VP	
Karl Brack (18)	VP	
Kenneth P. Foley Jr. (1)	VP	
Kristen L. Falzone-Scott (1)	VP	
M. Carol Fox (2)	VP	
Mark D. Wyckoff (1)	SVP	SVP
Michael W. O'Donnell (1)	EVP, CFO	EVP, CFO

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME CONT'D	NCS CONT'D	NI CONT'D
Patricia M. Lawicki	VP, CIO	
Paul J. Newman (1)	VP	
Peter V. Fazio Jr. (1)	EVP, GC	EVP, GC
Rebecca T. Sczudlo (5)	VP	
Robert J. Welsh (20)		D

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Robert C. Skaggs Jr. (1)	EVP	EVP
Robert D. Campbell (1)	VP	
Roger A. Young (1)		D
Ronald G. Plantz (1)	AC	
S. LaNette Zimmerman (1)	EVP	EVP
Samuel W. Miller Jr. (1)	EVP, COO	EVP, COO
Scott C. MacDonald (1)	VP	
Sherry H. Gavito (1) (1)	VP	
Stephen P. Adik (1)	D, VC	D, VC
Steven A. Barkauskas (1)	VP	
Steven C. Beering (1)		D
Timothy J. Tokish, Jr. (2)	VP	
Vincent H. DeVito (2)	C	
Vincent V. Rea (1)	AT	
Violet Sistovaris (1)	VP	

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ITEM 6. OFFICERS AND DIRECTORS (continued)

NAME	TCO	CGT	CROSS
Carl W. Levander (3)	VP	VP	VP
David J. Vajda (1)	VP, T	VP, T	VP, T
Edward A. Santry (15)	VP	VP	
Gail W. Harowski (1)	VP	VP	VP
Gary W. Pottorff (1)	S	S	S
Glen L. Kettering (3)	D, P	D, P	D, P
James W Hart, Jr. (16)	VP	VP	VP
Jeffrey W. Grossman (1)	VP	VP	VP
Joel L. Hoelzer (2)			VP
John M. O'Brien (2)	AC	AC	AC

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Karen D. Townsend (3)	C, AT	C	C, AT
Michael D. Watson (3)	VP	VP	VP
Reed D. Robinson (18)	VP	VP	VP
Richard N. Farmer (18)	AS	AS	AS
Victor M. Gaglio (18)	VP	VP	VP
Vincent V. Rea (1)	AT	AT	AT
William Harris Marple (18)	D, VP	D, VP	D, VP

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NAME	TPC	PEI	WCE	WLC
David J. Vajda (1)	VP, T	VP, T	VP, T	VP, T
Gail W. Harowski (1)	VP	VP	VP	
Gary W. Pottorff (1)	S	S	S	S
Jeffrey W. Grossman (1)	VP	VP	VP	VP
Joel L. Hoelzer (2)	VP	VP	VP	VP
John M. O'Brien (2)	AC	AC	AC	AC
Mitchell E. Hershberger (1)	C	C	C	C
Peter T. Disser (1)	VP	VP	VP	VP
R. Douglas Walker (4)	VP			
Samuel W. Miller Jr. (1)	D	D	D	
Vincent V. Rea (1)	AT	AT	AT	AT

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ITEM 6. OFFICERS AND DIRECTORS (continued)

PART II. FINANCIAL CONNECTIONS AS OF DECEMBER 31, 2003

Name of Officer	Name and Location of Financial Instit
-----------------	---------------------------------------

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Gary L. Neale, Director and Chairman, President and CEO
of NiSource, Inc.

Mercantile Nat'l. Bank - Hammond,

Robert J. Welsh, Director of NiSource, Inc.

Mercantile Nat'l. Bank - Hammond,

Name of Officer	Position Held	Applicable Exemption
Gary L. Neale, Director and Chairman, President and CEO of NiSource, Inc.	Director	Rule 70(c)
Robert J. Welsh, Director of NiSource, Inc.	Director	Rule 70(c)

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ITEM 6. OFFICERS AND DIRECTORS (continued)

PART III(a). COMPENSATION OF OFFICERS AND DIRECTORS

EXECUTIVE COMPENSATION

OFFICER NOMINATION AND COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Officer Nomination and Compensation Committee's compensation policy is designed to relate total compensation (base salary, annual incentives and long-term stock-based compensation) to corporate performance, while remaining competitive with the compensation practices of competitors and, to a lesser extent, general industry. This policy applies to all of the Named Officers, including the Chief Executive Officer, as of December 31, 2003. The Committee discusses and considers executive compensation matters, then makes recommendations to the full board of directors, which takes the final action on these matters. The board accepted all of the Committee's recommendations in 2003. Commencing January 23, 2004, all Chief Executive Officer compensation decisions will be made by the Committee.

The Committee has engaged Hewitt Associates, an independent compensation consulting firm, to advise it and provide surveys of comparative compensation practices for (1) a group of energy-oriented companies, including gas, electric or combination utility companies, diversified energy companies and companies with gas marketing, transmission and distribution operations and energy services operations, and (2) a diversified group of companies representing general industry. The 2003 executive compensation comparative groups consisted of 35 and 36 companies, respectively, from which data was available to Hewitt and which the Committee believed to be competitors of the Company for executive talent. The comparative compensation groups include some, but not all, of the companies that make up the Dow Jones Utilities Index used in the Stock Price Performance Graph and consist of a larger number of companies than contained in the index. The Committee may change the companies contained within the comparative compensation groups in future years if information about any company included in a group is not available, any companies included in a group are no longer competitors for executive talent, or if the Committee determines that different energy or other types of companies are competitors of the Company.

The Committee considers the surveys and advice provided by Hewitt in determining base salary, annual incentives and long-term stock-based compensation. The

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Committee's philosophy is to set base salaries and performance-based variable compensation in the form of annual incentives under the Annual Incentive Plan between the 50th and 75th percentile of the energy and general industry comparative groups. The annual cash-based compensation is supplemented with restricted or contingent stock awards and option grants under the Long-Term Incentive Plan, again between the 50th and 75th percentile of the comparative groups, to emphasize long-term stock price appreciation and the concomitant increased stockholder value. The mix of compensation allows an executive's annual total compensation to fluctuate according to the Company's financial performance and value delivered to stockholders. In 2003, the target for total compensation of the executive officers was set between the 50th and the 75th percentile of the relevant comparative compensation group.

In establishing Mr. Neale's base salary for 2003, the Committee reviewed information provided by Hewitt regarding chief executive officer compensation practices of comparable utility and energy companies. The Committee determined that Mr. Neale's base salary would be set between the 50th and 75th percentile of salaries in the comparative group, giving regard to Mr. Neale's proven abilities and strong performance with the Company since joining it as Executive Vice President and Chief Operating Officer in 1989. As with the other executive officers, the target for Mr. Neale's total compensation was set between the 50th and the 75th percentile of the relevant comparative compensation group, dependent on the Company's financial performance. As with the other executives, Mr. Neale's annual incentive under the Annual Incentive Plan was based on the Company's performance against certain financial performance targets established by the Committee. As part of his total compensation package Mr. Neale also received stock options and contingent stock in 2003 under the Company's Long-Term Incentive Plan. Because the value of the options and contingent stock is a function of the price growth of the Company's stock, the amount Mr. Neale would realize from his options and contingent stock is directly related to increases in shareholder value.

The Committee determines annual incentive targets for all executive officers in accordance with the Annual Incentive Plan. Annual incentives awarded to each

ITEM 6. OFFICERS AND DIRECTORS (continued)

of the Named Officers (including the Chief Executive Officer) are based on overall corporate performance, rather than individual performance of the executive. The Annual Incentive Plan establishes a trigger amount of financial performance (below which no annual incentive is paid) and a maximum level (above which no additional annual incentive is paid). Additionally, a profit sharing contribution of between 0.5% and 1.5% of an employee's eligible earnings may be made to an employee's account in the Company's 401(k) Savings Plan on behalf of all eligible employees, including the executive officers, based on the identical overall corporate financial performance measure.

In 2003, the trigger was based on income from continuing operations (after accounting for the cost of the incentive plan). The range of awards and levels of awards (as a percent of base salary), if the financial performance trigger was achieved, were as follows:

	Incentive at Trigger	Incentive
Chief Executive Officer	40.0%	120

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Vice Chairman	35.0%	105
Executive Vice President, Chief Operating Officer	35.0%	105
Other Executive Vice Presidents and Senior Vice President	32.5%	97
Executive Vice President, Regulated Revenue	30%	
Other Vice Presidents	25.0%	75

For 2003, the Company exceeded the trigger amount of income from continuing operations, resulting in payments under the Annual Incentive Plan to most of the Company's employees and to the executive officers. In February and March 2004, the incentive payments were made amounting to approximately 118% of the trigger amounts and profit sharing contributions to the Company's 401(k) Savings Plan accounts were made at slightly above the trigger level of 0.5%.

Under the Long-Term Incentive Plan, the Committee may award stock options, stock appreciation rights, performance units, restricted stock awards, and contingent stock awards. The Committee considers base salaries of the executive officers, prior awards under the Long-Term Incentive Plan, and the Company's total compensation target in establishing long-term incentive awards. For purposes of determining the number of options and/or shares to be granted to reach total target compensation, options granted to executive officers are valued, at the time of the grant, using the Black-Scholes option pricing model, and restricted stock awards and contingent stock awards granted to executive officers are valued using Hewitt's present value pricing model. In 2003, stock options and restricted or contingent stock were awarded to each of the Named Officers, and the number of awards of options and restricted or contingent stock granted to each Named Officer was based on the aforementioned considerations. The compensation value of stock options and the restricted and contingent shares depends on actual stock price appreciation.

ITEM 6. OFFICERS AND DIRECTORS (continued)

The Committee's compensation policy is designed to ensure that the executives' total compensation packages align with and support the Company's business objectives while also aligning the interests of the executive officers with the interests of its stockholders. In that regard, the Committee believes that compensation packages should emphasize long-term growth and stability, while continuing to provide shorter-term incentives. As such, the Company's long-term stock-based compensation is more focused on grants of restricted stock and contingent stock, with longer vesting and holding periods as compared with stock options. The target ratio of the value of the contingent or restricted stock awards to option grants for 2003 was approximately 75% to 25%.

Beginning in 2003, grants of restricted and contingent stock under the Long Term Incentive Plan were made pursuant to a new Time Accelerated Restricted Stock Award Program ("TARSAP"). Restrictions with respect to the TARSAP awards will lapse six years from the date of the grant; however, if at the end of a three-year performance cycle the Company meets both a peer group target (a 60th percentile for relative total stockholder return ranking) and an absolute target (a 12% annualized compound total stockholder return), the restrictions with respect to the awards will lapse on the third anniversary of the date of the grant. The TARSAP program provides a compensation component that encourages stable, long-term growth and aligns the interests of the executives with that of the stockholders. For the three-year performance cycle commencing on January 1, 2003, the peer-group-relative performance target was based on a total stockholder return ranking within the 60th percentile and the absolute target was set at an annualized compound total stockholder return of at least 12%.

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Section 162(m) of the Internal Revenue Code provides that annual compensation in excess of \$1,000,000 paid to the chief executive officer or any of the other Named Officers, other than compensation meeting the definition of "performance based compensation," will not be deductible by a corporation for federal income tax purposes. Because a significant portion of total compensation is performance-based and certain executives have agreed to limitations on the amount of grants under the Long-Term Incentive Plan which can vest in any year, the Committee does not anticipate that the limits of Section 162(m) will materially affect the deductibility of compensation paid by the Company in 2003. However, the Committee will continue to review the deductibility of compensation under Section 162(m) and related regulations.

The Committee believes that its overall executive compensation program has been successful in providing competitive compensation sufficient to attract and retain highly qualified executives, while at the same time encouraging the executive officers to strive toward the creation of additional stockholder value.

OFFICER NOMINATION AND COMPENSATION COMMITTEE

March 18, 2004
 Steven C. Beering, Chairman
 Arthur J. Decio
 Robert J. Welsh

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ITEM 6. OFFICERS AND DIRECTORS (continued)

COMPENSATION OF EXECUTIVE OFFICERS

SUMMARY. The following table summarizes compensation for services to NiSource and its subsidiaries for the years 2003, 2002 and 2001 awarded to, earned by or paid to the Chief Executive Officer, the four other most highly compensated executive officers as of December 31, 2003 (collectively these individuals constitute the "Named Officers").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation (1)			Long-Term Awards
		Salary (\$)	Bonus (\$)(2)	Other annual compen- sation (\$)(3)	Restricted Stock Award(s) (\$)(4)
Gary L. Neale, Chairman, President and Chief Executive Officer	2003	950,000	436,050	62,620	4,586,120
	2002	950,000	361,000	105,943	-
	2001	950,000	0	9,774	-
Stephen P. Adik, (7) Vice Chairman	2003	500,000	650,500	112,669	1,665,880
	2002	500,000	166,250	7,174	-
	2001	500,000	0	4,337	-

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Samuel W. Miller, Jr	2003	500,000	200,500	0	815,720
Executive Vice President and	2002	166,666	166,550	-	204,387 (8)
Chief Operating Officer	2001	-	-	-	-
Michael W. O'Donnell	2003	400,000	149,200	0	897,300
Executive Vice President and	2002	400,000	123,500	12,183	-
Chief Financial Officer	2001	400,000	0	2,385,937 (9)	-
S. LaNette Zimmerman	2003	325,000	121,225	0	565,340
Executive Vice President,	2002	304,166	98,000	2,583	-
Human Resources and	2001	291,650	0	11,870	-
Communications					

- (1) Compensation deferred at the election of the Named Officer is reported in the category and year in which such compensation was earned.
- (2) All bonuses are paid pursuant to the Annual Incentive Plan, except for a portion of the bonus paid to Mr. Adik upon his retirement in 2003. Mr. Adik's bonus included a retirement bonus of \$450,000 in recognition of Mr. Adik's numerous years of service and contributions to the Company. For further discussion of the bonuses paid in 2003 please refer to the Officer Nomination and Compensation Committee Report on Executive Compensation.

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ITEM 6. OFFICERS AND DIRECTORS (continued)

- (3) The 2003 amount for Mr. Neale includes \$10,462 for financial advisory services, \$14,159 for fair market value gain resulting from the purchase of a company vehicle and \$9,479 for taxes paid by the Company as a result of such gain. The 2003 amount shown for Mr. Adik includes \$80,769 paid to Mr. Adik for unused vacation days accrued as of the date of his retirement on December 31, 2003. The 2002 amount shown for Mr. Neale includes \$73,076 paid to Mr. Neale to buy back unused vacation days. The 2001 amount for Mr. O'Donnell includes a relocation allowance of \$49,407 and a related tax allowance of \$40,793 as well as other amounts as described in note (8).
- (4) Represents restricted and contingent stock awarded under the Company's Time Accelerated Restricted Stock Award Program ("TARSAP") which began in 2003. The amounts shown are based on the closing sale price of the Company's common stock on December 31, 2002, as reported on the New York Stock Exchange Composite Transactions Tape. Vesting of restricted stock under the Long Term Incentive Plan in prior years were performance based and are shown under the Long-Term Incentive Plan Payouts column. See Note 5 below. As of December 31, 2003, the total shares outstanding under the TARSAP (including those shares held by the Named Officers) was 709,785 with an aggregate value of \$11,300,006.55, based on the Company's closing market price on such date (\$21.94). For more information regarding the restricted and contingent stock awards under the TARSAP please see the Long-Term Incentive Plan Table and its accompanying footnotes on page [22].
- (5) The payouts shown are based on the value, at date of vesting, of restricted stock awarded under the Long-Term Incentive Plan which vested during the years shown. Total shares of restricted stock and

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contingent stock held (assuming 100% vesting) and aggregate market value at December 31, 2003 (based on the closing sale price of the common stock on that date as reported on the New York Stock Exchange Composite Transactions Tape) for the Named Officers were as follows: Mr. Neale, 788,056 shares valued at \$17,289,949; Mr. Adik, 276,647 shares valued at \$6,069,635; Mr. O'Donnell, 76,928 shares valued at \$1,687,800; Mr. Miller, 51,042 shares valued at \$1,119,861; and Ms. Zimmerman, 65,525 shares valued at \$1,437,619. Dividends on the restricted stock are paid in cash to the Named Officers. Dividends on the contingent stock are paid in additional shares of contingent stock.

- (6) "All Other Compensation" represents Company contributions to the 401(k) Plan of \$6,094 for Mr. Neale, \$3,803 for Mr. Adik, \$2,600 for Mr. Miller, \$13,080 for Mr. O'Donnell, and \$16,315 for Ms. Zimmerman. The amount shown for Mr. Neale also includes \$3,856 term insurance costs for 2003 and for Mr. Adik also includes \$1,437 term insurance costs for 2003. The amount shown for 2003 for Mr. O'Donnell also includes \$13,000 paid by Columbia Energy Group to its Employee Savings Restoration Plan.
- (7) Mr. Adik was Vice Chairman until his retirement from that post on December 31, 2003. For a description of Mr. Adik's retirement agreement see the discussion under the heading "Change in Control and Termination Agreements" on page [23].
- (8) The amount shown represents a grant of restricted stock made to Mr. Miller in connection with the commencement of his employment with the Company. The amount shown is based on the closing sale price of the Company's common stock on September 1, 2002, as reported on the New York Stock Exchange Composite Transactions Tape.
- (9) The compensation reported represents perquisites and other personal benefits as discussed in note (3) as well as phantom stock units granted to Mr. O'Donnell pursuant to an agreement under which the Company established a phantom stock unit account for his benefit which consisted initially of 73,020 units in consideration of his acceptance of employment and 26,533 units in consideration of his willingness to enter into a non-competition agreement with the Company. A phantom stock unit is a unit whose value is related to the value of the common stock of the Company. Mr. O'Donnell is entitled to receive dividend equivalents with respect to the units in either cash or additional units. Upon termination of employment, Mr. O'Donnell (or his beneficiary) will be entitled to receive from the Company a cash distribution in an amount, with respect to each unit credited to his account, equal to the great