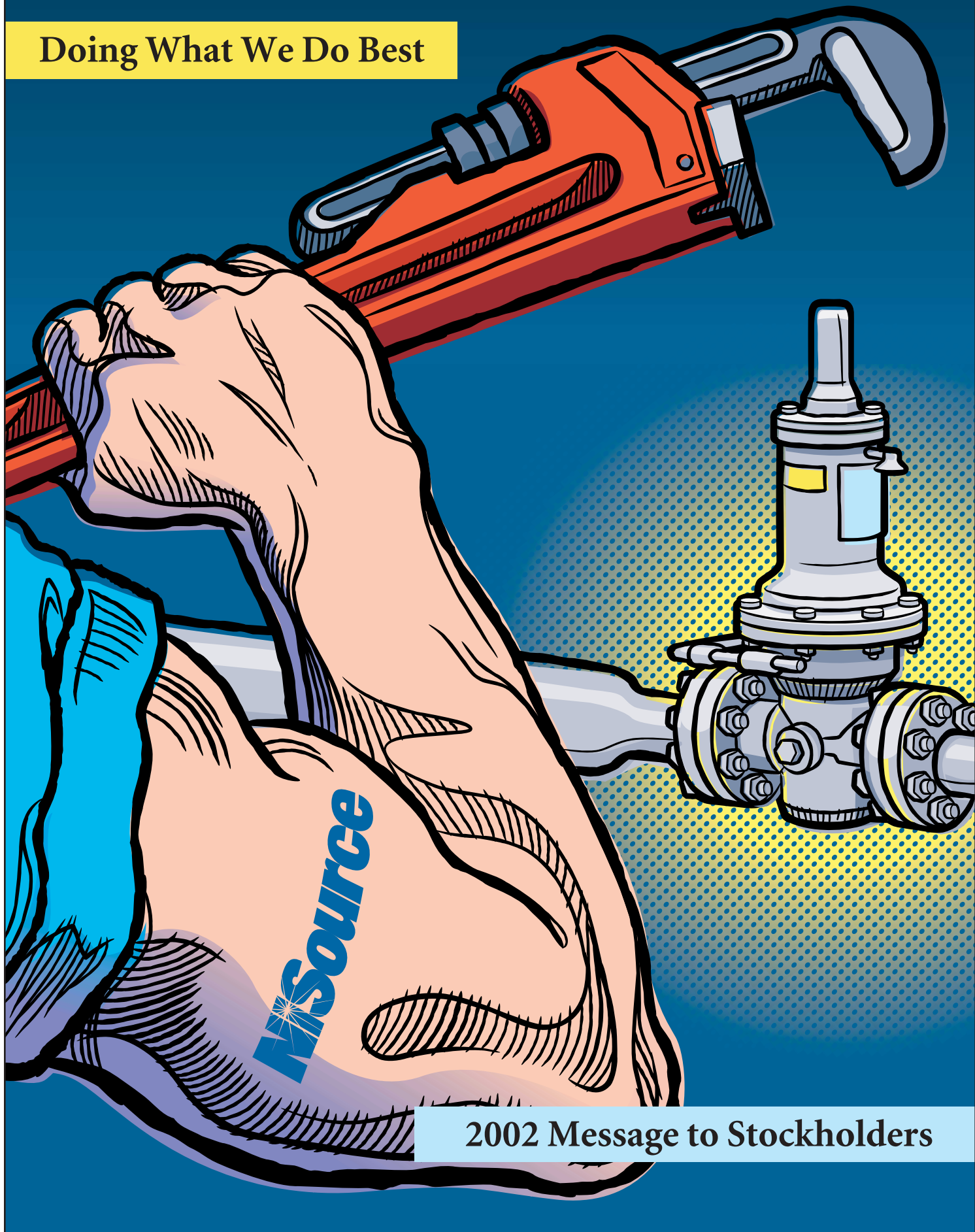


Doing What We Do Best



2002 Message to Stockholders

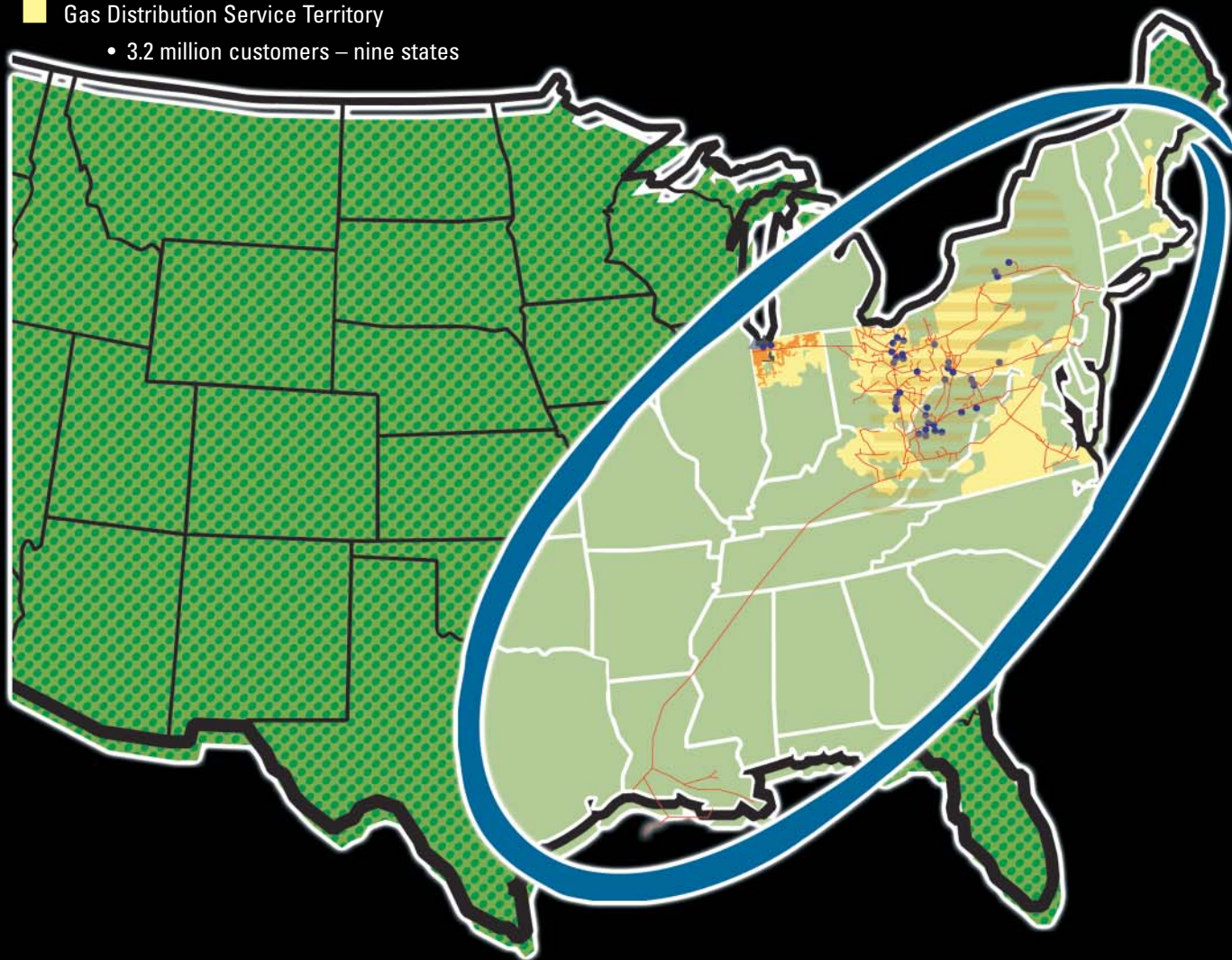
Strategic Location

- 30 percent of U.S. population, 40 percent of energy consumption

Third-Largest Gas Distribution Company in U.S.

■ Gas Distribution Service Territory

- 3.2 million customers – nine states



Fourth-Largest Gas Pipeline Company in U.S.

— Pipelines

- 16,062 miles interstate pipelines

One of the Largest Gas Storage Networks in U.S.

● Storage Facilities

- 670 billion cubic feet (Bcf) – market area

Gas Producer in the Appalachian Basin

≡ Exploration and Production

- 1.2 trillion cubic feet (Tcf) of proven gas reserves

Strategically Positioned Midwestern Electric Assets

■ Electric Distribution Territory

⌄ Electric Generation Facilities – six in Northern Indiana

- 3,400 megawatts (MW) of electric utility generation capacity
- Interconnected with five neighboring electric utilities

▲ Cogeneration Facilities – six in Northern Indiana

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NYSE: NI



Dear Fellow Stockholder:

A year ago, I informed you that 2002 would be very challenging in our industry and specifically for your company. I pledged that NiSource had a strategy to meet these challenges and emerge a stronger company.

I am proud to report we delivered on that strategy and on our commitments for 2002. NiSource achieved outstanding performance by doing what we do best – focusing on our core, regulated, asset-based businesses, which generate over 98 percent of our operating income.

As we addressed the continually evolving market dynamics, we made difficult corporate decisions and asked our employees to make some very real sacrifices. These tough, but necessary, actions helped us manage through a volatile energy marketplace and positioned us well to meet our objectives for 2003 and beyond.

Gary L. Neale

NiSource Chairman, President and
Chief Executive Officer

NiSource OFFICERS

Gary L. Neale

Chairman, President and
Chief Executive Officer

Stephen P. Adik

Vice Chairman

Samuel W. Miller Jr.

Executive Vice President and
Chief Operating Officer

Michael W. O'Donnell

Executive Vice President and
Chief Financial Officer

S. LaNette Zimmerman

Executive Vice President,
Human Resources and Communications

Peter V. Fazio Jr.

Executive Vice President
and General Counsel

Mark D. Wyckoff

President, Energy Technologies

Arthur E. Smith Jr.

Senior Vice President and
Environmental Counsel

Jeffrey W. Grossman

Vice President and Controller

David A. Kelly

Vice President, Real Estate

Barbara S. McKay

Vice President, Communications

Arthur A. Paquin

Vice President, Audit

Dennis E. Senchak

Vice President, Investor Relations,
Assistant Treasurer and Assistant
Secretary

David J. Vajda

Vice President and Treasurer

Gary W. Pottorff

Secretary

Our 2002 highlights included:

- Focusing on strengthening our balance sheet.
- Streamlining and integrating our operations.
- Implementing a new operations management team.
- Settling the 2-year-old Indiana electric rate review.
- Shedding non-core assets.
- Improving our corporate risk profile.

Our efforts were rewarded by the overwhelming success of our fourth-quarter equity offering, which raised \$735 million to pay down debt and garnered national attention as the most successful stock offering of 2002 in the energy industry. In fact, of approximately 20 energy companies that completed stock offerings during the year, in only two – NiSource (10.1 percent stock price increase) and Dominion (2.9 percent gain) – did the market react with an upswing in the company's stock price during the timeframe of the offering.

We have maintained investment-grade credit ratings by reducing leverage and improving liquidity while maintaining frequent communication with the credit rating agencies. During 2002, we reduced debt by \$1.4 billion, or about 7.6 percent of our capitalization, ending the year with total debt of \$7.2 billion, or 60.9 percent of total capitalization. Our short-term debt, which totaled \$913 million at year-end, has been completely paid off at the time of this writing, and our current available liquidity is over \$1 billion.

Meanwhile, as recent regulatory and legislative acts – such as Sarbanes-Oxley – supported heightened public scrutiny of corporate financial reporting in the wake of corporate scandals, we adhered to our tradition of full disclosure. NiSource has long had internal processes for review of financial results and established a reputation for integrity even before the new requirements were implemented. In fact, we scored eight out of a possible 10 points – compared to an industry average of seven out of 10 – on the Standard & Poor's (S&P)



NiSource Corporate Officers: (from left to right) Art Paquin, Sam Miller, Jeff Grossman, Dave Vajda, Peter Fazio, LaNette Zimmerman, Steve Adik, Mike O'Donnell, Dennis Senchak, Barbara McKay, Art Smith, Gary Pottorff and Dave Kelly (Mark Wyckoff is pictured on page 11 with his leadership team).

Transparency Index, a review of corporate governance practices among S&P's member companies.

You should feel confident that, in consultation with our new independent auditors, Deloitte & Touche LLP, we continue to review our practices to ensure we exceed stockholders' expectations of transparency.

Doing What We Do Best

Throughout 2002, we focused our business strategy on our core, regulated, asset-based businesses: natural gas transmission, storage and distribution; and electric generation, transmission and distribution. This focus on the strength of our core assets enables us to efficiently and effectively serve 3.2 million customers in the high-demand energy corridor stretching from Indiana to New England, and to operate the fourth-largest natural gas pipeline system in the United States.

We implemented a new operations management team, led by Sam Miller, who came on board in September as executive vice president and chief operating officer. Sam brings more than 20 years of

experience in operational redesign and corporate integration to NiSource, and has focused his team on running our operating companies efficiently while supplying superior customer service.

Our 10 gas distribution companies completed a broad redesign of customer-oriented processes. This reduced operating expenses significantly while maintaining strong customer satisfaction scores based on survey results of actual customer transactions.

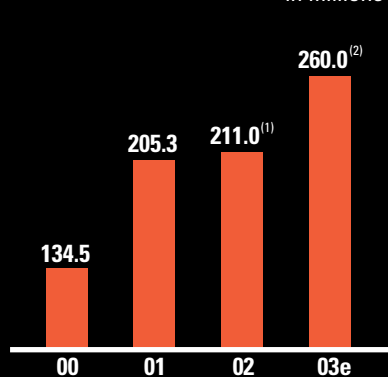
Our pipelines continued to integrate their unique network of transmission and market-area storage operations. Their competitive cost structure compares favorably with other pipeline systems stretching from the Gulf of Mexico to the Northeast.

Capital expenditures company-wide continued to decline as we took a disciplined approach that provides primarily for the maintenance and growth of our core natural gas and electric systems.

Last year, we decided to pull back from the merchant energy business, responding to changing market conditions before many of our peers took similar actions. We terminated a prospective energy marketing alliance and scaled back our already-limited energy marketing function by selling the bulk of EnergyUSA-TPC's gas marketing contracts.

Basic Average Shares Outstanding

in millions

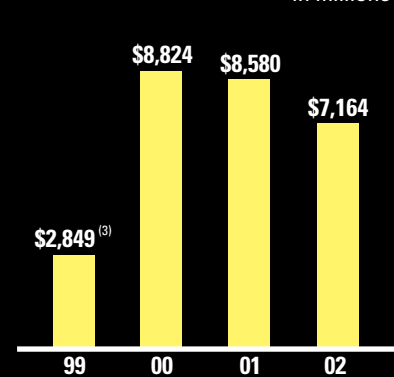


Dividend Growth



Capital Structure: Total Debt

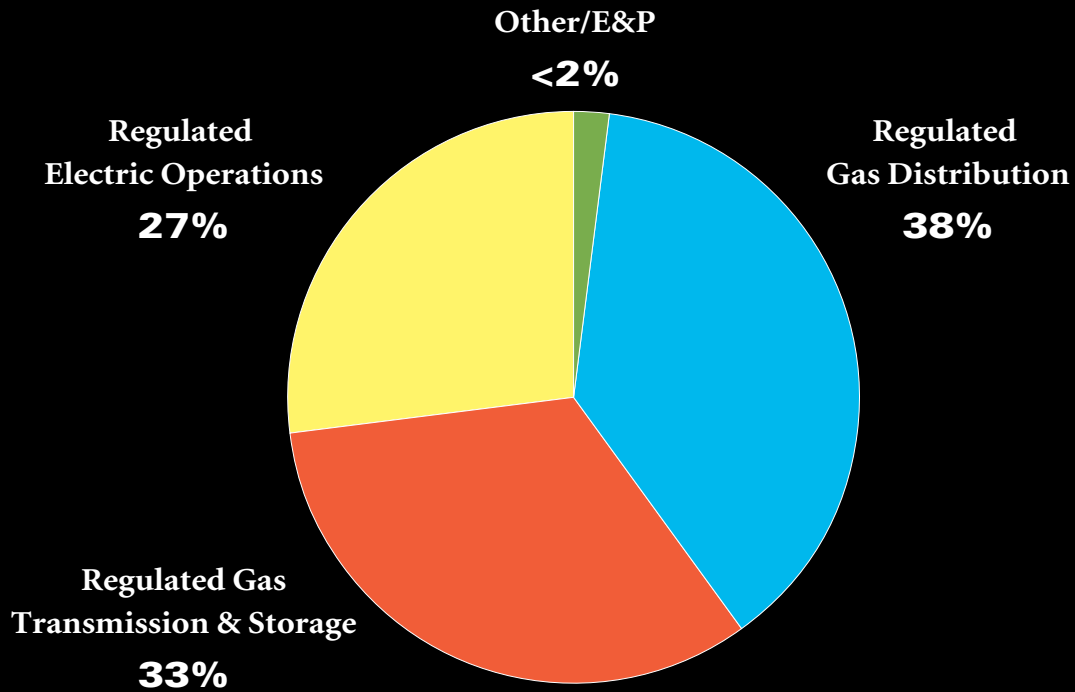
in millions



(1) Reflects equity issued in November 2002
 (2) Reflects conversion of PIES in February 2003

(3) Prior to acquisition of Columbia Energy Group

Doing What We Do Best: Over **98%** Regulated



Business Segment Operating Income

In 2002, NiSource focused its strategy on its core regulated, asset-based businesses: natural gas transmission, storage and distribution; and electric generation, transmission and distribution. Over 98 percent of the company's operating income is generated from regulated operations.

In late 2002, we began actively offering our gas exploration and production (E&P) business for sale. Although many parties have expressed interest in our E&P assets, to date only the offer of \$95 million cash for Columbia Natural Resources' (CNR) interest in a joint venture in New York state reflected what we considered to be fair market value. While we continue to actively seek opportunities to sell the remaining E&P assets, we are no longer investing in exploratory drilling. CNR is now focused on maximizing production from its remaining 1.2 Tcf of proven reserves.

Difficult **STRENGTH** Organizational Decisions

Our employees throughout the organization continued to focus their energy on customer service despite the uncertainty of a difficult economic environment. Due to 2001's disappointing financial performance, we did not award incentive payouts to the majority of exempt employees, nor did we grant merit increases to salaried exempt employees. We also eliminated hundreds of positions and took a hard look at all hiring requests.

These actions promoted efficiency and lowered costs. It was difficult for our entire company to see the departure of trusted and loyal colleagues who contributed much to our company and our industry. These changes, however, were necessary to adapt to an evolving market environment.

Additionally, we further refined our organization structure to improve productivity, better align our businesses and increase centralization of corporate support and transactional functions.

Our new leadership team brings broad experience and expertise in our core businesses, and is focused on creating energy value for stockholders, customers and employees. It is a testament to the strength of our company that our customers remain the focal point of what our 9,300 dedicated employees do every day.

You can learn more about them and our business units on pages 8 - 11 of our annual report.



Gary L. Neale

Chairman, President and
Chief Executive Officer
NiSource Inc.
Merrillville, Ind.

Stephen P. Adik

Vice Chairman
NiSource Inc.
Merrillville, Ind.

Dr. Steven C. Beering

President Emeritus
Purdue University
West Lafayette, Ind.

Arthur J. Decio

Chairman of the Board
and Director
Skyline Corporation
Elkhart, Ind.

Dennis E. Foster

Retired Vice Chairman
ALLTEL Corporation
Little Rock, Ark.

Ian M. Rolland

Retired Chairman and
Chief Executive Officer
Lincoln National
Corporation
Fort Wayne, Ind.

John W. Thompson

Chairman and Chief Executive Officer
Symantec Corp.
Cupertino, Calif.

Robert J. Welsh

Chairman and Chief Executive Officer
Welsh Holdings, LLC
Merrillville, Ind.

Dr. Carolyn Y. Woo

Martin J. Gillen Dean
and Ray and Milann Siegfried
Professor of Management
University of Notre Dame
Mendoza College of Business
Notre Dame, Ind.

Roger A. Young

Chairman
Bay State Gas Company
Westborough, Mass.

Regulatory & Environmental Initiatives

Several key regulatory decisions affected our performance in 2002. Most notably, Northern Indiana Public Service Company (NIPSCO) settled the 2-year-old Indiana Utility Regulatory Commission (IURC) electric rate review, resulting in \$55 million in credits to NIPSCO electric customers annually over the next four years. When approved by IURC in September, this outcome enabled NiSource to move forward with our long-expected equity offering.

IURC also approved a mechanism for NIPSCO to recover, over the next three years, costs associated with environmental compliance programs, such as the installation of nitrogen oxide pollution-reduction equipment at the company's generating stations.

Throughout our operations, we continued our record of environmental leadership. For the second consecutive year, NiSource was named to the prestigious Dow Jones Sustainability Indexes. We are one of only three U.S. energy companies to be included in this index, which tracks economic, environmental and social responsibility among the world's largest companies.



Returning Value to Stockholders

NiSource reported income from continuing operations for the year ended Dec. 31, 2002, of \$425.7 million, or \$2.02 per share, an increase of 92 cents per share over 2001 results. Net income for 2002 was \$372.5 million, or \$1.77 per share, an 88 percent increase over 2001.

Net income for 2002 reflects the impact of a non-cash charge to discontinued operations of \$51.3 million, or 24 cents per share, that was recognized in the fourth quarter as a result of our decision to exit the telecommunications business. NiSource acquired the telecommunications assets as part of the acquisition of the Columbia Energy Group in 2000. After two years of operating this business, we determined – based in part on a study by a third party – that it is not a viable business due to the overcapacity in the marketplace for dark fiber.

The considerable improvement in our operating results was attributable to revenue increases from colder weather during the fall heating season, warmer weather during the summer cooling season, and reduced expenses such as interest, operation and maintenance, depreciation, depletion and amortization resulting in part from the elimination of the amortization of goodwill.

Our 2002 results enabled us to achieve a dividend payout ratio consistent with our historical payout ratio of 60 percent to 70 percent. With a focused business strategy and strong liquidity, we are confident we can sustain the current dividend level of 29 cents per share, equivalent to \$1.16 on an annual basis. This is a positive position when many of our peers are being forced to eliminate or suspend their dividends to shore up their financial condition. Our board of directors will review our performance quarterly with an eye toward returning to the company's historic dividend growth pattern, when appropriate.

I am also pleased to note that NiSource was recently named to the Forbes Platinum 400, the magazine's annual listing of the "best big companies in America." This ranks us as one of the nation's leading organizations, and one of 28 energy companies that maintain the best balance of long- and short-term financial performance. Forbes compiles this list of premier blue chips using a composite score for return on capital, sales growth and earnings growth.



Well Positioned for 2003

As a leading transporter, storer and distributor of natural gas in key energy markets, your company is well positioned to take advantage of the 3 percent to 4 percent annual increases in demand for natural gas that the U.S. Energy Information Administration forecasts for 2003 and beyond. However, our country desperately needs a national energy policy that supports an increase in domestic natural gas supply to meet this demand. This is one of our nation's true domestic energy supply opportunities and, therefore, is critical to our economy as well as the environment. The issues to be faced in the future are supply sources and price volatility.

As a company, we generate our revenues on the "spin of the meter" when energy is delivered, not on commodity price. However, shortages of supply, whether actual or perceived, create price volatility that hurts our customers and therefore demand. Increase in supply can come from a variety of sources: opening lands for drilling, new pipelines –

such as the Alaskan pipeline – and new liquefied natural gas facilities, all of which require a progressive federal energy policy to materialize. Without this united national support, the future of natural gas and the critical role it plays as a clean burning domestic fuel in our economy is in jeopardy.

The early months of 2003 have brought normal winter weather for the first time in six years. This has resulted in higher throughput on our pipelines and increased gas usage among our distribution customers, compared with the previous two years since NiSource's acquisition of Columbia shifted our business mix to one focused primarily on the gas business. All of our companies' transportation and storage assets have worked extremely well during this peak usage period. Thanks to the outstanding work of our employees, we met the gas needs of our customers in, once again, a volatile market.

As 2003 unfolds, our company is facing increased operating expenses, including the first full year of credits to NIPSCO electric customers, and increased pension costs, insurance and tax expenses. We will mitigate these cost increases in 2003 by continuing to optimize revenue opportunities and manage to hold on to the cost reductions achieved throughout 2002. Most importantly, NiSource will continue to grow and deliver an attractive return to our stockholders.

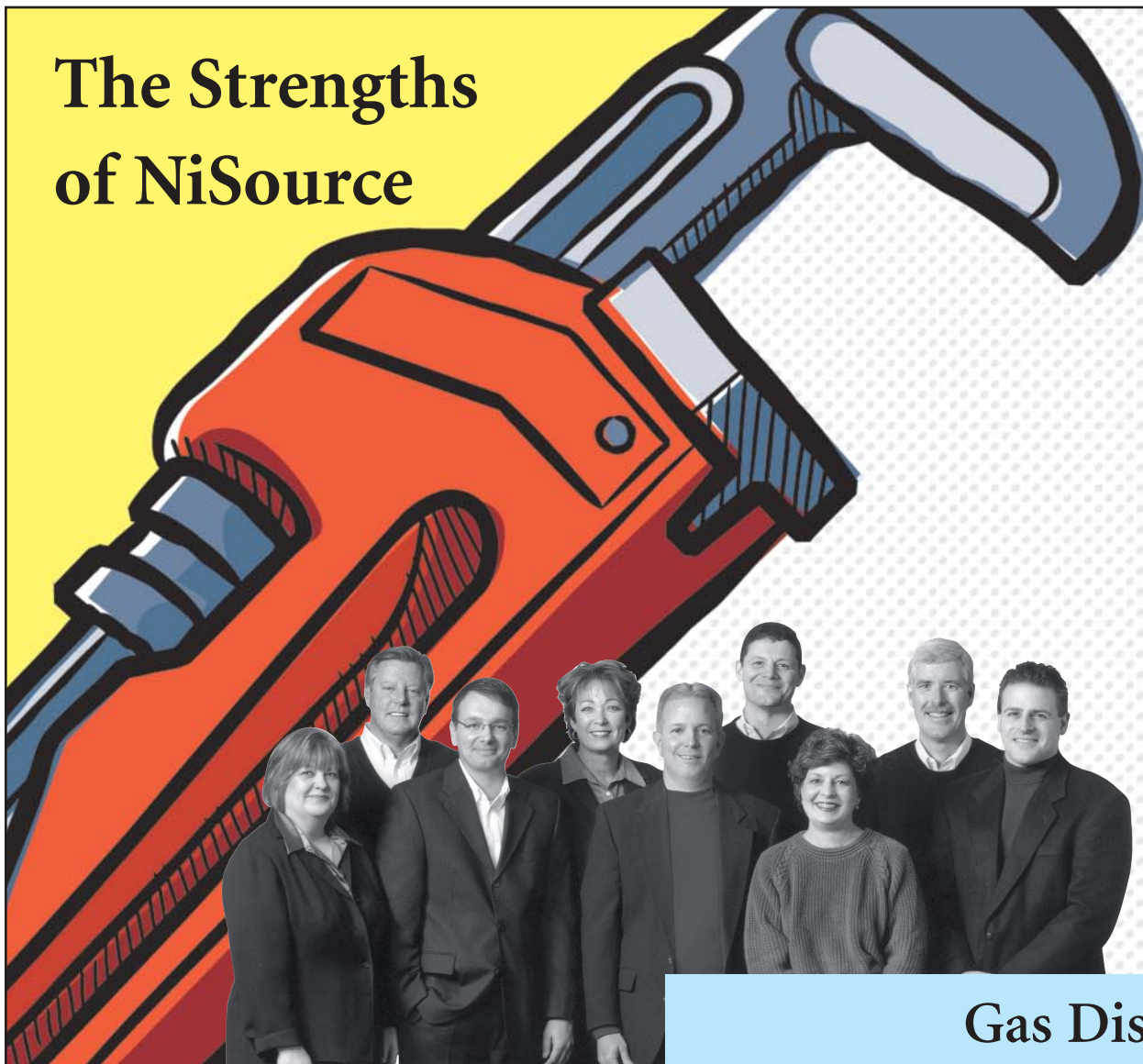
Last year, we said we would make it happen, and we did. I am confident we will deliver again in 2003. And I say that based on our focus, the strength of our assets, and our management and employee team. We will continue doing what we do best to be a leader in creating energy value.

I thank you for your continued support of NiSource.

A handwritten signature in black ink, reading 'Gary L. Neale'.

Gary L. Neale
Chairman, President and Chief Executive Officer
March 28, 2003

The Strengths of NiSource



Gas Distribution

Energy Distribution Leadership Team: (from left to right) Carol Fox, Jack Partridge, Tim Tokish, Meg Brown, Ed Santry, Mike Huwar, Gen Tuchow, Bob Skaggs—President and Dave Monte.

Bay State Gas Company
Columbia Gas of Kentucky, Inc.
Columbia Gas of Maryland, Inc.
Columbia Gas of Ohio, Inc.
Columbia Gas of Pennsylvania, Inc.
Columbia Gas of Virginia, Inc.
Kokomo Gas and Fuel Company*
Northern Indiana Fuel and Light Company, Inc.*
Northern Indiana Public Service Company*
Northern Utilities, Inc.

NiSource's portfolio of natural gas utilities serves more than 3.2 million residential, commercial and industrial customers in nine states. Annually, 1 trillion cubic feet of natural gas flows through more than 55,000 miles of pipeline.

A sophisticated corporate-wide gas supply organization assures unparalleled reliability and flexibility to provide safe, reliable supplies and delivery to all of our utilities. Keys to gas distribution's success include a diverse portfolio, innovative tariffs and regulatory structures.

Among its 2002 achievements:

- Quickly adopting efficient processes. Ten local distribution companies, operating in nine states, worked to maximize leadership direction. A mindset and culture of open communication and collaboration allowed its teams, which include many new leaders, to successfully step into new roles.
- Expanding a single "operational excellence" discipline across all of its distribution companies. Greater structural and functional consistency across companies, as well as centralized leadership, have enabled adoption of best practice processes across work groups in a speedy timeframe. The model includes a continuous improvement approach and an expansive emphasis, with significant workflow across traditional boundaries. Gas distribution is redefining excellent customer service through process excellence. Its goal is to provide predictable, reliable, consistent

and dependable customer service, interactions and transactions in all operating utilities.

- Using technology to get closer to its customers. Throughout many of its distribution companies, field technology infrastructure was expanded. An important aspect of the technology is "placing" employees closer to their work, which improves their responsiveness. Having mobile data terminals in virtually all field operations' vehicles means more employees now have the ability to send and receive real-time information, including electronic receipt and execution of daily work assignments. Employee usage of mobile data terminals spans key functions that include customer service, pipeline infrastructure and revenue recovery.

* For SEC reporting purposes, Kokomo Gas and Fuel Company, Northern Indiana Fuel and Light Company, Inc. and Northern Indiana Public Service Company are in gas distribution, but organizationally are part of Northern Indiana Energy.



Gas Transmission and Storage

*Columbia Gas Transmission Corporation
Columbia Gulf Transmission Company
Crossroads Pipeline Company
Granite State Gas Transmission, Inc.*

Strategically located natural gas transmission and storage assets, combined with a continuing strong demand for products and services, drove several key accomplishments for NiSource pipelines in 2002:

- In September, the Federal Energy Regulatory Commission (FERC) issued a final certificate for the Millennium Pipeline, completing FERC's formal review of this important plan to bring 700 million cubic feet of additional natural gas per day to the Northeast. FERC's action moved the project one step closer to its goal of serving the region's anticipated natural gas growth requirements toward the middle of this decade. Columbia Gas Transmission is Millennium's developer and

Gas Transmission and Storage Leadership Team: (from left to right)

Glen Kettering—President, Mike Watson, Kathleen O'Leary, Jim Hart, Rene Dartez, Carl Levander and Harris Marple.

largest interest holder.

- Columbia Gas Transmission also received regulatory approval to move forward with its plans to expand its facilities in order to supply up to 270,000 dekatherms per day of natural gas to a 1,020-megawatt power plant now under construction near Rock Springs, Md. Despite a temporary slowdown in the market, natural gas-fired power generation and growth in residential and other markets behind local distribution companies are expected to drive future pipeline infrastructure expansions.
- The need to move natural gas supplies from the Midwest, and continuing strength in demand, led to another successful project

open season. The open season was held in conjunction with the Crossroads Pipeline to facilitate a seamless path from the Chicago hub into Ohio.

- Columbia Gulf, with among the lowest rates to market and an eye toward accessing new supply sources in the Gulf of Mexico, is looking to proposed offshore liquefied natural gas developments and the deepwater regions for projects that could add significantly to the supply available to its customers.
- Columbia Gas and Columbia Gulf consolidated several business functions as part of NiSource's strategy to streamline and integrate operations and promote efficiency.



Electric Operations

Northern Indiana Public Service Company

Northern Indiana Public Service Company's (NIPSCO) electric production operation generates electricity to meet the needs of 436,000 residential, commercial and industrial customers.

Among its 2002 achievements:

- NIPSCO's six generating facilities, five of which are currently online, produce up to

Northern Indiana Energy Leadership Team: (from left to right)

Barrett Hatches—President, Joel Hoelzer, Phil Conrad, Dan Gavito, Regina Biddings, Jerry Godwin, Tim Taylor and Bill O'Malley.

2.89 million kilowatts of electricity. Four of the facilities have generating units that burn coal or natural gas to produce electricity, and two are hydroelectric dams.

- NIPSCO generated over 14 million megawatt hours of electricity during 2002.

- NIPSCO is installing nitrogen oxide-reduction technology at each of its active generating stations in compliance with state and federal guidelines. The first unit scheduled for completion is Michigan City, which is expected to be operational by May 2003.

Operations **OFFICERS**

Reginald L. Carter

President
Transaction Services

Barrett Hatches

President
Northern Indiana Public Service Company

Glen L. Kettering

President
Granite State Transmission, Inc.
Columbia Gas Transmission Corporation
Columbia Gulf Transmission Company
Crossroads Pipeline Company

Robert C. Skaggs Jr.

President
Bay State Gas Company
Columbia Gas of Kentucky, Inc.
Columbia Gas of Maryland, Inc.
Columbia Gas of Ohio, Inc.
Columbia Gas of Pennsylvania, Inc.
Columbia Gas of Virginia, Inc.
Northern Utilities, Inc.

Stephen M. Warnick

President
Columbia Energy Resources, Inc.
Columbia Natural Resources, Inc.

Mark D. Wyckoff

President
EnergyUSA-TPC Corp.
NiSource Energy Technologies, Inc.
Primary Energy, Inc.

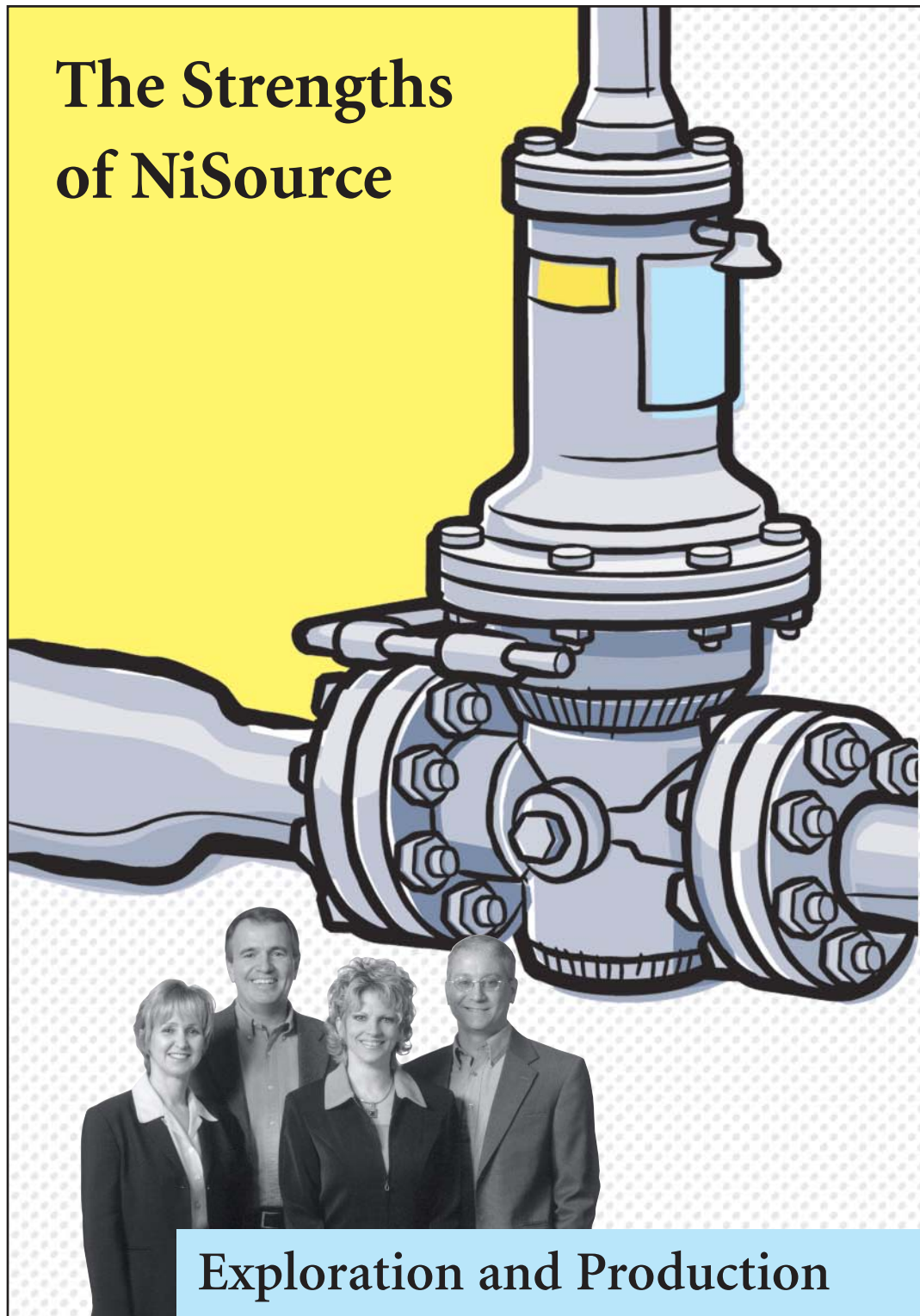
Patricia M. Lawicki

Vice President and
Chief Information Officer

Mark T. Maassel

Vice President,
Regulatory and Government Policy

The Strengths of NiSource



Exploration and Production

Exploration and Production Leadership Team: (from left to right) Sharon Flanery, Steve Warnick—President, Deanna Farmer and Mark Hackett.

Columbia Natural Resources, Inc.

Columbia Natural Resources (CNR), the exploration and production arm of NiSource, delivered solid performance in 2002.

Among its 2002 accomplishments:

- CNR successfully completed a development-intensive program that resulted in the drilling of 243 wells and the production of 55.4 Bcfe of natural gas and oil. CNR also generated 124.9 Bcfe of reserve additions, bringing its proven reserves total to approximately 1.2 Tcfe.
- While CNR is no longer investing in exploratory drilling, it is focused on maximizing production from its remaining proven reserves.



EnergyUSA-TPC, NET and Primary Energy

*EnergyUSA-TPC Corp.
NiSource Energy Technologies, Inc.
Primary Energy, Inc.*

EnergyUSA-TPC, NET and Primary Energy Leadership Team: (from left to right)

Mike Zdyb, Dean Hall, Pete Dissler, Val Trinkley, Don Theriault, Mike Alverson and Mark Wyckoff—President.

Achievements in 2002 included:

- NiSource Energy Technologies (NET) installed a combined heat and power distributed generation system at the Hilton Garden Inn in Chesterton, Ind. The installation of this advanced technology is the first step of a larger Department of Energy (DOE) award to develop a modular-packaged integrated energy system for the hotel/motel segment.
- NET installed a distributed generation system at the Breeden YMCA in Angola, Ind.

The installation is a result of a collaborative effort of business, community, government and university commitments and contributions. Participants in the project include the Build Indiana Fund, Cole Foundation, Indiana Department of Commerce, U.S. Department of Agriculture-Rural Development, and DOE through the National Renewable Energy Laboratory.

- The Environmental Protection Agency's (EPA) Combined Heat and Power Partnership recognized NET for superior

environmental performance at its distributed generation facilities at the Hilton Garden Inn in Chesterton and Breeden YMCA in Angola.

- EPA and DOE recognized Primary Energy for excellence in efficiency and pollution reduction. The federal agencies awarded Primary Energy two ENERGY STAR Combined Heat and Power awards for its facilities located at U.S. Steel in Gary, Ind., and National Steel in Portage, Ind.



Transaction Services

Creating shareholder value by providing a platform for growth and optimizing the value of core assets are key reasons behind a newly formulated transaction services group.

Strategic changes and accomplishments in 2002 included:

- Crystallizing the mission of transaction services as improving NiSource's financial and operational performance through the integration and continuous improvement of inter-company processes.
- Centralizing functions is a key aspect of the new organization and consistent with the new mission. The unit's scope was increased to emphasize enterprise-wide transaction activities. Functional groups are

Transaction Services Leadership Team: (from left to right) Gail Harowski, Chuck Shafer, Mary Bloom, Reg Carter—President and Violet Sistovaris.

customer contact centers, revenue recovery, real estate, supply chain and finance.

- Providing opportunities for low-cost processes due to transaction services' significant business impact and scale. With some 110 million customer contacts, 180,000 paychecks processed and \$800 million in procurement annually, the group's work impacts every NiSource business, customer and employee. To most effectively deal with such large numbers of transactions, management systems focused on integrated, reliable and high-speed

transactions as an integral part of the overall success strategy.

- Focusing on customers by finding new ways to enhance service, including the introduction of highly targeted technology, is an important component of the group's strategy. For example, in order to accommodate year-to-year variability factors in customer contact centers, new technology includes predictive workforce management, bill imaging, call aides and continuous improvement of automated call handling.

Stockholder Information & Services

NiSource Inc. common stock is listed and traded on the New York, Pacific and Chicago stock exchanges under the symbol NI. The shares are listed in financial stock quotations as NISOURCE. As of Dec. 31, 2002, NiSource Inc. had 47,472 common stockholders.

Common Stock Dividend Declared

At its meeting on Jan. 3, 2003, the board of directors declared a dividend of 29 cents per share, equivalent to \$1.16 per share on an annual basis.

Anticipated Dividend Record and Payment Dates

NiSource Common

<i>Record Date</i>	<i>Payment Date</i>
04-30-03	05-20-03
07-31-03	08-20-03
10-31-03	11-20-03
01-30-04	02-20-04

NIPSCO Preferred

<i>Record Date</i>	<i>Payment Date</i>
03-14-03	04-14-03
06-16-03	07-14-03
09-16-03	10-14-03
12-16-03	01-14-04

Investor and Financial Information

Financial analysts and investment professionals should direct written and telephone inquiries to NiSource Investor Relations at (219) 647-6083.

Free copies of NiSource's financial reports are available by writing or calling the Investor Relations department. The material is also available at www.nisource.com.

How to Contact the Company

NiSource Inc.
801 E. 86th Ave.
Merrillville, IN 46410

(877) 647-5990

www.nisource.com

Stockholder Services

General questions about stockholder accounts, stock certificates, transfer of shares, dividend payments, automatic dividend reinvestment and share purchase plan, and electronic deposit may be directed to Mellon Investor Services at the following address:

Mellon Investor Services LLC
P.O. Box 3315
South Hackensack, NJ 07606
or
85 Challenger Road
Ridgefield Park, NJ 07660

(888) 884-7790

TDD for Hearing Impaired
(800) 231-5469

Foreign Stockholders
(201) 329-8660

TDD Foreign Stockholders
(201) 329-8354

www.melloninvestor.com



**801 E. 86th Avenue
Merrillville, IN 46410**

Contact Information

Stockholder Inquiries

Mellon Investor Services
(888) 884-7790

Analyst Inquiries

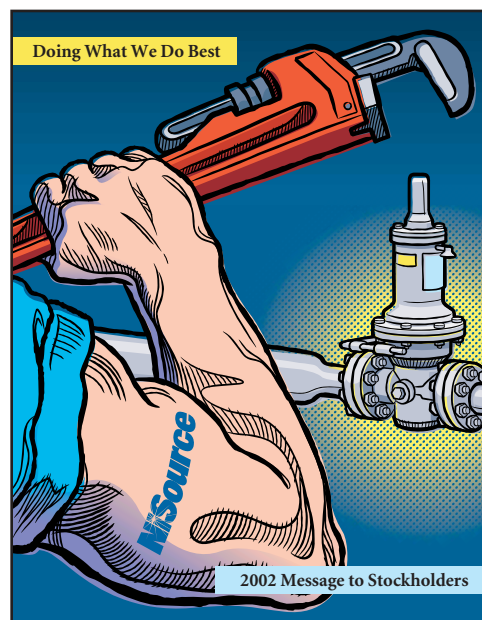
Investor Relations
(219) 647-6083

Media Inquiries

Corporate Communications
(219) 647-6200

www.nisource.com

This document contains "forward-looking statements," including earnings guidance for fiscal year 2003. For a discussion of factors that could cause actual results to differ materially from those contained in such statements, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the NiSource Inc. annual report on Form 10-K included herein.



On the Cover

The strength of our employees underscores our accomplishments in 2002.

We proudly dedicate our annual report to the men and women of NiSource.