

SECURITIES AND EXCHANGE COMMISSION

FORM SC 14D1/A

Tender offer statement. [amend]

Filing Date: **1999-09-10**
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SUBJECT COMPANY

COLUMBIA ENERGY GROUP

CIK: **22099** | IRS No.: **131594808** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 14D1/A** | Act: **34** | File No.: **005-10049** | Film No.: **99709792**
SIC: **4923** Natural gas transmission & distribution

Mailing Address	Business Address
13880 DULLES CORNER LANE SUITE 300 HERNDON VA 20171-4600	13880 DULLES CORNER LANE SUITE 300 HENDERON VA 20171-4600 7035616000

FILED BY

NISOURCE INC

CIK: **823392** | IRS No.: **351719974** | State of Incorporation: **IN** | Fiscal Year End: **1231**
Type: **SC 14D1/A**
SIC: **4931** Electric & other services combined

Mailing Address	Business Address
5265 HOHMAN AVENUE HAMMOND IN 46320-1775	801 E 86TH AVENUE MERRILLVILLE IN 46410 2198535200

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-1/A
(Amendment No. 18)

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(d) (1)
OF THE SECURITIES EXCHANGE ACT OF 1934

COLUMBIA ENERGY GROUP
(Name of Subject Company)

CEG ACQUISITION CORP.
NISOURCE INC.
(Bidders)

COMMON STOCK, \$.01 PER SHARE
(Title of Class of Securities)

197648108
(CUSIP Number of Class of Securities)

Stephen P. Adik
Senior Executive Vice President,
Chief Financial Officer And Treasurer
NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410-6272
(219) 853-5200

(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications on Behalf of Bidder)

COPIES TO:

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Schiff Hardin & Waite
6600 Sears Tower
Chicago, Illinois 60606
Telephone: (312) 258-5500

Alan G. Schwartz, Esq.
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Telephone: (212) 455-2000

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This Amendment No. 18 (this "Amendment") amends and supplements the Tender Offer Statement on Schedule 14D-1, as amended, originally filed with the Securities and Exchange Commission on June 25, 1999 (the "Schedule 14D-1") by CEG Acquisition Corp., a Delaware corporation (the "Offeror") and a wholly owned subsidiary of NiSource Inc., an Indiana corporation ("Parent"). The Schedule 14D-1 and this Amendment relate to a tender offer by the Offeror to purchase all of the outstanding shares of common stock, par value \$.01 per share (the "Shares"), of Columbia Energy Group, a Delaware corporation (the "Company"), at a purchase price of \$68 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated June 25, 1999 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, as either may be amended or supplemented from time to time, collectively constitute the "Offer"), copies of which are filed with the Schedule 14D-1 as Exhibits (a) (1) and (a) (2), respectively.

Item 10. Additional Information.

On September 10, 1999, Parent submitted opinion/editorial articles by Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to various newspapers, which are included herein as Exhibit (a) (30) and incorporated herein by reference.

Item 11. Material to be Filed as Exhibits.

- (a) (1) Offer to Purchase, dated June 25, 1999.
- (a) (2) Letter of Transmittal.
- (a) (3) Letter dated June 25, 1999, from Dealer Manager to brokers, dealers, commercial banks, trust companies and other nominees.

- (a) (4) Letter dated June 25, 1999, to be sent by brokers, dealers, commercial banks, trust companies and other nominees to their clients.
- (a) (5) Notice of Guaranteed Delivery.
- (a) (6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a) (7) Form of Summary Advertisement, dated June 25, 1999.
- (a) (8) Press Release issued by Parent on June 24, 1999.
- (a) (9) Form of letter dated June 28, 1999 from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to investors of the Company.
- (a) (10) Press Release issued by Parent on June 28, 1999.
- (a) (11) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on July 2, 1999.
- (a) (12) Form of letter dated July 2, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to directors of the Company.
- (a) (13) Press Release issued by Parent on July 6, 1999.
- (a) (14) Form of letter dated July 12, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to shareholders of Parent.
- (a) (15) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on July 14, 1999.
- (a) (16) Press Release issued by Parent on July 14, 1999.
- (a) (17) Press Release issued by Parent on July 19, 1999.
- (a) (18) Press Release issued by Parent on July 20, 1999.
- (a) (19) Form of letter dated July 21, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to directors of the Company.

- (a) (20) Form of letter dated July 26, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to stockholders of the Company.
- (a) (21) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on July 26, 1999.
- (a) (22) Information published by Parent on July 30, 1999, available via the Internet at <http://www.yes2nisource.com>.
- (a) (23) Press Release issued by Parent on July 30, 1999.
- (a) (24) Press Release issued by Parent on August 9, 1999.
- (a) (25) "NiSource/Columbia StraightTalk" communication to stockholders of the Company issued by Parent on August 13, 1999.
- (a) (26) Form of letter dated August 13, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to directors of the Company.
- (a) (27) Form of letter dated August 13, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to Oliver G. Richard III, Chairman, President and Chief Executive Officer of the Company.
- (a) (28) Form of letter dated August 26, 1999, from Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, to stockholders of the Company.
- (a) (29) Opinion/editorial articles by Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, submitted to various newspapers on September 9, 1999.
- (a) (30) Opinion/editorial articles by Gary L. Neale, Chairman, President and Chief Executive Officer of Parent, submitted to various newspapers on September 10, 1999.*
- (b) (1) Commitment Letter dated June 23, 1999 to Parent from Credit Suisse First Boston and Barclays Bank PLC.
- (c) Not Applicable.

- (d) Not Applicable.
- (e) Not Applicable.
- (f) Not Applicable.
- (g) (1) Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group et al., Delaware Chancery Court, New Castle County.
- (g) (2) Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group et al., United States District Court, District of Delaware.
- (g) (3) First Amended Complaint in NiSource Inc. and CEG Acquisition Corp. vs. Columbia Energy Group et al., United States District Court, District of Delaware.
- (g) (4) Complaint in NiSource Inc., NiSource Capital Markets Inc. and CEG Acquisition Corp. vs. Columbia Energy Group et al., Delaware Chancery Court, New Castle County.

*Filed herewith.

SIGNATURE

After due inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

CEG ACQUISITION CORP.

By: /s/ Gary L. Neale

Name: Gary L. Neale

Title: President

NISOURCE INC.

By: /s/ Gary L. Neale

Name: Gary L. Neale

Date: September 10, 1999

EXHIBIT INDEX

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*Filed herewith.

September 9, 1999

FOR MORE INFORMATION

Maria P. Hibbs
NiSource Corporate Communications
219-647-6201

NISOURCE/COLUMBIA MERGER BENEFITS CUSTOMERS, COMMUNITIES

An Op-Ed Piece for The Blade
By Gary L. Neale
Chairman, President and Chief Executive Officer
NiSource Inc.

Competition is changing forever the once-staid energy industry. Each week brings the announcement of yet another merger or company plan to differentiate itself by venturing into telecommunications, laying fiber optic cable or even reselling insurance and financial products.

Our strategy at NiSource Inc., is to focus on our core business - the efficient, reliable distribution of natural gas, electricity and water in the Midwest and Northeast - and build value for our customers by offering products and services based on those commodity resources.

You may know NiSource as the company trying to "take over Columbia Gas." As Chairman, President and CEO of NiSource, I'd like to explain the benefits of a proposed purchase of Columbia Energy, and why it is good for the people of Ohio.

NiSource, the nation's 10th largest distributor of natural gas and a Fortune 500 company, owns Northern Indiana Public Service Company (NIPSCO), providing service to the northern third of Indiana, and Bay State Gas Company with operations in Massachusetts, New Hampshire and Maine.

We have offered Columbia shareholders \$68 per share in cash - a fully financed offer totaling about \$5.7 billion - to acquire Columbia Energy Group, the parent company of Columbia Gas of Pennsylvania. We continue to believe that we can negotiate a merger with Columbia, because we - and a significant majority of Columbia's shareholders - contend such a combination makes strategic sense now while the energy marketplace is evolving.

Here's why a NiSource/Columbia combination makes good sense.

Pipelines from Canada and the Gulf of Mexico to the Chicago market have made natural gas plentiful and inexpensive in Chicago and northern Indiana. NIPSCO's location and NiSource's pipeline and gas storage assets enable NIPSCO customers to enjoy low gas rates.

In some parts of the eastern United States, however, a lack of pipeline capacity transporting gas from the west to east prevents

customers from benefiting from this additional supply. NiSource intends to extend our advantage from Indiana to our Bay State Gas subsidiary in the Northeast market, which is undersaturated and poised for growth, as well as the communities in between.

The combined company would become the nation's first super-regional energy company serving 4.1 million customers in nine states. It would have significant natural gas reserves and storage capacity, 19,000 miles of gas pipeline from Texas to Maine and a vast distribution network to deliver low-cost gas.

Obviously, this plan would benefit customers. But a NiSource/Columbia combination would also benefit employees. You may have heard various statements that attempt to shift attention from the real benefits of this transaction through scare tactics. Since NiSource and Columbia have no overlapping service territories, there are few operational redundancies. Further, we have stated publicly that there will be no layoffs in the local distribution companies, such as Columbia Gas of Ohio, as a result of this transaction. In fact, because NiSource is a lean organization, we would need to retain high-quality employees to continue providing superior customer service.

Beyond these public statements of what NiSource intends to do, the best predictor of what we actually will do in this transaction is how we've acted in the past. Our experience with the Indianapolis Water Company and Bay State Gas acquisitions shows that we can indeed combine businesses successfully without wholesale job eliminations. In fact, employees can expect to have far greater opportunity for career growth in the combined company. For example, the vice president of Information Technology at Bay State was recently named NiSource's chief information officer and was replaced at Bay State by NiSource's director of information technology.

The headquarters of both companies are right where they were before the transactions took place. Even the companies' names remain intact.

Like Columbia, NiSource is committed to customer choice. In both Indiana and Massachusetts, NiSource companies pioneered programs enabling customers to choose their gas supplier. Columbia Energy

participates in the NIPSCO Choice program in Indiana, and NiSource's EnergyUSA subsidiary markets to Columbia Gas of Ohio's customers.

NiSource also has a strong track record of community service, economic development and environmental stewardship, working closely with governmental and other leaders in all of the regions in which we operate. We're a leader in funding education programs, scholarships, community projects and the arts, and we actively encourage our people to be involved in community life. On the economic development front, NiSource has been an active partner with local and state officials in attracting billions of dollars of commercial and industrial investment to our region, creating thousands of high-paying jobs.

For years, NiSource has been a leader among utilities in its commitment to the environment. Last year, our NIPSCO subsidiary took

this leadership position a giant leap forward by becoming the first utility in North America to achieve ISO 14001 certification - the international standard for implementing an effective environmental management system - at all of its facilities.

The advent of competition is bringing opportunity not only to the companies supplying energy products and services, but more importantly, to the people who buy them. We're enthusiastic about a combination with Columbia, because it is a winning transaction for all stakeholders. A merger would create a stronger company than either Columbia or NiSource could be on its own, a company better able to seize the opportunities created by a competitive market.

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This article is neither an offer to purchase nor a solicitation of an offer to sell shares of common stock of Columbia Energy Group. Such offer is made solely by the Offer to Purchase, dated June 25, 1999, as amended, and the related Letter of Transmittal. It is not being made to, and tenders will not be accepted from, holders of shares of Columbia common stock in any jurisdiction in which making or accepting such offer would not comply with law. In any jurisdiction where a licensed broker or dealer must make such offer, it shall be deemed made on behalf of NiSource Inc. by Credit Suisse First Boston or other registered brokers or dealers licensed in such jurisdiction. The offer may be extended beyond its October 15, 1999 expiration date. Any extension will be publicly announced no later than 9:00 a.m., New York City time, on the next business day. This article does not constitute a solicitation of proxies from Columbia Energy Group's stockholders. Any such solicitation will be made only by separate proxy materials in compliance with Section 14(a) of the Securities Exchange Act.

September 10, 1999

FOR MORE INFORMATION

Maria P. Hibbs
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By Gary L. Neale
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Like Columbia, NiSource is committed to customer choice. In both Indiana and Massachusetts, NiSource companies pioneered programs enabling customers to choose their gas supplier. Columbia Energy participates in the NIPSCO Choice program in Indiana, and NiSource's EnergyUSA subsidiary markets to Columbia Gas of Ohio's customers.

NiSource also has a strong track record of community service, economic development and environmental stewardship, working closely with governmental and other leaders in all of the regions in which we operate. We're a leader in funding education programs, scholarships, community projects and the arts, and we actively encourage our people to be involved in community life. On the economic development front, NiSource has been an active partner with local and state officials in attracting billions of dollars of commercial and industrial investment to our region, creating thousands of high-paying jobs.

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The advent of competition is bringing opportunity not only to the companies supplying energy products and services, but more importantly, to the people who buy them. We're enthusiastic about a combination with Columbia, because it is a winning transaction for all stakeholders. A merger would create a stronger company than either Columbia or NiSource could be on its own, a company better able to seize the opportunities created by a competitive market.

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September 10, 1999

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