

NISOURCE INC/DE
Form 4
August 22, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
NEALE GARY L

(Last) (First) (Middle)
801 E 86TH AVENUE
(Street)

MERRILLVILLE, IN 46410-6272

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
NISOURCE INC/DE [NI]

3. Date of Earliest Transaction (Month/Day/Year)
08/18/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (D) | Price |
| Common Stock | 08/18/2006 | 08/18/2006 | M | | 50,000 | A | \$ 18.91 |
| Common Stock | 08/18/2006 | 08/18/2006 | S | | 44,735 | D | \$ 21.2 |
| Common Stock | | | | | | | |
| | | | | | 13,279.1482 | I | |
| | | | | | | | 401(k) Plan |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Edgar Filing: NISOURCE INC/DE - Form 4

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount of Number of Shares |
| Non Qualified Stock Options | \$ 18.44 | | | | | 01/31/2001 01/31/2010 | Common Stock 125,000 |
| Non Qualified Stock Options | \$ 19.84 | | | | | 01/01/2004 01/01/2013 | Common Stock 373,157 |
| Non Qualified Stock Options | \$ 20.64 | | | | | 11/01/2000 08/26/2007 | Common Stock 50,000 |
| Non Qualified Stock Options | \$ 21.005 | | | | | 01/25/2003 01/25/2012 | Common Stock 194,064 |
| Non Qualified Stock Options | \$ 21.86 | | | | | 01/01/2005 01/01/2014 | Common Stock 353,352 |
| Non Qualified Stock Options | \$ 22.22 | | | | | 08/22/2001 08/22/2010 | Common Stock 125,000 |
| Non Qualified Stock Options | \$ 22.62 | | | | | 01/03/2006 01/03/2015 | Common Stock 600,000 |
| Non Qualified Stock Options | \$ 24.59 | | | | | 11/01/2000 08/24/2009 | Common Stock 50,000 |
| Non Qualified | \$ 25.94 | | | | | 01/01/2002 01/01/2011 | Common Stock 160,377 |

Stock
Options

| | | | | | | | | | |
|--------------------------------------|----------|--|--|--|--|------------|------------|-----------------|--------|
| Non Qualified Stock Options | \$ 29.22 | | | | | 11/01/2000 | 08/25/2008 | Common Stock | 50,000 |
|--------------------------------------|----------|--|--|--|--|------------|------------|-----------------|--------|

| | | | | | | | | | |
|--------------------------------------|----------|------------|------------|---|--------|------------|------------|-----------------|--------|
| Non Qualified Stock Options | \$ 18.91 | 08/18/2006 | 08/18/2006 | M | 50,000 | 08/18/2006 | 08/27/2006 | Common Stock | 50,000 |
|--------------------------------------|----------|------------|------------|---|--------|------------|------------|-----------------|--------|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| NEALE GARY L 801 E 86TH AVENUE MERRILLVILLE, IN 46410-6272 | | X | | |

Signatures

| | |
|--|------------|
| Gary W. Pottorff, Power of Attorney for Gary L. Neale | 08/22/2006 |
|--|------------|

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.