

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS) CASE NO. 2013-00167
OF KENTUCKY, INC.)

VOLUME 6

FILING REQUIREMENTS

Columbia Gas of Kentucky, Inc.
Case 2013-00167
Table of Contents
Volume 6

Tab	Filing Requirement	Volume	Description	Responsible Witness
53	12-p	5 and 6	SEC's annual report on Form 10-K for most recent 2 years and any 8-Ks issued during prior 2 years, and any form 10-Q issued during the past 6 quarters	S. Mark Katko

Columbia Gas of Kentucky, Inc.
CASE NO. 2013-00167
Forecasted Test Period Filing Requirements
Filing Requirement 12-p

Description of Filing Requirement:

A copy of the utility's annual report on Form 10-K as filed with the Securities and Exchange Commission for the most recent two (2) years, and any Form 8-K issued during the past two (2) years, and any Form 10-Q issued during the past six (6) quarters;

Response:

Please refer to Volumes 5 and 6 of Columbia's application for Form 10-Q's and Form 8-K's. Form 10-K is part of the Annual Report to Stockholders and is included with Filing Requirement 12-l.

Responsible Witness:

S. Mark Katko

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 04/30/13 for the Period Ending 04/30/13

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 30, 2013

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction
of incorporation or organization)**

001-16189

**Commission
file number**

35-2108964

**(I.R.S. Employer
Identification No.)**

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 30, 2013, NiSource Inc. (the “Company”) reported its financial results for the quarter ended March 31, 2013. The Company’s press release, dated April 30, 2013, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated April 30, 2013, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: April 30, 2013

By:

/s/ Jon D. Veurink

Jon D. Veurink

Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated April 30, 2013, issued by NiSource Inc.

NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

April 30, 2013

FOR ADDITIONAL INFORMATION

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NiSource Reports First Quarter 2013 Earnings

- Results in line with 2013 earnings guidance
- Positive results from regulatory, modernization and growth initiatives
- Record \$1.8 billion capital investment program on track

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$215.3 million , or \$0.69 per share, for the three months ended March 31, 2013, compared with \$213.5 million , or \$0.76 per share for the first quarter of 2012. Operating earnings for the first quarter (non-GAAP) were \$427.9 million compared to \$433.8 million in 2012.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended March 31, 2013, of \$215.4 million , or \$0.69 per share, compared with \$192.5 million , or \$0.68 per share in the same period a year ago. Operating income was \$428.1 million for the first quarter of 2013 compared with \$397.7 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

NiSource's first quarter results reflect its \$340 million forward sale equity issuance completed on Sept. 10, 2012, which added approximately 24 million common shares outstanding when compared to the same period last year.

"Following a solid performance in 2012, our momentum continues to build in 2013," President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. "Our Team's demonstrated ability to deliver on a broad and growing inventory of infrastructure-based capital investment opportunities, coupled with regulatory and customer initiatives, generated first quarter results in line with our expectations, as well as our 2013 earnings outlook."

Progress on modernization and other value-adding investment opportunities

Columbia Pipeline Group (CPG), formerly referred to as NiSource Gas Transmission & Storage, continues to modernize its core interstate natural gas pipeline system, execute on market- and supply-driven growth projects, and pursue midstream infrastructure and minerals

leasing opportunities linked to its strong asset position in the Utica and Marcellus Shale production regions.

- **Columbia Gas Transmission** (Columbia Transmission) began fully executing against its modernization settlement, which was approved by the Federal Energy Regulatory Commission on Jan. 24, 2013. With an inventory of projects spanning up to 15 years and an overall investment of more than \$4 billion, the long-term plan is designed to systematically enhance the safety, reliability and flexibility of the 12,000-mile system. The settlement approved the initial five years of the plan, including a planned \$300 million annual modernization investment. Among other components, the settlement identifies individual infrastructure projects and establishes a timely recovery mechanism for the costs associated with the projects.
- During the quarter, Columbia Transmission reached an agreement to extend its system to support the conversion of a large end-user's coal boilers to natural gas. Columbia Transmission will extend its system approximately 13 miles to an interconnect with **Columbia Gas of Virginia** (CGV), which will expand its system to the customer. At an investment of approximately \$25 million for Columbia Transmission and approximately \$15 million for CGV, the project is expected to be placed in service during the fourth quarter of 2014.
- On the midstream front, both the Big Pine Gathering System and Pennant Midstream LLC projects are moving forward. Big Pine, involving an investment of approximately \$160 million and designed to transport up to 425 million cubic feet per day of Marcellus Shale production, was placed into service in April 2013. In addition to Big Pine's long-term gathering agreement with XTO Energy Inc., a separate gathering agreement was recently signed with PennEnergy. The first phase of Pennant Midstream's pipeline and processing facilities remains on schedule for completion by the end of this year. It is anticipated that NiSource's share will be approximately \$150 million of the total investment in the project's first phase.
- **Millennium Pipeline** also is progressing on two projects that will add nearly 30,000 horsepower of compression to its system, driven by increased shale gas production. At an investment of approximately \$45 million, the first project will increase capacity at its interconnections with Algonquin Gas Transmission to 675,000 dekatherms. This project is nearing completion with an expected in-service date of May 2013. The second project will increase capacity to 850,000 dekatherms with a total investment of approximately \$45 million, and is projected to be in service by the end of 2013. NiSource owns a 47.5 percent interest in Millennium and is responsible for the same percentage of the investment.
- Columbia Transmission and **Columbia Gulf** are moving forward with plans to upgrade and modify facilities to support the West Side Expansion project. This approximately \$200 million project will reverse the flow of gas on part of the system to transport approximately 500,000 dekatherms per day of Marcellus production to Gulf Coast markets. An initial level of service has already begun on part of the project, which is scheduled to be fully completed by late 2014. Columbia Transmission also is moving ahead with the East Side Expansion project, an approximately \$210 million project providing 300,000 dekatherms per day of transportation capacity for Marcellus supplies to northeastern and Mid-Atlantic markets. This project is expected to be placed in service during the third quarter of 2015.

"With a diverse mix of new and ongoing projects, including our long-term system modernization

initiative, our CPG Team remains focused on enhancing the long-term value of our assets in a way that's responsive to customer needs in both supply and demand markets," Skaggs said.

NIPSCO continues long-term investment plans and environmental investments

Northern Indiana Public Service Company (NIPSCO) further advanced its significant environmental investments, as well as outlined plans to generate additional economic development and system reliability through near- and long-term growth and modernization investments.

- NIPSCO is making progress on its plans to modernize its core electric transmission and distribution infrastructure. Aligned with these plans, NIPSCO worked with various state utilities and other stakeholders to advance landmark legislation designed to improve the efficiency of the regulatory process and develop a framework for the modernization of gas and electric infrastructure.
- In addition to engineering and design activities already well under way, initial preparation and construction for the approximately \$250 million flue gas desulfurization (FGD) project has begun at the company's Michigan City generating station. This is in addition to the company's more than \$500 million FGD project at its Schahfer generating station, which remains on schedule and on budget. The Schahfer units will be placed into service in the fourth quarter of this year and in 2014.
- Starting in Feb. 2013, NIPSCO began installing automated meter reading (AMR) devices in its electric and gas service territory. A \$90 million total investment over three years, the devices will be installed on all 900,000 gas and electric meters by 2016.
- During the first quarter, NIPSCO received regulatory approval for the introduction of a Green Power Rate pilot program, which complements a variety of other renewable energy and customer programs currently offered in Indiana. The program allows customers to designate a portion or all of their monthly electric usage to be attributable to power generated by renewable energy sources.

"Our NIPSCO Team remains keenly focused on continuously improving customer service and reliability, while investing in long-term economic and environmental initiatives across our service territory," said Skaggs.

Modernizing natural gas distribution infrastructure and services

NiSource Gas Distribution (NGD) companies continue to deliver strong results by aligning their long-term, \$10 billion infrastructure replacement and enhancement programs with a variety of complementary customer programs and regulatory initiatives.

- **Columbia Gas of Massachusetts** filed a base rate case on April 16, 2013, with the Massachusetts Department of Public Utilities. The case, which seeks increased annual revenues of approximately \$30 million, is designed to support the company's expanded infrastructure modernization and replacement plans with timely investment recovery. A decision is expected with rates in effect by March 1, 2014.
- On March 15, 2013, **Columbia Gas of Pennsylvania** (CPA) filed a unanimous settlement of its 2012 base rate case with the Pennsylvania Public Utility Commission. The settlement would increase annual revenues by about \$55 million. The case includes a simplified residential rate design that includes a weather normalization adjustment and full recovery of safety-related expenditures. Notably, CPA is the first utility in the state to establish rates based on investments and expenses as reflected in a fully forecasted test

year, consistent with Pennsylvania's recently enacted Act 11. Rates are anticipated to be placed into service in July of this year.

- On Feb. 28, 2013, **Columbia Gas of Maryland** filed a base rate case with the Public Service Commission of Maryland, which requests an annual revenue increase of approximately \$5 million. The filing, if approved, would include an updated rate design comprising a higher fixed monthly charge and support for the recovery of the company's distribution infrastructure modernization investments. A decision on the case is expected by Aug. 26, 2013.
- Legislation recently enacted in Virginia will allow CGV and other Virginia-based natural gas utilities to defer certain costs, beginning Jan. 1, 2013, associated with safety compliance programs for recovery in future rate cases.
- Meanwhile, legislation in Maryland passed that will permit gas utilities to file a pipeline modernization plan to recover costs associated with projected infrastructure replacement projects through a surcharge on customer bills. The Governor is expected to sign the legislation and it is anticipated to take effect June 1, 2013.

"Our gas distribution companies continue to invest in safety and reliability, provide innovative programs to customers and deliver solid financial performance for shareholders," Skaggs said.

Affirming 2013 earnings guidance

Skaggs indicated that NiSource remains on track to deliver net operating earnings in line with its full-year outlook of \$1.50 to \$1.60 per share (non-GAAP).

NiSource also took recent actions to support its robust capital investment program while at the same time lowering borrowing costs and extending its debt maturity profile. This includes issuing \$750 million in long-term debt at attractive rates and increasing its existing three-year bank term loan by \$75 million to a total of \$325 million, which also was extended by one additional year.

NiSource continues to maintain its core financial commitments, including stable, investment grade credit ratings and a secure, attractive dividend. During the first quarter, Standard & Poor's reaffirmed NiSource's BBB- /stable credit rating. Comparable ratings for the company were reaffirmed by Moody's Investors Services and Fitch Ratings in the fourth quarter of 2012.

There will likely be differences between net operating earnings and GAAP earnings, but due to the unpredictability of weather and other factors, NiSource is continuing its practice of not providing GAAP earnings guidance.

First Quarter 2013 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended March 31, 2013 , were \$427.9 million , compared to \$433.8 million for the same period in 2012 . Refer to Schedule 2 for the items included in 2013 and 2012 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended March 31, 2013 , are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$133.3 million for the three months ended March 31, 2013 , compared with operating earnings of \$138.6 million for the prior year period. Net revenues, excluding the impact of trackers, decreased by \$3.0 million primarily as a result of lower rates associated with the 2012 customer settlement at Columbia

Transmission. This decrease was partially offset by an increase in commodity and demand margin revenue as a result of growth projects and a one-time settlement in 2013.

Operating expenses, excluding the impact of trackers, increased by \$1.7 million primarily due to an increase in outside service costs and higher employee and administration costs. These increases were partially offset by lower depreciation as a result of the 2012 Columbia Transmission customer settlement.

Equity earnings decreased by \$0.6 million primarily from decreased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$64.9 million for the three months ended March 31, 2013 , compared with operating earnings of \$48.5 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$7.6 million primarily due to an increase in environmental cost recovery due to higher plant investment eligible for recovery and transmission infrastructure upgrade revenue. These increases were partially offset by a decrease in revenue recovered from a Regional Transmission Organization mechanism (RTO).

Operating expenses, excluding the impact of trackers, decreased by \$8.8 million due primarily to lower electric generation costs, largely due to the timing of planned and unplanned maintenance, and decreased Midwest Independent Transmission System Operation (MISO) fees. These decreases were partially offset by increased employee and administration costs and higher depreciation as a result of increased capital spend.

Gas Distribution Operations reported operating earnings of \$233.3 million for the three months ended March 31, 2013 , compared with operating earnings of \$244.8 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$5.0 million primarily attributable to increases in regulatory and service programs, including the impact of the 2012 rate case at Columbia Gas of Massachusetts and the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program. These increases were partially offset by a decrease in industrial and commercial usage.

Operating expenses, excluding the impact of trackers, increased by \$16.5 million due primarily to increased employee and administration costs, higher outside service costs and increased depreciation due to an increase in capital expenditures. These increases were partially offset by a decrease in uncollectibles.

Corporate and Other Operations reported an operating earnings loss of \$3.6 million for the three months ended March 31, 2013 , compared to operating earnings of \$1.9 million for the comparable prior period. The reduction in earnings is primarily attributable to the recognition in the prior year of unrealized gains on increases in cash surrender value of corporate owned life insurance investments.

Other Items

Interest expense decreased by \$4.7 million due to the maturity of long-term debt in November 2012 and March 2013, increased allowance for funds used during construction (AFUDC) balances and lower short-term borrowings and rates. These decreases were partially offset by the issuance of long-term debt in June 2012.

Other, net reflected income of \$4.1 million compared to income of \$1.0 million in 2012 . The increase is primarily attributable to AFUDC earnings at NIPSCO.

The effective tax rate of net operating earnings was 35.4 percent compared to 35.6 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counterparty credit risk and the matters set forth in the "Risk Factors" Section in NiSource's most recent Form 10-K and subsequent reports on Form 10-Q, many of which are risks beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2013	2012
Net Revenues		
Gas Distribution	\$ 891.5	\$ 908.2
Gas Transportation and Storage	468.5	409.2
Electric	377.1	358.0
Other	44.2	15.0
Gross Revenues	1,781.3	1,690.4
Cost of Sales (excluding depreciation and amortization)	675.9	630.1
Total Net Revenues	1,105.4	1,060.3
Operating Expenses		
Operation and maintenance	366.1	350.5
Operation and maintenance - trackers	88.3	51.7
Depreciation and amortization	140.0	142.5
Depreciation and amortization - trackers	3.5	2.9
Other taxes	62.2	60.8
Other taxes - trackers	24.5	25.8
Total Operating Expenses	684.6	634.2
Equity Earnings in Unconsolidated Affiliates	7.1	7.7
Operating Earnings	427.9	433.8
Other Income (Deductions)		
Interest expense, net	(98.6)	(103.3)
Other, net	4.1	1.0
Total Other Deductions	(94.5)	(102.3)
Operating Earnings From Continuing Operations		
Before Income Taxes	333.4	331.5
Income Taxes	118.1	118.0
Net Operating Earnings from Continuing Operations	215.3	213.5
GAAP Adjustment	0.1	(21.0)
GAAP Income from Continuing Operations	\$ 215.4	\$ 192.5
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.69	\$ 0.76
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.69	\$ 0.68
Basic Average Common Shares Outstanding	311.1	282.9

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2013	2012
Net Revenues		
Sales revenues	\$ 1,144.3	\$ 1,095.5
Less: Cost of gas sold	593.8	553.7
Net Revenues	550.5	541.8
Operating Expenses		
Operation and maintenance	181.3	168.0
Operation and maintenance - trackers	37.1	32.1
Depreciation and amortization	48.5	46.1
Other taxes	25.8	25.0
Other taxes - trackers	24.5	25.8
Total Operating Expenses	317.2	297.0
Operating Earnings	\$ 233.3	\$ 244.8
GAAP Adjustment	0.8	(34.5)
GAAP Operating Income	\$ 234.1	\$ 210.3

Columbia Pipeline Group Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2013	2012
Net Revenues		
Transportation revenues	\$ 210.9	\$ 218.1
Storage revenues	50.5	49.3
Other revenues	40.0	8.0
Total Operating Revenues	301.4	275.4
Less: Cost of Sales	0.1	0.9
Net Revenues	301.3	274.5
Operating Expenses		
Operation and maintenance	86.1	78.0
Operation and maintenance - trackers	46.5	16.7
Depreciation and amortization	25.7	33.0
Other taxes	16.8	15.9
Total Operating Expenses	175.1	143.6
Equity Earnings in Unconsolidated Affiliates	7.1	7.7
Operating Earnings	\$ 133.3	\$ 138.6
GAAP Adjustment	0.2	—
GAAP Operating Income	\$ 133.5	\$ 138.6

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2013	2012
Net Revenues		
Sales revenues	\$ 377.4	\$ 358.5
Less: Cost of sales	125.0	116.1
Net Revenues	252.4	242.4
Operating Expenses		
Operation and maintenance	103.2	113.9
Operation and maintenance - trackers	4.7	2.9
Depreciation and amortization	59.7	58.0
Depreciation and amortization - trackers	3.5	2.9
Other taxes	16.4	16.2
Total Operating Expenses	187.5	193.9
Operating Earnings	\$ 64.9	\$ 48.5
GAAP Adjustment	0.3	(2.3)
GAAP Operating Income	\$ 65.2	\$ 46.2

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2013	2012
Operating (Loss) Earnings	\$ (3.6)	\$ 1.9
GAAP Adjustment	(1.1)	0.7
GAAP Operating (Loss) Income	\$ (4.7)	\$ 2.6

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	2013	2012
Gas Distribution Operations		
Sales and Transportation (MMDth)		
Residential	132.0	102.9
Commercial	75.3	61.2
Industrial	133.3	131.3
Off System	21.7	13.5
Other	0.2	0.1
Total	362.5	309.0
Weather Adjustment	(1.0)	45.4
Sales and Transportation Volumes - Excluding Weather	361.5	354.4
Heating Degree Days		
	2,919	2,262
Normal Heating Degree Days	2,892	2,931
% Colder (Warmer) than Normal	1%	(23)%
Customers		
Residential	3,072,919	3,050,576
Commercial	281,933	281,539
Industrial	7,553	7,859
Other	23	18
Total	3,362,428	3,339,992

	Three Months Ended March 31,	
	2013	2012
Columbia Pipeline Group Operations		
Throughput (MMDth)		
Columbia Transmission	435.8	379.4
Columbia Gulf	190.2	227.5
Crossroads Pipeline	5.0	4.3
Intrasegment eliminations	(93.9)	(105.7)
Total	537.1	505.5

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	2013	2012
Electric Operations		
Sales (Gigawatt Hours)		
Residential	864.1	781.2
Commercial	921.2	907.8
Industrial	2,319.6	2,385.0
Wholesale	61.3	19.1
Other	33.2	32.5
Total	4,199.4	4,125.6
Weather Adjustment	(3.4)	81.8
Sales Volumes - Excluding Weather impacts	4,196.0	4,207.4
 Electric Customers		
Residential	401,559	400,348
Commercial	54,084	53,928
Industrial	2,373	2,457
Wholesale	725	717
Other	6	16
Total	458,747	457,466

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

	Three Months Ended March 31,	
	2013	2012
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 215.3	\$ 213.5
Items excluded from operating earnings		
Net Revenues:		
Weather - compared to normal	1.1	(39.9)
Unregulated natural gas marketing business	0.1	1.0
Operating Expenses:		
Legal reserve adjustment	—	3.1
Unregulated natural gas marketing business	(1.2)	(1.9)
Gain on sale of assets and asset impairments	0.2	1.6
Total items excluded from operating earnings	0.2	(36.1)
Other Deductions:		
Investment impairment	—	(0.7)
Tax effect of above items	(0.1)	15.8
Total items excluded from net operating earnings	0.1	(21.0)
Reported Income from Continuing Operations - GAAP	\$ 215.4	\$ 192.5
Basic Average Common Shares Outstanding	311.1	282.9
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.69	\$ 0.76
Items excluded from net operating earnings (after-tax)	—	(0.08)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.69	\$ 0.68

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended March 31,

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 233.3	\$ 133.3	\$ 64.9	\$ (3.6)	\$ 427.9
Net Revenues:					
Weather - compared to normal	0.8	—	0.3	—	1.1
Unregulated natural gas marketing business	—	—	—	0.1	0.1
Total Impact - Net Revenues	0.8	—	0.3	0.1	1.2
Operating Expenses:					
Unregulated natural gas marketing business	—	—	—	(1.2)	(1.2)
Gain on sale of assets and asset impairments	—	0.2	—	—	0.2
Total Impact - Operating Expenses	—	0.2	—	(1.2)	(1.0)
Total Impact - Operating Income (Loss)	\$ 0.8	\$ 0.2	\$ 0.3	\$ (1.1)	\$ 0.2
Operating Income (Loss) - GAAP	\$ 234.1	\$ 133.5	\$ 65.2	\$ (4.7)	\$ 428.1

2012 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings	\$ 244.8	\$ 138.6	\$ 48.5	\$ 1.9	\$ 433.8
Net Revenues:					
Weather - compared to normal	(34.5)	—	(5.4)	—	(39.9)
Unregulated natural gas marketing business	—	—	—	1.0	1.0
Total Impact - Net Revenues	(34.5)	—	(5.4)	1.0	(38.9)
Operating Expenses:					
Legal reserve adjustment	—	—	3.1	—	3.1
Unregulated natural gas marketing business	—	—	—	(1.9)	(1.9)
Gain on sale of assets and asset impairments	—	—	—	1.6	1.6
Total Impact - Operating Expenses	—	—	3.1	(0.3)	2.8
Total Impact - Operating (Loss) Income	\$ (34.5)	\$ —	\$ (2.3)	\$ 0.7	\$ (36.1)
Operating Income - GAAP	\$ 210.3	\$ 138.6	\$ 46.2	\$ 2.6	\$ 397.7

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2013	2012
Net Revenues		
Gas Distribution	\$ 892.2	\$ 873.7
Gas Transportation and Storage	468.5	409.2
Electric	377.3	352.6
Other	56.3	13.4
Gross Revenues	1,794.3	1,648.9
Cost of Sales (excluding depreciation and amortization)	687.7	627.4
Total Net Revenues	1,106.6	1,021.5
Operating Expenses		
Operation and maintenance	455.4	400.9
Depreciation and amortization	143.6	145.4
Gain on sale of assets, net	(0.2)	(1.6)
Other taxes	86.8	86.8
Total Operating Expenses	685.6	631.5
Equity Earnings in Unconsolidated Affiliates	7.1	7.7
Operating Income	428.1	397.7
Other Income (Deductions)		
Interest expense, net	(98.6)	(103.3)
Other, net	4.1	0.3
Total Other Deductions	(94.5)	(103.0)
Income from Continuing Operations before Income Taxes	333.6	294.7
Income Taxes	118.2	102.2
Income from Continuing Operations	215.4	192.5
Income from Discontinued Operations - net of taxes	8.7	0.9
Gain on Disposition of Discontinued Operations - net of taxes	36.4	—
Net Income	\$ 260.5	\$ 193.4
Basic Earnings Per Share		
Continuing operations	\$ 0.69	\$ 0.68
Discontinued operations	0.15	—
Basic Earnings Per Share	\$ 0.84	\$ 0.68
Diluted Earnings Per Share		
Continuing operations	\$ 0.69	\$ 0.66
Discontinued operations	0.14	—
Diluted Earnings Per Share	\$ 0.83	\$ 0.66
Dividends Declared Per Common Share	\$ 0.48	\$ 0.46
Basic Average Common Shares Outstanding	311.1	282.9
Diluted Average Common Shares	312.1	293.1

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	March 31, 2013	December 31, 2012
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$ 21,910.1	\$ 21,642.3
Accumulated depreciation and amortization	(9,075.4)	(8,986.4)
Net utility plant	12,834.7	12,655.9
Other property, at cost, less accumulated depreciation	284.2	260.0
Net Property, Plant and Equipment	13,118.9	12,915.9
Investments and Other Assets		
Unconsolidated affiliates	260.8	243.3
Other investments	190.4	194.4
Total Investments and Other Assets	451.2	437.7
Current Assets		
Cash and cash equivalents	101.4	36.3
Restricted cash	23.1	46.8
Accounts receivable (less reserve of \$31.9 and \$24.0, respectively)	1,070.3	907.3
Income tax receivable	80.5	130.9
Gas inventory	70.3	326.6
Underrecovered gas and fuel costs	16.9	45.0
Materials and supplies, at average cost	111.4	97.4
Electric production fuel, at average cost	59.0	71.7
Price risk management assets	58.0	92.2
Exchange gas receivable	71.1	51.5
Assets of discontinued operations and assets held for sale	—	26.7
Regulatory assets	141.7	162.8
Prepayments and other	228.1	357.2
Total Current Assets	2,031.8	2,352.4
Other Assets		
Price risk management assets	36.1	56.0
Regulatory assets	1,954.2	2,024.4
Goodwill	3,666.2	3,677.3
Intangible assets	283.9	286.6
Deferred charges and other	94.1	94.4
Total Other Assets	6,034.5	6,138.7
Total Assets	\$ 21,636.4	\$ 21,844.7

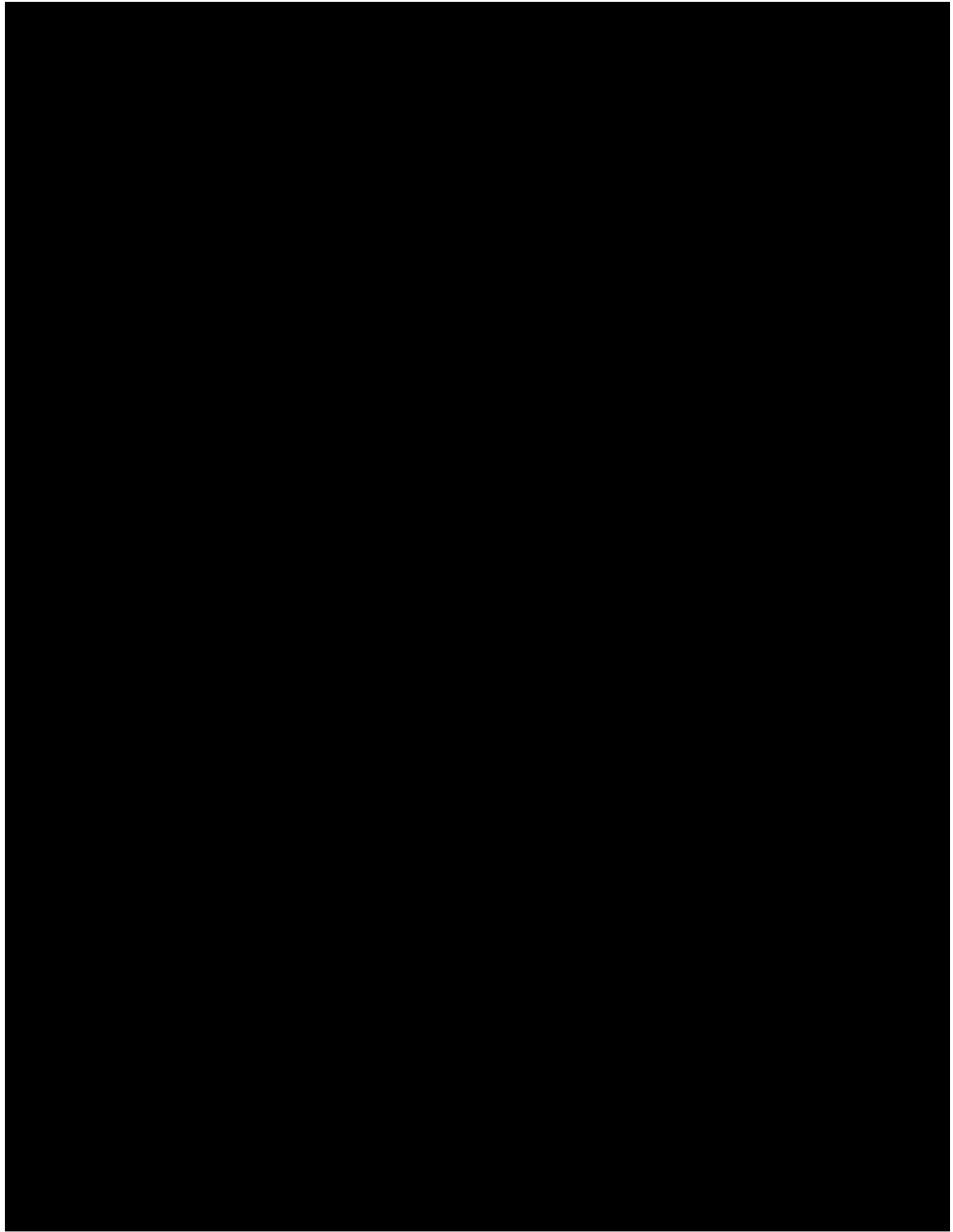
NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(unaudited)

<i>(in millions, except share amounts)</i>	March 31, 2013	December 31, 2012
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 311,814,846 and 310,280,867 shares outstanding, respectively	\$ 3.1	\$ 3.1
Additional paid-in capital	4,627.5	4,597.6
Retained earnings	1,170.5	1,059.6
Accumulated other comprehensive loss	(62.3)	(65.5)
Treasury stock	(48.1)	(40.5)
Total Common Stockholders' Equity	5,690.7	5,554.3
Long-term debt, excluding amounts due within one year	6,803.9	6,819.1
Total Capitalization	12,494.6	12,373.4
Current Liabilities		
Current portion of long-term debt	89.3	507.2
Short-term borrowings	1,131.2	776.9
Accounts payable	527.4	538.9
Dividends payable	74.8	—
Customer deposits and credits	167.6	269.6
Taxes accrued	258.2	235.5
Interest accrued	68.2	133.7
Overrecovered gas and fuel costs	63.2	22.1
Price risk management liabilities	52.7	95.2
Exchange gas payable	76.0	146.2
Deferred revenue	42.4	42.8
Regulatory liabilities	106.5	171.6
Accrued liability for postretirement and postemployment benefits	6.1	6.1
Liabilities of discontinued operations and liabilities held for sale	—	3.9
Legal and environmental reserves	41.1	42.2
Other accruals	269.7	309.7
Total Current Liabilities	2,974.4	3,301.6
Other Liabilities and Deferred Credits		
Price risk management liabilities	6.9	20.3
Deferred income taxes	2,980.1	2,953.3
Deferred investment tax credits	23.8	24.8
Deferred credits	88.3	84.1
Accrued liability for postretirement and postemployment benefits	1,066.6	1,107.3
Regulatory liabilities and other removal costs	1,611.4	1,593.3
Asset retirement obligations	165.3	160.4
Other noncurrent liabilities	225.0	226.2
Total Other Liabilities and Deferred Credits	6,167.4	6,169.7
Commitments and Contingencies		
Total Capitalization and Liabilities	\$ 21,636.4	\$ 21,844.7

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Three Months Ended March 31, (<i>in millions</i>)	2013	2012
Operating Activities		
Net Income	\$ 260.5	\$ 193.4
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	143.6	145.4
Net changes in price risk management assets and liabilities	1.4	24.9
Deferred income taxes and investment tax credits	116.5	92.2
Deferred revenue	(0.4)	(0.7)
Stock compensation expense and 401(k) profit sharing contribution	10.6	8.9
Gain on sale of assets	(0.2)	(1.6)
Income from unconsolidated affiliates	(7.3)	(6.6)
Gain on disposition of discontinued operations - net of tax	(36.4)	—
Income from discontinued operations - net of taxes	(8.7)	(0.9)
Amortization of debt related costs	2.3	2.3
AFUDC equity	(3.5)	(1.0)
Distributions of earnings received from equity investees	7.0	12.9
Changes in Assets and Liabilities:		
Accounts receivable	(161.3)	127.5
Income tax receivable	50.4	0.2
Inventories	254.7	211.1
Accounts payable	25.4	(41.3)
Customer deposits and credits	(102.0)	(98.5)
Taxes accrued	28.7	16.6
Interest accrued	(65.5)	(41.7)
Overrecovered gas and fuel costs	69.3	31.1
Exchange gas receivable/payable	(89.8)	(113.4)
Other accruals	(26.6)	(54.3)
Prepayments and other current assets	(5.8)	(4.7)
Regulatory assets/liabilities	5.8	(1.2)
Postretirement and postemployment benefits	(36.8)	(6.9)
Deferred credits	7.7	2.6
Deferred charges and other noncurrent assets	(0.4)	(23.3)
Other noncurrent liabilities	(1.9)	4.0
Net Operating Activities from Continuing Operations	437.3	477.0
Net Operating Activities from Discontinued Operations	11.8	3.0
Net Cash Flows from Operating Activities	449.1	480.0
Investing Activities		
Capital expenditures	(369.3)	(291.8)
Proceeds from disposition of assets	0.5	2.1
Restricted cash withdrawals	23.6	11.5
Contributions to equity investees	(17.1)	(5.3)
Other investing activities	(5.3)	(10.4)
Net Investing Activities used for Continuing Operations	(367.6)	(293.9)
Net Investing Activities from (used for) Discontinued Operations	121.5	(0.8)
Financing Activities		
Retirement of long-term debt	(427.1)	(5.9)
Change in short-term borrowings, net	354.3	(94.8)
Issuance of common stock	17.2	17.4

Acquisition of treasury stock	(7.6)	(9.9)
Dividends paid - common stock	(74.7)	(65.1)
Net Cash Flow used for Financing Activities	(137.9)	(158.3)
Change in cash and cash equivalents (used for) from continuing operations	(68.2)	24.8
Cash contributions from discontinued operations	133.3	2.2
Cash and cash equivalents at beginning of period	36.3	11.5
Cash and Cash Equivalents at End of Period	\$ 101.4	\$ 38.5



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 04/12/13 for the Period Ending 04/09/13

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 9, 2013

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
(State or other jurisdiction of
incorporation or organization)

35-2108964
(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 1.01. Entry into a Material Definitive Agreement.

On April 9, 2013, NiSource Inc. (the "Company"), NiSource Finance Corp., an Indiana corporation and a wholly-owned special purpose finance subsidiary of the Company ("NiSource Finance"), and Barclays Capital Inc., Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, as representatives of the underwriters, entered into a Terms Agreement with respect to the offering and sale of \$750,000,000 aggregate principal amount of NiSource Finance's 4.80% Notes due 2044 (the "Notes") under the Company's and NiSource Finance's Registration Statement on Form S-3 (File Nos. 333-170385 and 333-170385-01). The Notes are fully and unconditionally guaranteed by the Company. The Terms Agreement incorporates by reference an Underwriting Agreement dated November 5, 2010 of the Company and NiSource Finance (a copy of which was filed as Exhibit 1.1 to the Company's Current Report on Form 8-K filed December 6, 2010). The sale closed on April 12, 2013. The Notes were issued pursuant to an Indenture dated as of November 14, 2000 among the Company, NiSource Finance and The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee (a copy of which was filed as Exhibit 4.1 to the Company's and NiSource Finance's Registration Statement on Form S-3, File Nos. 333-49330 and 333-49330-01).

A copy of the form of the Notes is filed as Exhibit 4.1 to this Current Report on Form 8-K and is hereby incorporated by reference herein.

Item 2.03 – Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

Exhibit	Description
4.1	Form of 4.80% Notes due 2044
5.1	Opinion of Schiff Hardin LLP

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
4.1	Form of 4.80% Notes due 2044
5.1	Opinion of Schiff Hardin LLP

Additional provisions of this Note are set forth on the other side of this Note.

Dated: []

NISOURCE FINANCE CORP.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Robert E. Smith
Title: Vice President and Assistant Corporate Secretary

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Notes of the series referred to in the
within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Officer

1. Interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on February 15 and August 15 of each year, commencing August 15, 2013. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from April 12, 2013. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the February 1 and August 1 (whether or not a Business Day) next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated April 12, 2013 (the "Officers' Certificate"). The terms of the Notes include those stated in the Indenture and the Officers' Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbb) as in effect on the date of the Officers' Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

6. Optional Redemption

Prior to August 15, 2043, the Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to, but excluding, the Redemption Date and (2) the Make-Whole Amount for the Notes being redeemed.

On or after August 15, 2043, the Company may redeem the Notes at any time in whole or from time to time in part, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to, but excluding, the Redemption Date.

For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the Redemption Date.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.30%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and to provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and

the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued, the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.
801 East 86th Avenue
Merrillville, Indiana 46410

Attention: Corporate Secretary

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint
act for him.

agent to transfer this Note on the books of the Company. The agent may substitute another to

Date:

Your Signature: _____

Sign exactly as your name appears on the other side of this
Note.

Signature Guarantee:

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 4.80% Notes due 2044 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Mark Downing
Title: Assistant Treasurer

April 12, 2013

NiSource Inc.
801 E. 86th Avenue
Merrillville, Indiana 46410

NiSource Finance Corp.
801 E. 86th Avenue
Merrillville, Indiana 46410

Ladies and Gentlemen:

We have acted as counsel to NiSource Finance Corp., an Indiana corporation (the "Company"), and NiSource Inc., a Delaware corporation ("Parent"), in connection with (i) a registration statement on Form S-3ASR (File Nos. 333-170385 and 333-170385-01) (the "Registration Statement") filed by the Company and Parent with the Securities and Exchange Commission (the "Commission") on November 5, 2010 under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement, which became effective upon filing pursuant to Rule 462(e) under the Securities Act, relates to the issuance and sale from time to time, pursuant to Rule 415 of the rules and regulations promulgated under the Securities Act, of, among other securities, debt securities of the Company in one or more series and Parent's guarantee with respect to such debt securities. We have also acted as counsel to the Company and Parent in connection with the issuance and sale by the Company to the underwriters of \$750,000,000 aggregate principal amount of the Company's 4.80% Notes due 2044 (the "Notes"), such Notes being fully and unconditionally guaranteed (the "Guarantee") by Parent, in an underwritten public offering pursuant to a Terms Agreement dated April 9, 2013 among the Company, Parent and the underwriters named therein (the "Terms Agreement").

The Notes and Guarantee are to be issued under an Indenture, dated as of November 14, 2000 (as supplemented, the "Indenture") among the Company, Parent and The Bank of New York Mellon, as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank, as trustee, as filed as Exhibit 4.1 to Parent's Form S-3 filed November 17, 2000 (Registration No. 333-49330).

This opinion letter is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

In connection with our opinion, we have examined the Registration Statement, including the exhibits thereto, and such other documents, corporate records and instruments, and have examined such laws and regulations, as we have deemed necessary for the purposes of this opinion. In making our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the originals of all documents submitted to us as copies and the legal capacity of all natural persons. As to matters of fact material to our opinions in this letter, we have relied on certificates and statements from officers and other employees of the Company and Parent, public officials and other appropriate persons.

In rendering the opinions in this letter we have assumed, without independent investigation or verification, that each party to each of the documents executed or to be executed, other than the Company or Parent, (a) is validly existing and in good standing under the laws of its jurisdiction of organization, (b) has full power and authority to execute such documents to which it is a party and to perform its obligations thereunder, (c) has taken all necessary action to authorize execution of such documents on its behalf by the persons executing same, (d) has properly executed and delivered, or will properly execute and deliver, each of such documents to which it is a party, and (e) has duly obtained all consents or approvals of any nature from and made all filings with any governmental authorities necessary for such party to execute, deliver or perform its obligations under such documents to which it is a party. In addition, in rendering such opinions we have assumed, without independent investigation or verification, (i) that the execution and delivery of, and performance of their respective obligations under, the documents executed or to be executed by each party thereto, other than the Company or Parent, do not violate any law, rule, regulation, agreement or instrument binding upon such party and (ii) that each of such documents is the legal, valid and binding obligation of, and enforceable against, each party thereto, other than the Company or Parent.

We make no representation that we have independently investigated or verified any of the matters that we have assumed for the purposes of this opinion letter.

Based on the foregoing and subject to the qualifications set forth below, we are of the opinion that the Notes and Guarantee, when executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the underwriters in accordance with the terms of the Terms Agreement, will be legal, valid and binding obligations of the Company or Parent, as applicable, enforceable against the Company or Parent, as applicable, in accordance with their terms.

The opinions set forth above are subject to the following qualifications:

A. The opinions expressed herein with respect to the legality, validity, binding nature and enforceability of the Notes and the Guarantee are subject to (i) applicable laws relating to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting creditors' rights generally, whether now or hereafter in effect and (ii) general principles of equity, including, without limitation, concepts of materiality, laches, reasonableness, good faith and fair dealing and the principles regarding when injunctive or other equitable remedies will be available (regardless of whether considered in a proceeding at law or in equity).

B. The foregoing opinions are limited to the laws of the State of New York (excluding the "blue sky" laws of such state) and the General Corporation Law of Delaware, and we express no opinion as to the laws of any other jurisdiction.

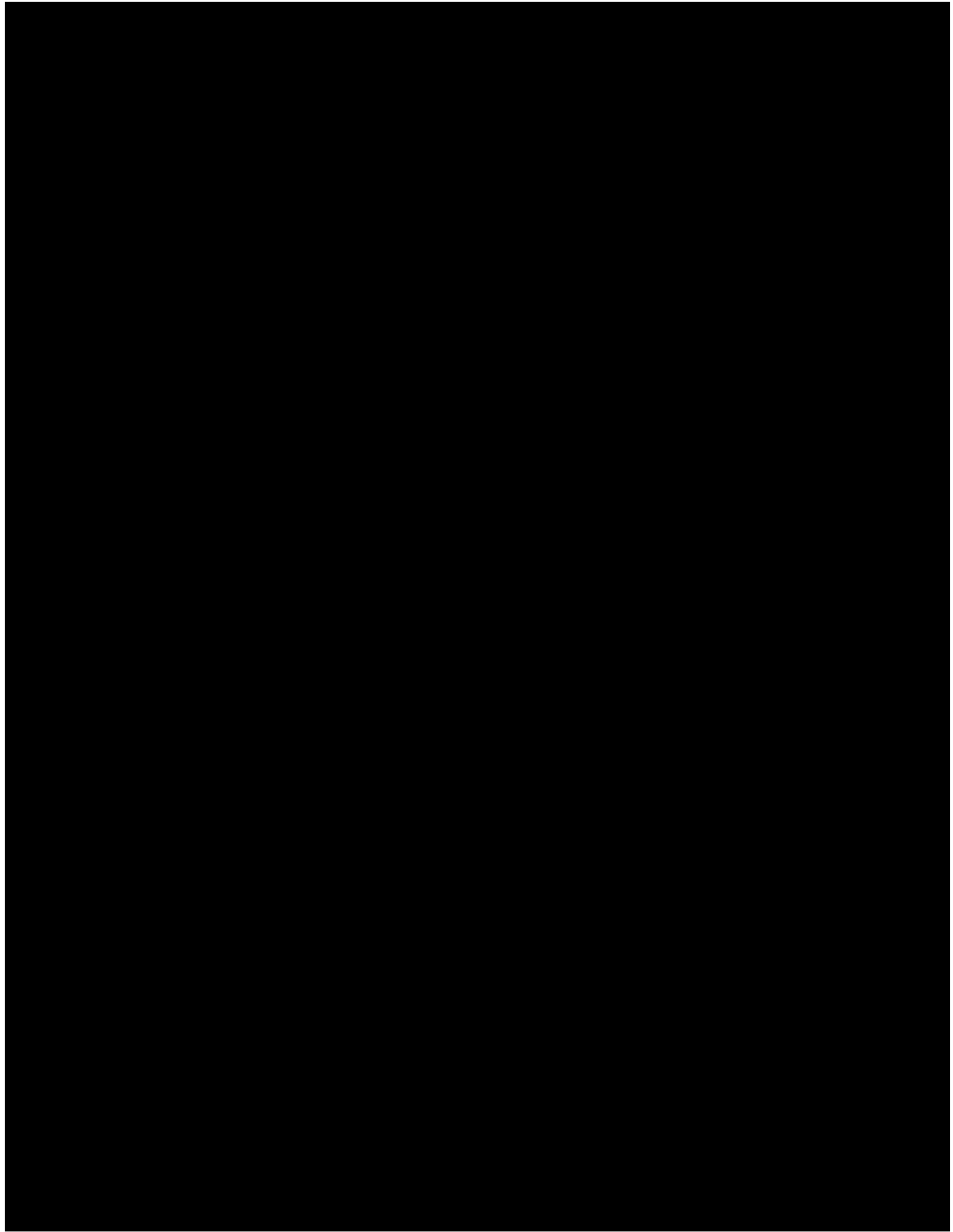
The opinions expressed in this opinion letter are as of the date of this opinion letter only and as to laws covered hereby only as they are in effect on that date, and we assume no obligation to update or supplement such opinion to reflect any facts or circumstances that may come to our attention after that date or any changes in law that may occur or become effective after that date. The opinions herein are limited to the matters expressly set forth in this opinion letter, and no opinion or representation is given or may be inferred beyond the opinions expressly set forth in this opinion letter.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Form 8-K and to the reference to us under the caption "Legal Matters" in the prospectus supplement dated April 9, 2013 with respect to the Notes and Guarantee and the prospectus dated November 5, 2010 contained in the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

SCHIFF HARDIN LLP

By: /s/ Robert J. Minkus



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 02/19/13 for the Period Ending 02/19/13

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 19, 2013

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction
of incorporation or organization)**

001-16189

**Commission
file number**

35-2108964

**(I.R.S. Employer
Identification No.)**

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 19, 2013, NiSource Inc. (the "Company") reported its financial results for the year ended December 31, 2012. The Company's press release, dated February 19, 2013, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated February 19, 2013, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: February 19, 2013

By:

/s/ Jon D. Veurink

Jon D. Veurink

Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit
Number

Description

99.1 Press Release, dated February 19, 2013, issued by NiSource Inc.

NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

February 19, 2013

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulén
Managing Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Reports 2012 Earnings

- Financial results in line with 2012 earnings guidance
- Solid execution of infrastructure-focused capital investment plan
- Enhanced \$1.8 billion capital program outlined for 2013
- 2013 earnings outlook reflects ongoing infrastructure investment growth

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings (non-GAAP) of \$427.2 million , or \$1.46 per share, for the twelve months ended December 31, 2012, compared to net operating earnings of \$368.8 million , or \$1.32 per share for 2011. NiSource's consolidated operating earnings (non-GAAP) for the twelve months ended December 31, 2012, were \$1,071.4 million compared to \$946.3 million in 2011.

On a GAAP basis, NiSource reported income from continuing operations for the twelve months ended December 31, 2012, of \$410.6 million , or \$1.41 per share, compared with \$294.8 million , or \$1.05 per share in 2011. Operating income was \$1,042.7 million for 2012 versus \$890.1 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

For the three months ended December 31, 2012, net operating earnings (non-GAAP) were \$136.0 million , or \$0.44 per share, compared with \$89.2 million , or \$0.32 per share, for the same period in 2011. On a GAAP basis, income from continuing operations for the three months ended December 31, 2012, was \$132.0 million , or \$0.42 per share, compared with \$15.6 million , or \$0.05 per share for the fourth quarter of 2011.

"For NiSource, 2012 was a year of continued disciplined execution across all facets of our established infrastructure-investment-driven business strategy," NiSource President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. "That strategy generated earnings growth in line with our guidance, and produced total shareholder returns that outperformed utility indices for the fourth consecutive year."

“Consistent with the plans we shared at NiSource's Investor Day in September, we are pursuing an even more expansive collection of value-adding investment opportunities in 2013, as reflected by our record \$1.8 billion capital program. We expect our enhanced infrastructure investment strategy to drive long-term net operating earnings growth (non-GAAP) of approximately 5 to 7 percent per year.”

Solid progress in 2012 sets stage for continued earnings growth

Skaggs highlighted key 2012 business accomplishments and ongoing initiatives to drive continued earnings growth for the company in 2013 and beyond, including:

- Leveraging the company's strategic position in the evolving shale gas production areas to develop and execute on a number of growth investments.
- Achieving a landmark agreement with customers to modernize the **Columbia Gas Transmission** (Columbia) pipeline network.
- Generating value for customers and other key stakeholders by executing on a robust series of utility modernization and environmental investments, and continuing to develop a variety of new customer programs.
- Outlining a long-term inventory of more than \$25 billion in growth and infrastructure modernization investment opportunities across NiSource's three business units. These opportunities are expected to result in annual capital investments totaling \$1.5 billion to \$1.8 billion, generating earnings growth of approximately 5 to 7 percent per year, and annual common stock dividend growth of 3 to 5 percent.
- Demonstrating ongoing financial and operational discipline, with key projects delivered on time and on budget. During the year, NiSource also executed on its approximately \$340 million forward sale equity issuance and issued \$750 million in debt at historically attractive rates. NiSource closed the year with about \$974 million in net available liquidity.
- Delivering total shareholder returns of 8.5 percent during 2012 - including a dividend increase of more than 4 percent.
- Continuing to strengthen its senior management team, with the addition of veteran energy industry executives to lead NiSource's **Northern Indiana Public Service Company** (NIPSCO) and **NiSource Gas Distribution** (NGD) business units.

In addition, Skaggs noted that in early 2013, NiSource completed the sale of its non-core retail services business to AGL Resources. The proceeds of the transaction will be used to support the company's infrastructure investment plans.

“At the foundation of these accomplishments are our core financial commitments - stable investment-grade credit ratings, a secure and growing dividend, and long-term, sustainable earnings growth,” said Skaggs. “These commitments remain unwavering as we execute on our long-term infrastructure investment growth strategy, delivering value to our customers, shareholders and other key stakeholders.”

Positive earnings trajectory continues with 2013 guidance of \$1.50 to \$1.60 per share (non-GAAP)

Based on the continued success of NiSource's balanced business strategy, together with a deep

inventory of investment opportunities across each of its business units, NiSource expects to deliver 2013 net operating earnings (non-GAAP) within a range of \$1.50 to \$1.60 per share.

“With this deep inventory of identified infrastructure investment opportunities and a mature capital investment discipline, NiSource is on a solid trajectory to grow earnings and increase shareholder value for the foreseeable future,” Skaggs concluded. “As our established track record of performance shows, our teams have demonstrated the ability to execute our enhanced \$1.8 billion capital investment program and deliver on our commitments.”

There will likely be differences between net operating earnings and GAAP earnings, but, due to the unpredictability of weather and other factors, NiSource is continuing its practice of not providing GAAP earnings guidance.

Solid progress across NiSource's pipeline businesses - growth, modernization, midstream and minerals initiatives

NiSource Gas Transmission & Storage (NGT&S) made significant progress during 2012 on its strategies to modernize its core interstate natural gas pipeline system, execute on market- and supply-driven growth projects, and pursue midstream infrastructure and minerals leasing opportunities linked to its strong asset position in the Utica and Marcellus Shale production regions.

- On January 24, 2013, Columbia received approval from the Federal Energy Regulatory Commission (FERC) of a customer settlement that facilitates a comprehensive, balanced and transparent pipeline infrastructure modernization plan. Widely supported by Columbia's customers, the settlement covers the initial five years of the company's investment plan and contains provisions for potential extension thereafter. Among other components, the settlement identifies individual infrastructure projects and establishes a timely recovery mechanism for the costs associated with the projects. Under the settlement, Columbia will invest approximately \$1.5 billion through 2017 on system modernization, in addition to approximately \$100 million in annual ongoing maintenance investment.
- During 2012, NGT&S placed a number of strategic growth projects into service. These and other projects helped contribute more than \$20 million in additional demand revenues in 2012. On the midstream and minerals front, NGT&S expects to place its Big Pine Gathering System into service by April 2013. Involving an investment of approximately \$160 million and anchored by a long-term gathering agreement with XTO Energy Inc., the project will transport up to 425 million cubic feet per day of Marcellus Shale production. In addition, Pennant Midstream LLC, a joint venture with Hilcorp, continues to make progress with its pipeline and processing facilities and remains on schedule for completion of the project by the end of 2013. It is anticipated that NiSource's share will be approximately \$150 million of the total investment in the project's first phase.
- In a separate agreement with Hilcorp, test wells were drilled in 2012 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Delineation and test wells will continue in 2013 with a full development program to be developed over the course of the year. NiSource will invest alongside Hilcorp in the development of the acreage, owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to the Pennant Midstream project.
- In late December 2012, **Columbia Gulf Transmission** (Columbia Gulf) initiated a non-

binding open season for its proposed Cameron Access Project in south Louisiana. With access to various supply basins, the project would improve reliability for shippers by transporting natural gas supplies directly into the Cameron Liquefied Natural Gas (LNG) Terminal. With a projected in-service date of mid-2017, initial capacity and investment will be determined based on the results of the open season.

- Columbia and Columbia Gulf are moving forward with plans to upgrade and modify facilities to support the West Side Expansion project. This approximately \$200 million project will reverse the flow of gas on part of the system to transport approximately 500,000 dekatherms per day of Marcellus production to Gulf Coast markets. Service is scheduled to begin in late 2014. Columbia also is moving ahead with the East Side Expansion project, an approximately \$210 million project providing 300,000 dekatherms per day of transportation capacity for Marcellus supplies to northeastern and Mid-Atlantic markets. This project is expected to be placed in service during the third quarter of 2015.
- NGT&S' capital investment program reached approximately \$480 million in 2012. For 2013, its investment level is expected to approach \$700 million.

"In 2012, the NGT&S team maintained a sharp focus on core growth and modernization projects," Skaggs said. "The team also continued to pursue a number of complementary minerals arrangements and accretive midstream projects. This measured approach is designed to meet the evolving needs of the marketplace, while actively investing in the reliability, integrity and modernization of our infrastructure."

NIPSCO progress supports continued long-term investment and growth

NIPSCO celebrated its 100-year anniversary in 2012 by delivering strong operational and financial performance and by outlining several near- and long-term growth and modernization investments.

- The company's electric margins for the year remained strong following implementation of a number of regulatory initiatives. NIPSCO also introduced a variety of new customer programs, including an air-conditioning cycling program, a proposed green power rate program, and a program offering customer incentives for those who drive electric vehicles.
- NIPSCO remains on track with significant environmental investments at its electric generation facilities. The company's more than \$500 million flue gas desulfurization (FGD) project at its Schahfer generating station remains on schedule and on budget. The Schahfer FGD units will be placed into service in the fourth quarter of this year and in 2014. At the company's Michigan City generating station, pre-construction engineering and design work has begun for the approximately \$250 million investment in FGD equipment. Construction is anticipated to begin during the first quarter of 2013.
- Over the next decade, NIPSCO expects to invest up to \$500 million on two approved electric transmission projects in northern Indiana. Supporting economic development, new jobs and strengthening of the Midwest's electrical infrastructure, the projects are in process and will see additional planning and outreach activities in 2013.
- NIPSCO's capital investment program in 2013 is expected to reach more than \$430 million, primarily focused on environmental investments at its generating stations and maintenance of its existing electric infrastructure.

"While we continue to deliver on our core customer, reliability and environmental initiatives in 2013, the NIPSCO team also will continue the development of a long-term modernization program for its electric transmission and distribution infrastructure" said Skaggs.

Modernization investments, synced with regulatory and customer initiatives, drive continued growth at NiSource Gas Distribution

Combining long-term infrastructure modernization programs with complementary customer programs and regulatory initiatives continues to be the strength and focus at NGD.

-
- On February 8, 2013, Columbia Gas of Pennsylvania reached a unanimous settlement in principle with the parties in its base rate case, which resolves all issues in the case. The parties will submit a joint petition for approval to the Pennsylvania Public Utility Commission on or before March 18, 2013. Originally filed on September 28, 2012, the case is tailored after Pennsylvania's recently enacted Act 11, which reflects a fully projected future test year under which the company proposes to recover its infrastructure investments through June 2014. Rates are anticipated to be placed into service in July of this year.
- Infrastructure modernization projects across much of the NGD territory, coupled with customer programs and regulatory activity, continue to generate value for stakeholders and sustainable earnings growth. NiSource invested nearly \$400 million in these infrastructure programs in 2012, part of a more than \$10 billion long-term modernization program.
- Total capital investment at NGD reached nearly \$650 million in 2012. A similar level of investment is targeted for 2013, primarily focused on modernization and growth initiatives.

"In 2013 NGD's formula will remain the same - sustained earnings growth through long-term investments in infrastructure modernization supported by regulatory initiatives integrated with customer programs designed to reduce energy consumption and lower overall bills," Skaggs said.

Full-Year 2012 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the year ended December 31, 2012, were \$1,071.4 million, compared to \$946.3 million for the same period in 2011. Refer to Schedule 2 for the items included in 2012 and 2011 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the twelve months ended December 31, 2012, are discussed below.

Gas Transmission and Storage Operations reported operating earnings of \$397.8 million for the twelve months ended December 31, 2012, compared with operating earnings of \$360.1 million for the prior year period. Net revenues, excluding the impact of trackers, decreased \$53.8 million primarily as a result of the customer settlement at Columbia. This decrease was partially offset by an increase in demand margin revenue as a result of growth projects and the impact of new Columbia Gulf rates.

Operating expenses, excluding the impact of trackers, decreased \$73.9 million primarily due a decrease in employee and administration costs, primarily pension, lower depreciation and

amortization as a result of the Columbia customer settlement, and decreased environmental costs. These decreases were partially offset by increased outside service costs.

Equity earnings increased by \$17.6 million primarily from increased earnings at Millennium Pipeline driven by increased demand and commodity revenues.

Electric Operations reported operating earnings of \$237.6 million for the twelve months ended December 31, 2012, compared with operating earnings of \$201.9 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$125.1 million primarily due to increased industrial, commercial and residential margins mainly as a result of the implementation of the electric rate case. Additionally, there were lower revenue credits in the current period as the implementation of the electric rate case discontinued these credits. Net revenues also increased as a result of the implementation of a Regional Transmission Organization recovery mechanism, the recognition of emission allowances that were deferred in previous periods, and recovered margins related to lost consumption due to NIPSCO's participation in energy savings programs. These increases were partially offset by a decrease in environmental cost recovery due to the plant investment eligible for recovery being reset to zero as a result of the electric rate case.

Operating expenses, excluding the impact of trackers, increased by \$89.4 million due primarily to increased depreciation costs primarily due to previously deferred depreciation associated with the Sugar Creek facility being recognized as a result of the electric rate case. Additionally, there was an increase in employee and administration costs, primarily due to increased pension costs and increased employee headcount, and higher Midwest Independent Transmission System Operator (MISO) fees as these costs were previously deferred and the electric rate case resulted in the expiration of those deferrals. Operating expenses also increased due to increased electric generation costs and higher property taxes. These increases were partially offset by a decrease in rate case filing expenses related to the electric rate case.

Gas Distribution Operations reported operating earnings of \$441.2 million for the twelve months ended December 31, 2012, compared with operating earnings of \$424.9 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$36.9 million primarily attributable to increases in regulatory and service programs, including the impact of the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program and the impact of the 2011 rate case at Columbia Gas of Pennsylvania.

Operating expenses, excluding the impact of trackers, were \$20.6 million higher than the comparable period in the prior year primarily due to an increase in depreciation costs as a result of higher capital expenditures, increased outside service costs, and increased materials and supplies costs partially offset by decreased employee and administration costs, primarily pension, and a decrease in uncollectibles.

Corporate and Other Operations reported an operating earnings loss of \$5.2 million for the twelve months ended December 31, 2012, compared to an operating earnings loss of \$40.6 million for the comparable prior period. The reduced loss is primarily attributable to a 2011 reserve on certain assets related to the wind down of the unregulated natural gas marketing business and unrealized gains on increases in cash surrender value of corporate owned life insurance investments.

Other Items

Interest expense increased by \$41.5 million due to the issuance of long-term debt in June 2011, April 2012 and June 2012, and the expiration of deferred interest costs related to Sugar Creek as a result of the electric rate case. These increases were partially offset by the repurchase of

long-term debt in December 2011, lower short-term borrowings and rates and increased allowance for funds used during construction (AFUDC) balances.

Other-net income of \$2.4 million was recorded in 2012 compared to a loss of \$7.4 million in 2011. The increase in other-net income is primarily attributable to AFUDC earnings at NIPSCO.

The effective tax rate of net operating earnings was 34.8 percent compared to 34.4 percent for the same period last year.

Fourth Quarter 2012 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the quarter ended December 31, 2012, were \$312.9 million, compared to \$249.3 million in the fourth quarter of 2011. Refer to Schedule 2 for the items included in 2012 and 2011 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the quarter ended December 31, 2012, are discussed below.

Gas Transmission and Storage Operations reported operating earnings for the current quarter of \$128.8 million compared to \$89.0 million in the fourth quarter of 2011. Net revenues, excluding the impact of trackers, decreased by \$6.0 million, primarily attributable to the Columbia customer settlement and decreased Midstream revenues. These decreases were partially offset by higher mineral rights royalty revenue, increased demand margin revenue as a result of growth projects and higher revenues from shorter term transportation services.

Operating expenses, excluding the impact of trackers, decreased \$43.6 million primarily due to a decrease in employee and administration costs, primarily pension, and lower depreciation and amortization as a result of the Columbia customer settlement.

Equity earnings increased \$2.2 million primarily from increased earnings at Millennium Pipeline due to increased demand and commodity revenues.

Electric Operations reported operating earnings for the current quarter of \$51.6 million compared to \$42.9 million in the fourth quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$38.8 million primarily due to increased industrial and commercial margins mainly as a result of the implementation of the electric rate case. Net revenues also increased due to lower revenue credits in the current period as the electric rate case discontinued these credits. Additionally, net revenues increased related to the recognition of emission allowances that were deferred in previous periods and recovered margins related to lost consumption due to NIPSCO's participation in energy savings programs. These increases were partially offset by a decrease in environmental cost recovery due to the plant investment eligible for recovery being reset to zero as a result of the electric rate case.

Operating expenses increased by \$30.1 million, excluding the impact of trackers, primarily attributable to increased depreciation costs primarily due to previously deferred depreciation associated with the Sugar Creek facility being recognized as a result of the electric rate case. Additionally, there was an increase in electric generation costs, increased employee and administration costs, and MISO fees increased as these costs were previously deferred and the electric rate case resulted in the expiration of those deferrals.

Gas Distribution Operations reported operating earnings for the current quarter of \$133.6 million compared to \$141.4 million in the fourth quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$3.5 million primarily attributable to the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, were \$11.3 million higher than the comparable 2011 period as a result of an increase in depreciation costs due to an increase in capital expenditures, higher outside service costs, increased environmental costs, and increased materials and supplies costs. These increases were partially offset by decreased employee and administration costs, primarily pension.

Corporate and Other Operations reported an operating earnings loss of \$1.1 million for the current quarter compared to a loss of \$24.0 million in the fourth quarter of 2011. The reduced loss is primarily attributable to a 2011 reserve on certain assets related to the wind down of the unregulated natural gas marketing business.

Other Items

Interest expense increased by \$7.0 million for the current quarter due to the issuance of long-term debt in April 2012 and June 2012, and the expiration of deferred interest costs related to Sugar Creek as a result of the electric rate case. These increases were partially offset by the repurchase of long-term debt in December 2011, lower short-term borrowings and rates and increased AFUDC balances.

Other-net loss of \$3.6 million was recorded for the current quarter in 2012 compared to a loss of \$12.8 million in 2011. The decrease in other-net loss is primarily attributable to AFUDC earnings at NIPSCO.

The effective tax rate of net operating earnings was 33.8 percent compared to 36.1 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counterparty credit risk and the matters set forth in the "Risk Factors" Section in NiSource's most recent Form 10-K and subsequent reports on Form 10-Q, many of which are risks beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Net Revenues				
Gas Distribution	\$ 582.2	\$ 730.9	\$ 2,006.3	\$ 2,927.6
Gas Transportation and Storage	418.7	361.0	1,462.4	1,354.6
Electric	361.0	329.6	1,497.5	1,420.2
Other	37.8	18.2	103.8	53.9
Gross Revenues	1,399.7	1,439.7	5,070.0	5,756.3
Cost of Sales (excluding depreciation and amortization)	426.5	543.1	1,517.7	2,329.2
Total Net Revenues	973.2	896.6	3,552.3	3,427.1
Operating Expenses				
Operation and maintenance	387.4	401.9	1,457.5	1,472.4
Operation and maintenance - trackers	64.6	43.3	205.9	194.3
Depreciation and amortization	140.8	130.4	549.1	521.6
Depreciation and amortization - trackers	3.1	3.4	12.8	14.1
Other taxes	55.5	53.9	220.9	212.4
Other taxes - trackers	16.9	20.2	66.9	80.6
Total Operating Expenses	668.3	653.1	2,513.1	2,495.4
Equity Earnings in Unconsolidated Affiliates	8.0	5.8	32.2	14.6
Operating Earnings	312.9	249.3	1,071.4	946.3
Other Income (Deductions)				
Interest expense, net	(103.9)	(96.9)	(418.3)	(376.8)
Other, net	(3.6)	(12.8)	2.4	(7.4)
Total Other Deductions	(107.5)	(109.7)	(415.9)	(384.2)
Operating Earnings From Continuing Operations				
Before Income Taxes	205.4	139.6	655.5	562.1
Income Taxes	69.4	50.4	228.3	193.3
Net Operating Earnings from Continuing Operations	136.0	89.2	427.2	368.8
GAAP Adjustment	(4.0)	(73.6)	(16.6)	(74.0)
GAAP Income from Continuing Operations	\$ 132.0	\$ 15.6	\$ 410.6	\$ 294.8
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.44	\$ 0.32	\$ 1.46	\$ 1.32
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.42	\$ 0.05	\$ 1.41	\$ 1.05
Basic Average Common Shares Outstanding	309.9	281.4	291.9	280.4

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Net Revenues				
Sales Revenues	\$ 782.7	\$ 867.1	\$ 2,710.1	\$ 3,470.1
Less: Cost of gas sold	356.2	441.7	1,166.9	1,910.1
Net Revenues	426.5	425.4	1,543.2	1,560.0
Operating Expenses				
Operation and maintenance	180.1	175.1	681.7	680.1
Operation and maintenance - trackers	24.5	23.6	75.7	115.7
Depreciation and amortization	48.7	42.9	189.9	171.5
Other taxes	22.7	22.2	87.8	87.2
Other taxes - trackers	16.9	20.2	66.9	80.6
Total Operating Expenses	292.9	284.0	1,102.0	1,135.1
Operating Earnings	\$ 133.6	\$ 141.4	\$ 441.2	\$ 424.9
GAAP Adjustment	(5.6)	(48.2)	(47.1)	(46.0)
GAAP Operating Income	\$ 128.0	\$ 93.2	\$ 394.1	\$ 378.9

Gas Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Net Revenues				
Transportation revenues	\$ 214.9	\$ 222.6	\$ 721.8	\$ 776.7
Storage revenues	49.6	48.1	196.7	196.1
Other revenues	32.5	12.6	83.0	32.8
Total Operating Revenues	297.0	283.3	1,001.5	1,005.6
Less: Cost of Sales	0.1	—	1.1	—
Net Operating Revenues	296.9	283.3	1,000.4	1,005.6
Operating Expenses				
Operation and maintenance	99.7	137.1	361.8	407.7
Operation and maintenance - trackers	35.9	16.3	114.4	65.8
Depreciation and amortization	25.1	31.9	99.4	130.0
Other taxes	15.4	14.8	59.2	56.6
Total Operating Expenses	176.1	200.1	634.8	660.1
Equity Earnings in Unconsolidated Affiliates	8.0	5.8	32.2	14.6
Operating Earnings	\$ 128.8	\$ 89.0	\$ 397.8	\$ 360.1
GAAP Adjustment	0.7	(0.1)	0.6	(0.1)
GAAP Operating Income	\$ 129.5	\$ 88.9	\$ 398.4	\$ 360.0

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Net Revenues				
Sales revenues	\$ 361.6	\$ 330.6	\$ 1,499.5	\$ 1,422.3
Less: Cost of sales	113.2	121.6	495.9	545.5
Net Revenues	248.4	209.0	1,003.6	876.8
Operating Expenses				
Operation and maintenance	114.7	95.6	439.2	390.9
Operation and maintenance - trackers	4.2	3.3	15.8	12.8
Depreciation and amortization	60.4	49.9	236.8	200.6
Depreciation and amortization - trackers	3.1	3.4	12.8	14.1
Other taxes	14.4	13.9	61.4	56.5
Total Operating Expenses	196.8	166.1	766.0	674.9
Operating Earnings	\$ 51.6	\$ 42.9	\$ 237.6	\$ 201.9
GAAP Adjustment	(1.0)	(3.2)	13.2	6.5
GAAP Operating Income	\$ 50.6	\$ 39.7	\$ 250.8	\$ 208.4

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Operating Loss	\$ (1.1)	\$ (24.0)	\$ (5.2)	\$ (40.6)
GAAP Adjustment	(0.5)	(15.6)	4.6	(16.6)
GAAP Operating Loss	\$ (1.6)	\$ (39.6)	\$ (0.6)	\$ (57.2)

NiSource Inc.
Segment Volumes and Statistical Data

Gas Distribution Operations	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Sales and Transportation (MMDth)				
Residential	79.9	72.6	226.5	254.5
Commercial	50.1	46.7	156.2	168.6
Industrial	113.6	109.5	478.2	431.8
Off System	14.8	10.2	61.5	62.4
Other	0.1	0.1	0.3	0.3
Total	258.5	239.1	922.7	917.6
Weather Adjustment	6.5	18.1	58.8	12.7
Sales and Transportation Volumes - Excluding Weather	265.0	257.2	981.5	930.3
Heating Degree Days				
Heating Degree Days	1,940	1,742	4,799	5,434
Normal Heating Degree Days	2,037	2,037	5,664	5,633
% Warmer than Normal	5%	14%	15%	4%
Customers				
Residential			3,058,839	3,039,579
Commercial			280,842	280,521
Industrial			7,552	7,861
Other			22	19
Total			3,347,255	3,327,980

Gas Transmission and Storage Operations	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Throughput (MMDth)				
Columbia Transmission	328.8	301.4	1,107.7	1,117.5
Columbia Gulf	213.2	270.6	894.3	1,048.0
Crossroads Gas Pipeline	4.1	4.0	15.7	18.7
Intrasegment eliminations	(108.0)	(124.0)	(422.6)	(548.5)
Total	438.1	452.0	1,595.1	1,635.7

NiSource Inc.
Segment Volumes and Statistical Data

Electric Operations	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Sales (Gigawatt Hours)				
Residential	763.2	765.6	3,524.3	3,526.5
Commercial	907.8	931.3	3,863.1	3,886.5
Industrial	2,286.1	2,247.5	9,251.0	9,257.6
Wholesale	17.8	144.4	250.8	651.6
Other	34.0	44.2	119.1	165.5
Total	4,008.9	4,133.0	17,008.3	17,487.7
Weather Adjustment	14.8	31.1	(145.9)	(101.1)
Sales Volumes - Excluding Weather impacts	4,023.7	4,164.1	16,862.4	17,386.6
Cooling Degree Days			1,054	907
Normal Cooling Degree Days			814	808
% Warmer than Normal			29%	12%
Electric Customers				
Residential			401,177	400,567
Commercial			53,969	54,029
Industrial			2,445	2,405
Wholesale			725	737
Other			6	17
Total			458,322	457,755

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 136.0	\$ 89.2	\$ 427.2	\$ 368.8
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	(6.1)	(14.4)	(36.4)	(2.1)
Revenue adjustment	—	(0.6)	—	(0.6)
Unregulated natural gas marketing business	(0.7)	0.5	3.7	4.5
Operating Expenses:				
NOV accrual reversal	—	—	3.1	—
Environmental MGP remediation review	—	(35.5)	—	(35.5)
Unregulated natural gas marketing business	0.5	(1.2)	(3.1)	(5.6)
(Gain)/Loss on sale of assets and asset impairments	(0.1)	(15.9)	4.0	(16.9)
Total items excluded from operating earnings	(6.4)	(67.1)	(28.7)	(56.2)
Other Deductions:				
Loss on early extinguishment of debt	—	(53.9)	—	(53.9)
Investment impairment	—	—	(0.7)	—
Tax effect of above items	2.4	47.4	12.8	42.9
Other income tax adjustments - Indiana House Bill 1004	—	—	—	(6.8)
Total items excluded from net operating earnings	(4.0)	(73.6)	(16.6)	(74.0)
Reported Income from Continuing Operations - GAAP	\$ 132.0	\$ 15.6	\$ 410.6	\$ 294.8
Basic Average Common Shares Outstanding	309.9	281.4	291.9	280.4
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.44	\$ 0.32	\$ 1.46	\$ 1.32
Items excluded from net operating earnings (after-tax)	(0.02)	(0.27)	(0.05)	(0.27)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.42	\$ 0.05	\$ 1.41	\$ 1.05

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended December 31,

2012 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 133.6	\$ 128.8	\$ 51.6	\$ (1.1)	\$ 312.9
Net Revenues:					
Weather (compared to normal)	(5.1)	—	(1.0)	—	(6.1)
Unregulated natural gas marketing business	—	—	—	(0.7)	(0.7)
Total Impact - Net Revenues	(5.1)	—	(1.0)	(0.7)	(6.8)
Operating Expenses:					
Unregulated natural gas marketing business	—	—	—	0.5	0.5
(Gain)/Loss on sale of assets and asset impairments	(0.5)	0.7	—	(0.3)	(0.1)
Total Impact - Operating Expenses	(0.5)	0.7	—	0.2	0.4
Total Impact - Operating (Loss) Income	\$ (5.6)	\$ 0.7	\$ (1.0)	\$ (0.5)	\$ (6.4)
Operating Income (Loss) - GAAP	\$ 128.0	\$ 129.5	\$ 50.6	\$ (1.6)	\$ 306.5

2011 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 141.4	\$ 89.0	\$ 42.9	\$ (24.0)	\$ 249.3
Net Revenues:					
Weather (compared to normal)	(12.1)	—	(2.3)	—	(14.4)
Revenue adjustment	—	—	(0.6)	—	\$ (0.6)
Unregulated natural gas marketing business	—	—	—	0.5	0.5
Total Impact - Net Revenues	(12.1)	—	(2.9)	0.5	(14.5)
Operating Expenses:					
Environmental MGP remediation review	(35.5)	—	—	—	(35.5)
Unregulated natural gas marketing business	—	—	—	(1.2)	(1.2)
Gain on sale of assets and asset impairments	(0.6)	(0.1)	(0.3)	(14.9)	(15.9)
Total Impact - Operating Expenses	(36.1)	(0.1)	(0.3)	(16.1)	(52.6)
Total Impact - Operating Loss	\$ (48.2)	\$ (0.1)	\$ (3.2)	\$ (15.6)	\$ (67.1)
Operating Income (Loss) - GAAP	\$ 93.2	\$ 88.9	\$ 39.7	\$ (39.6)	\$ 182.2

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Twelve Months ended December 31,

2012 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 441.2	\$ 397.8	\$ 237.6	\$ (5.2)	\$ 1,071.4
Net Revenues:					
Weather (compared to normal)	(46.6)	—	10.2	—	(36.4)
Unregulated natural gas marketing business	—	—	—	3.7	3.7
Total Impact - Net Revenues	(46.6)	—	10.2	3.7	(32.7)
Operating Expenses:					
NOV accrual reserve	—	—	3.1	—	3.1
Unregulated natural gas marketing business	—	—	—	(3.1)	(3.1)
(Gain)/Loss on sale of assets and asset impairments	(0.5)	0.6	(0.1)	4.0	4.0
Total Impact - Operating Expenses	(0.5)	0.6	3.0	0.9	4.0
Total Impact - Operating (Loss) Income	\$ (47.1)	\$ 0.6	\$ 13.2	\$ 4.6	\$ (28.7)
Operating Income (Loss) - GAAP	\$ 394.1	\$ 398.4	\$ 250.8	\$ (0.6)	\$ 1,042.7

2011 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 424.9	\$ 360.1	\$ 201.9	\$ (40.6)	\$ 946.3
Net Revenues:					
Weather (compared to normal)	(9.7)	—	7.6	—	(2.1)
Revenue adjustment	—	—	(0.6)	—	(0.6)
Unregulated natural gas marketing business	—	—	—	4.5	4.5
Total Impact - Net Revenues	(9.7)	—	7.0	4.5	1.8
Operating Expenses					
Environmental MGP remediation review	(35.5)	—	—	—	(35.5)
Unregulated natural gas marketing business	—	—	—	(5.6)	(5.6)
Gain on sale of assets	(0.8)	(0.1)	(0.5)	(15.5)	(16.9)
Total Impact - Operating Expenses	(36.3)	(0.1)	(0.5)	(21.1)	(58.0)
Total Impact - Operating (Loss) Income	\$ (46.0)	\$ (0.1)	\$ 6.5	\$ (16.6)	\$ (56.2)
Operating Income (Loss) - GAAP	\$ 378.9	\$ 360.0	\$ 208.4	\$ (57.2)	\$ 890.1

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Net Revenues				
Gas Distribution	\$ 577.2	\$ 718.8	\$ 1,959.8	\$ 2,917.9
Gas Transportation and Storage	418.7	361.0	1,462.4	1,354.6
Electric	360.0	327.3	1,507.7	1,427.7
Other	54.4	72.0	131.3	274.5
Gross Revenues	1,410.3	1,479.1	5,061.2	5,974.7
Cost of Sales (excluding depreciation and amortization)	443.8	597.0	1,541.5	2,545.8
Total Net Revenues	966.5	882.1	3,519.7	3,428.9
Operating Expenses				
Operation and maintenance	451.5	481.6	1,662.8	1,706.4
Depreciation and amortization	143.9	133.8	561.9	535.7
Impairment and (gain)/loss on sale of assets, net	—	15.7	(3.8)	16.8
Other taxes	72.6	74.6	288.3	294.5
Total Operating Expenses	668.0	705.7	2,509.2	2,553.4
Equity Earnings in Unconsolidated Affiliates	8.0	5.8	32.2	14.6
Operating Income	306.5	182.2	1,042.7	890.1
Other Income (Deductions)				
Interest expense, net	(103.9)	(96.9)	(418.3)	(376.8)
Other, net	(3.6)	(12.8)	1.7	(7.4)
Loss on early extinguishment of long-term debt	—	(53.9)	—	(53.9)
Total Other Deductions	(107.5)	(163.6)	(416.6)	(438.1)
Income from Continuing Operations before Income Taxes	199.0	18.6	626.1	452.0
Income Taxes	67.0	3.1	215.5	157.2
Income from Continuing Operations	132.0	15.5	410.6	294.8
Income (Loss) from Discontinued Operations - net of taxes	2.0	(0.9)	5.5	4.3
Net Income	\$ 134.0	\$ 14.6	\$ 416.1	\$ 299.1
Basic Earnings Per Share				
Continuing operations	\$ 0.42	\$ 0.05	\$ 1.41	\$ 1.05
Discontinued operations	0.01	—	0.02	0.01
Basic Earnings Per Share	\$ 0.43	\$ 0.05	\$ 1.43	\$ 1.06
Diluted Earnings Per Share				
Continuing operations	\$ 0.42	\$ 0.04	\$ 1.37	\$ 1.02
Discontinued operations	0.01	—	0.02	0.01
Diluted Earnings Per Share	\$ 0.43	\$ 0.04	\$ 1.39	\$ 1.03
Dividends Declared Per Common Share	\$ 0.24	\$ 0.23	\$ 0.94	\$ 0.92
Basic Average Common Shares Outstanding	309.9	281.4	291.9	280.4
Diluted Average Common Shares	311.3	291.1	300.4	288.5

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	December 31, 2012	December 31, 2011
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$ 21,642.3	\$ 20,299.7
Accumulated depreciation and amortization	(8,986.4)	(8,651.9)
Net utility plant	12,655.9	11,647.8
Other property, at cost, less accumulated depreciation	260.0	131.4
Net Property, Plant and Equipment	12,915.9	11,779.2
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	—	0.2
Unconsolidated affiliates	243.3	204.7
Other investments	194.4	150.9
Total Investments and Other Assets	437.7	355.8
Current Assets		
Cash and cash equivalents	36.3	11.5
Restricted cash	46.8	160.6
Accounts receivable (less reserve of \$24.0 and \$30.5, respectively)	907.3	850.6
Income tax receivable	130.9	0.9
Gas inventory	326.6	427.6
Underrecovered gas and fuel costs	45.0	20.7
Materials and supplies, at average cost	97.4	86.6
Electric production fuel, at average cost	71.7	50.9
Price risk management assets	92.2	137.2
Exchange gas receivable	51.5	64.9
Assets of discontinued operations and assets held for sale	26.7	26.1
Regulatory assets	162.8	169.7
Prepayments and other	357.2	261.8
Total Current Assets	2,352.4	2,269.1
Other Assets		
Price risk management assets	56.0	188.7
Regulatory assets	2,024.4	1,978.2
Goodwill	3,677.3	3,677.3
Intangible assets	286.6	297.6
Postretirement and postemployment benefits assets	—	31.5
Deferred charges and other	94.4	130.9
Total Other Assets	6,138.7	6,304.2
Total Assets	\$ 21,844.7	\$ 20,708.3

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(unaudited)

(in millions, except share amounts)

December 31, 2012 December 31, 2011

CAPITALIZATION AND LIABILITIES

Capitalization

Common Stockholders' Equity

Common stock - \$0.01 par value, 400,000,000 shares authorized; 310,280,867 and 281,853,571 shares issued and outstanding, respectively	\$	3.1	\$	2.8
Additional paid-in capital		4,597.6		4,167.7
Retained earnings		1,059.6		917.0
Accumulated other comprehensive loss		(65.5)		(59.7)
Treasury stock		(40.5)		(30.5)

Total Common Stockholders' Equity		5,554.3		4,997.3
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Long-term debt, excluding amounts due within one year		6,819.1		6,267.1
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Total Capitalization		12,373.4		11,264.4
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Current Liabilities

Current portion of long-term debt		507.2		327.3
Short-term borrowings		776.9		1,359.4
Accounts payable		538.9		434.8
Customer deposits and credits		269.6		313.6
Taxes accrued		235.5		220.9
Interest accrued		133.7		111.9
Overrecovered gas and fuel costs		22.1		48.9
Price risk management liabilities		95.2		167.8
Exchange gas payable		146.2		168.2
Deferred revenue		42.8		9.7
Regulatory liabilities		171.6		112.0
Accrued liability for postretirement and postemployment benefits		6.1		26.6
Liabilities of discontinued operations and liabilities held for sale		3.9		0.4
Legal and environmental reserves		42.2		43.9
Other accruals		309.7		301.0

Total Current Liabilities		3,301.6		3,646.4
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Other Liabilities and Deferred Credits

Price risk management liabilities		20.3		138.9
Deferred income taxes		2,953.3		2,541.9
Deferred investment tax credits		24.8		29.0
Deferred credits		84.1		78.9
Accrued liability for postretirement and postemployment benefits		1,107.3		953.8
Regulatory liabilities and other removal costs		1,593.3		1,663.9
Asset retirement obligations		160.4		146.4
Other noncurrent liabilities		226.2		244.7

Total Other Liabilities and Deferred Credits		6,169.7		5,797.5
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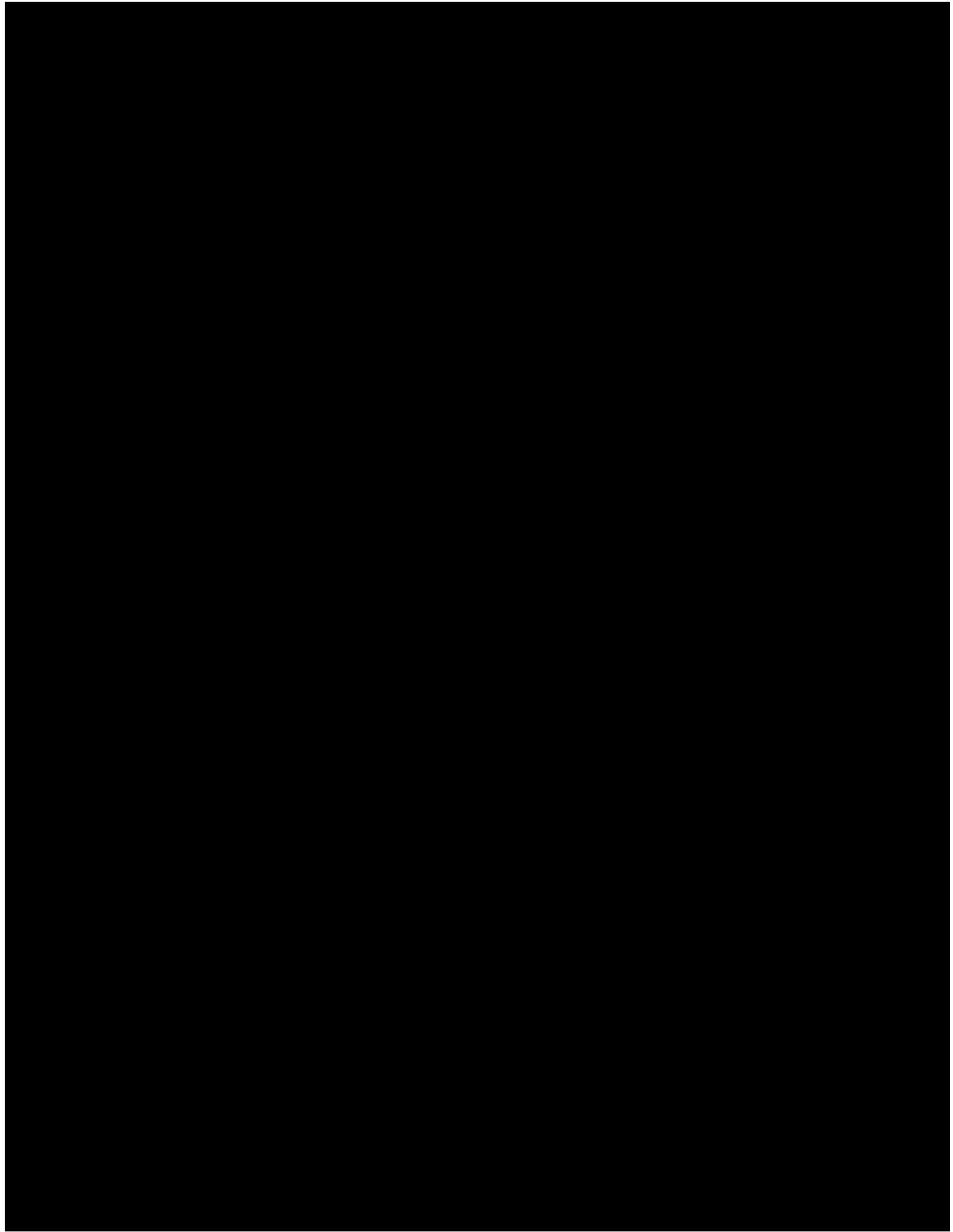
Commitments and Contingencies

Total Capitalization and Liabilities	\$	21,844.7	\$	20,708.3
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NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Year Ended December 31, (<i>in millions</i>)	2012	2011
Operating Activities		
Net Income	\$ 416.1	\$ 299.1
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	—	53.9
Depreciation and amortization	561.9	535.7
Net changes in price risk management assets and liabilities	(18.5)	38.1
Deferred income taxes and investment tax credits	304.6	178.4
Deferred revenue	(8.3)	2.2
Stock compensation expense and 401(k) profit sharing contribution	45.0	39.2
(Gain) Loss on sale of assets	(4.1)	0.1
Loss on impairment of assets	0.3	16.7
Income from unconsolidated affiliates	(30.9)	(13.7)
Gain on disposition of discontinued operations - net of taxes	—	—
Income from discontinued operations - net of taxes	(5.5)	(4.3)
Amortization of discount/premium on debt	9.7	8.9
AFUDC equity	(10.6)	(2.4)
Distribution Received from Equity Earnings	34.9	18.8
Changes in Assets and Liabilities:		
Accounts receivable	(51.3)	219.6
Income tax receivable	(130.0)	98.1
Inventories	62.4	(141.7)
Accounts payable	57.3	(154.8)
Customer deposits and credits	(44.0)	(4.5)
Taxes accrued	9.9	2.3
Interest accrued	21.8	(2.5)
(Under) Over recovered gas and fuel costs	(51.1)	127.5
Exchange gas receivable/payable	(8.6)	(100.1)
Other accruals	(26.2)	33.2
Prepayments and other current assets	(4.5)	(10.2)
Regulatory assets/liabilities	(51.7)	(322.9)
Postretirement and postemployment benefits	123.0	(92.7)
Deferred credits	4.9	(2.3)
Deferred charges and other noncurrent assets	71.9	6.9
Other noncurrent liabilities	(14.1)	82.0
Net Operating Activities from Continuing Operations	1,264.3	908.6
Net Operating Activities provided by (used for) Discontinued Operations	11.2	(38.4)
Net Cash Flows from Operating Activities	1,275.5	870.2
Investing Activities		
Capital expenditures	(1,498.8)	(1,122.7)
Insurance recoveries	6.5	—
Proceeds from disposition of assets	25.6	9.4
Restricted cash deposits (withdrawals)	114.2	42.3
Contributions to equity investees	(20.4)	(6.4)
Distributions from equity investees	—	—
Other investing activities	(49.0)	(69.4)
Net Investing Activities used for Continuing Operations	(1,421.9)	(1,146.8)
Net Investing Activities used for Discontinued Operations	(3.3)	(2.5)

Net Cash Flows used for Investing Activities	(1,425.2)	(1,149.3)
Financing Activities		
Issuance of long-term debt	991.4	890.0
Retirement of long-term debt	(331.6)	(286.9)
Premium and other debt related costs	(3.4)	(62.1)
Change in short-term debt, net	(582.2)	(23.1)
Issuance of common stock	383.5	24.4
Acquisition of treasury stock	(10.0)	(3.1)
Dividends paid - common stock	(273.2)	(257.8)
Net Cash Flows from Financing Activities	174.5	281.4
Change in cash and cash equivalents from continuing operations	16.9	43.2
Change in cash and cash equivalents from discontinued operations	7.9	(40.9)
Cash and cash equivalents at beginning of period	11.5	9.2
Cash and Cash Equivalents at End of Period	\$ 36.3	\$ 11.5



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 01/25/13 for the Period Ending 01/24/13

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 24, 2013

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware
**(State or other jurisdiction
of incorporation or organization)**

001-16189
**Commission
file number**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 8.01. Other Events.

On January 24, 2013, the Federal Energy Regulatory Commission ("FERC") issued its Order approving a settlement among Columbia Gas Transmission, LLC ("Columbia Transmission") and a majority of its customers that facilitates Columbia Transmission's comprehensive interstate natural gas pipeline modernization program. Columbia Transmission is a wholly owned subsidiary of NiSource Inc. As previously reported, the settlement provides for Columbia Transmission to invest approximately \$300 million per year, in addition to a \$100 million investment in ongoing maintenance, over the 2013 through 2017 period on system improvements. The full text of the Order (Docket No. RP12-1021-000) is available on the FERC's website at <http://www.ferc.gov/EventCalendar/Files/20130124163733-RP12-1021-000.pdf>.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: January 25, 2013

By: _____ /s/ Robert E. Smith

Robert E. Smith

Vice President, Deputy General Counsel
and Assistant Secretary

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 11/02/12 for the Period Ending 11/02/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 2, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware
**(State or other jurisdiction
of incorporation or organization)**

001-16189
**Commission
file number**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 2, 2012, NiSource Inc. (the "Company") reported its financial results for the quarter ended September 30, 2012. The Company's press release, dated November 2, 2012, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated November 2, 2012, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: November 2, 2012

By:

/s/ Jon D. Veurink

Jon D. Veurink

Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit
Number

Description

99.1

Press Release, dated November 2, 2012, issued by NiSource Inc.

NEWS

NiSource[®]

801 E. 86th Avenue
Merrillville, IN 46410

November 2, 2012

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulen
Managing Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Reports Third Quarter 2012 Earnings

- Company remains on track to deliver on 2012 earnings guidance
- Foundation in place for enhanced long-term growth, infrastructure investment
- Landmark pipeline modernization settlement filed with the FERC

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$15.8 million, or \$0.05 per share for the three months ended September 30, 2012. Earnings for the quarter, which are in line with consensus estimates, reflect the costs to achieve **Columbia Gas Transmission's** pipeline modernization settlement filed with the Federal Energy Regulatory Commission (FERC) on September 4, 2012. For the third quarter of 2011, net operating earnings from continuing operations (non-GAAP) were \$33.1 million, or \$0.11 per share. Operating earnings for the quarter (non-GAAP) were \$130.1 million compared to \$141.9 million for the same period in 2011.

Commenting on the settlement, NiSource President & CEO **Robert C. Skaggs Jr.** noted, "The modernization settlement will provide significant long-term benefits to all key stakeholders. By partnering with our customers, we've developed a collaborative settlement that supports good public policy, while creating a win-win for customers, pipeline integrity, economic growth and shareholder value."

Skaggs also indicated that with continued strong performance from each of its core business units - and landmark progress on the company's comprehensive infrastructure investment strategy - NiSource is solidly on track to achieve its 2012 earnings guidance of \$1.40 to \$1.50 per share (non-GAAP*), while advancing its long-term strategy to produce increased shareholder value and sustainable earnings growth of 5-7 percent annually.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended September 30, 2012, of \$20.0 million, or \$0.06 per share, compared with \$36.3 million, or \$0.13 per share in the same period a year ago. Operating income was \$137.2 million for the third quarter of 2012, compared with \$147.4 million in the year-ago period. Schedules 1 and 2 of

this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

Pipeline modernization, midstream and market growth projects on track

NiSource Gas Transmission & Storage (NGT&S) made strong progress during the third quarter on its strategies to modernize the company's core interstate natural gas pipeline system, execute on market- and supply-driven growth projects, and pursue midstream and minerals opportunities linked to NiSource's strong asset position in the Utica and Marcellus Shale production regions.

- As mentioned previously, Columbia Gas Transmission filed a customer settlement in support of its comprehensive pipeline modernization program with the FERC on September 4, 2012. The parties have asked the FERC to approve the settlement prior to December 1 of this year. Columbia Gas Transmission projects it will invest approximately \$4 billion over an extended period to modernize its system to improve system integrity and enhance service reliability and flexibility. As part of the effort, the company reached an agreement supported or not opposed by all of its firm customers for an initial five-year term, with provisions for potential extensions thereafter. The settlement proposes a predictable annual cost-recovery mechanism associated with the approximately \$300 million annual investment program, as well as a customer refund, an adjustment to base rates and a reduction in depreciation. NiSource recognized a reduction to net operating earnings of approximately \$50 million in the third quarter associated with achievement of the settlement.
- **Millennium Pipeline** received FERC approval on September 18, 2012, to add more than 12,000 horsepower of compression to its system in Orange County, NY. The partnership investment of approximately \$43 million will increase Millennium's delivery capabilities at its interconnection with Algonquin Gas Transmission to 675,000 dekatherms per day. NiSource owns a 47.5 percent interest in Millennium.
- Columbia Gas Transmission and **Columbia Gulf Transmission** are moving forward with plans to upgrade and modify facilities to support the **West Side Expansion** project. The approximately \$200 million project will reverse the flow of gas on part of the system to transport approximately 500,000 dekatherms per day of Marcellus production originating in southwest Pennsylvania and north-central West Virginia to Gulf Coast markets. Service is scheduled to begin in late 2014.
- Columbia Gas Transmission entered into binding precedent agreements with customers to support its **East Side Expansion** project, which will provide access for Marcellus supplies to northeastern and Mid-Atlantic Markets. The approximately \$210 million project will add up to 300,000 dekatherms per day of capacity through pipeline looping, compression and interconnects. The project is expected to be placed in service during the third quarter of 2015.
- During the third quarter, **NiSource Midstream and Minerals Group** announced a joint venture, **Pennant Midstream LLC**, with affiliates of Hilcorp Energy Company, a privately owned oil and gas exploration and development company based in Houston, Texas. The companies will construct gathering and processing facilities to support shale gas and liquids production in northeast Ohio and western Pennsylvania. The first phase of the project has an initial capital investment of approximately \$300 million, with a planned in service date in the second half of 2013. NiSource is responsible for \$150 million of the total investment.

- NiSource Midstream also announced that it will participate in a separate joint agreement with Hilcorp to develop the hydrocarbon potential on approximately 100,000 combined acres in the Utica/Point Pleasant Shale formation in northeast Ohio and western Pennsylvania. NiSource will support development of the acreage owning both a working and overriding royalty interest, with all acreage dedicated to the Pennant Midstream project. Test wells are currently being drilled, and based on the result from those wells, a full drilling program is expected to be developed and initiated in 2013.
- Construction also is continuing on NiSource Midstream's \$150 million **Big Pine Gathering System** in western Pennsylvania, which is scheduled to be in service by early 2013. This project provides customers with alternative outlets for Marcellus shale production with a transportation capacity of 425 million cubic feet per day, and the flexibility to deliver to three interstate markets.

"NiSource's gas transmission, storage and midstream team continues to execute on a broad array of value-adding system improvement and growth opportunities," Skaggs noted. "Moving forward, we expect to invest \$500 million to \$700 million annually in this segment of our business, driving annual operating earnings growth of 10 to 12 percent for the unit."

Continued strong performance, environmental investments in Indiana

Northern Indiana Public Service Company (NIPSCO) continued to deliver strong operational and financial performance during the third quarter, while executing on significant environmental investments at its largest electric generating facility.

- The company's electric margins continued to remain strong in the third quarter, following implementation of 2011 regulatory initiatives.
- NIPSCO also remains on track with significant environmental investments at its electric generation facilities. The company's previously disclosed more than \$500 million flue gas desulfurization (FGD) project at its Schahfer generating station remains on schedule and on budget. In addition, on September 5, 2012, NIPSCO received approval from the Indiana Utility Regulatory Commission to move forward with an approximately \$250 million investment in FGD equipment at the company's Michigan City generating station.
- In addition, as part of a multi-state effort to strengthen the electric transmission system serving the Midwest, NIPSCO is in the process of moving forward with two significant transmission investments. During the third quarter, FERC approved NIPSCO's right to develop 50 percent of a \$330 million electric transmission project. The project involves a new, 66-mile, 765-kilovolt transmission line in central Indiana. This project is in addition to a nearly \$300 million NIPSCO transmission investment announced late in 2011.

"Our NIPSCO team, under the leadership of new group CEO Jim Stanley, is moving full steam ahead on a course toward top-tier customer service and reliability, infrastructure investment, environmental improvements and strong, sustainable earnings growth," Skaggs said.

Modernizing natural gas distribution infrastructure, rates and services

NiSource Gas Distribution (NGD) continues to deliver strong results from its strategy of aligning long-term infrastructure replacement and enhancement programs with a variety of complementary customer programs and regulatory initiatives.

- Through the third quarter, infrastructure programs and regulatory initiatives have generated nearly \$30 million in incremental gas distribution revenues across NGD.
- To support its ongoing infrastructure modernization program, **Columbia Gas of Pennsylvania** filed a rate case with the Pennsylvania Public Utility Commission on September 28, 2012. Consistent with Pennsylvania's recently enacted Act 11, the case reflects a fully projected test year and includes infrastructure investment recovery mechanisms. If approved, the case would increase annual revenues by approximately \$77 million and support timely infrastructure investment recovery. A decision is expected in the second quarter of 2013.
- On November 1, 2012, the Massachusetts Department of Public Utilities issued an order regarding the **Columbia Gas of Massachusetts** base rate case. The order results in an annual revenue increase of approximately \$8 million, effective November 1.

"With an investment inventory approaching \$10 billion over the next 20-plus years, our gas distribution modernization programs provide a strong foundation for NiSource's long-term, investment-driven growth strategy," Skaggs said. "These programs, paired with complementary customer programs and regulatory treatment, are providing significant value for our customers, shareholders and other key stakeholders."

Enhanced infrastructure investment plans outlined at 2012 Investor Day

Skaggs and other NiSource executives outlined an enhanced long-term capital investment program - with potential growth investment opportunities amounting to \$25 billion to \$30 billion over the next 20-plus years across its three major business units - at its September 12, 2012, Investor Day.

In addition to outlining the company's enhanced infrastructure investment plans - which are expected to contribute to an annual capital investment program of \$1.5 billion to \$1.8 billion - NiSource highlighted its core commitments to investors and other financial stakeholders, including:

- Growing long-term net operating earnings per share (non-GAAP) by an average of 5-7 percent per year;
- Offering an attractive and growing (3-5 percent annually) dividend;
- Maintaining its unwavering commitment to solid investment-grade credit ratings with strong liquidity; and
- Executing on its balanced approach to funding the company's ongoing capital requirements.

"Thanks to NiSource's solid financial, regulatory and operational execution over the past few years, we are pleased to be in a position to accelerate our infrastructure investments across the company," Skaggs said. "These enhanced long-term infrastructure plans will continue to provide significant benefits to customers, communities and shareholders through more modern and reliable systems, job creation and economic development, and sustainable earnings growth."

Third Quarter 2012 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the quarter ended September 30, 2012, were \$130.1 million, compared to \$141.9 million in the third quarter of 2011. Refer to Schedule 2 for the items included in 2012 and 2011 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the quarter ended September 30, 2012, are discussed below.

Gas Transmission and Storage Operations reported operating earnings for the current quarter of \$38.8 million compared to \$68.2 million in the third quarter of 2011. Net revenues, excluding the impact of trackers, decreased by \$64.6 million, primarily attributable to the Columbia Gas Transmission customer settlement, partially offset by higher demand margin revenue as a result of growth projects placed in service and the impacts of the Columbia Gulf rate case.

Operating expenses, excluding the impact of trackers, decreased \$30.7 million from the comparable 2011 period due to decreased depreciation and amortization primarily attributable to the Columbia Gas Transmission customer settlement and a decrease in environmental costs, partially offset by higher outside service costs.

Equity earnings increased \$4.5 million primarily from increased earnings at Millennium Pipeline due to increased demand and commodity revenues.

Electric Operations reported operating earnings for the current quarter of \$77.7 million compared to \$72.9 million in the third quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$26.7 million primarily due to lower revenue credits in the current period as the 2011 electric rate case discontinued these credits. Additionally, net revenues increased due to increased industrial and commercial margins mainly as a result of the implementation of the electric rate case. These increases were partially offset by a decrease in environmental cost recovery due to the plant investment eligible for recovery being reset to zero as a result of the electric rate case.

Operating expenses increased by \$21.9 million, excluding the impact of trackers, primarily attributable to increased depreciation costs due to previously deferred depreciation associated with the Sugar Creek facility being recognized as a result of the electric rate case. Additionally, there was an increase in electric generation costs, higher property taxes, increased storm damage costs and increased employee and administration costs. Additionally, MISO fees increased as these costs were previously deferred and the electric rate case resulted in the expiration of those deferrals. These increases were partially offset by a decrease in rate case expenses related to the electric rate case filing.

Gas Distribution Operations reported operating earnings for the current quarter of \$15.5 million compared to \$8.0 million in the third quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$12.5 million primarily attributable to increases in regulatory and service programs, including the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program and the impact of a 2011 rate case at Columbia Gas of Pennsylvania.

Operating expenses, excluding the impact of trackers, were \$5.0 million higher than the comparable 2011 period as a result of an increase in depreciation costs due to an increase in capital expenditures and increased employee and administration costs partially offset by a decrease in environmental costs.

Corporate and Other Operations reported an operating earnings loss of \$1.9 million for the current quarter compared to an operating earnings loss of \$7.2 million in the third quarter of 2011. The reduced loss is primarily attributable to unrealized gains on increases in cash surrender value of corporate-owned life insurance investments.

Other Items

Interest expense increased by \$12.2 million due to the issuance of long-term debt in June 2012 and November 2011 and the expiration of deferred interest costs related to Sugar Creek as a result of the 2011 electric rate case. These increases were partially offset by the repurchase of long-term debt in December 2011 and lower short-term borrowings and rates.

Other-net income of \$2.2 million was recorded in 2012 compared to \$1.6 million in 2011.

The effective tax rate of net operating earnings was 35.2 percent compared to 30.8 percent for the same period last year, primarily due to the removal of the research and development tax credit benefit in 2012.

Nine Month Period 2012 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the nine months ended September 30, 2012, were \$767.7 million, compared to \$708.5 million for the same period in 2011. Refer to Schedule 2 for the items included in 2012 and 2011 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the nine months ended September 30, 2012, are discussed below.

Gas Transmission and Storage Operations reported operating earnings of \$269.0 million versus operating earnings of \$271.1 million for the nine months ended September 30, 2011. Net revenues, excluding the impact of trackers, decreased \$46.9 million primarily as a result of the customer settlement at Columbia Gas Transmission, a decrease in condensate revenue and a settlement in the second quarter of 2011. These decreases were partially offset by an increase in demand margin revenue as a result of growth projects placed in service, the impact of new Columbia Gulf rates and increased revenue from shorter term transportation services.

Operating expenses, excluding the impact of trackers, decreased \$29.4 million primarily due to lower depreciation and amortization as a result of the Columbia Gas Transmission customer settlement, decreased environmental costs, and decreased employee and administration costs, primarily pension. These decreases were partially offset by increased outside service costs, increased Midstream expenses and higher other taxes.

Equity earnings increased by \$15.4 million primarily from increased earnings at Millennium Pipeline due to increased demand and commodity revenues.

Electric Operations reported operating earnings of \$186.0 million for the nine months ended September 30, 2012, compared with operating earnings of \$160.0 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$85.3 million primarily due to increased industrial, commercial and residential margins mainly as a result of the implementation of the 2011 electric rate case. Additionally, there were lower revenue credits in the current period as the implementation of the electric rate case discontinued these credits. Net revenues also increased as a result of the implementation of a Regional Transmission Organization recovery mechanism. These increases were partially offset by a decrease in environmental cost recovery due to the plant investment eligible for recovery being reset to zero as a result of the electric rate case.

Operating expenses, excluding the impact of trackers, increased by \$59.3 million due primarily to increased depreciation costs due to previously deferred depreciation associated with the Sugar Creek facility being recognized as a result of the electric rate case. Additionally, there was

an increase in MISO fees and employee and administration costs. Operating expenses also increased due to increased electric generation and storm damage costs. These increases were partially offset by a decrease in rate case filing expenses related to the electric rate case filing.

Gas Distribution Operations reported operating earnings of \$316.6 million compared to \$293.9 million for the nine months ended September 30, 2011. Net revenues, excluding the impact of trackers, increased by \$31.8 million primarily attributable to increases in regulatory and service programs, including the impact of the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program and the impact of a 2011 rate case at Columbia Gas of Pennsylvania.

Operating expenses, excluding the impact of trackers, were \$9.1 million higher than the comparable period in the prior year primarily due to an increase in depreciation costs as a result of higher capital expenditures and increased outside service costs partially offset by a decrease in environmental costs.

Corporate and Other Operations reported an operating earnings loss of \$3.9 million for the nine months ended September 30, 2012, compared to an operating earnings loss of \$16.5 million for the comparable prior period. The reduced loss is primarily attributable to unrealized gains on increases in cash surrender value of corporate-owned life insurance investments.

Other Items

Interest expense increased by \$34.5 million due to the issuance of long-term debt in June 2012, November 2011 and June 2011 and the expiration of deferred interest costs related to Sugar Creek as a result of the electric rate case. These increases were partially offset by the repurchase of long-term debt in December 2011 and lower short-term borrowings and rates.

The effective tax rate of net operating earnings was 35.4 percent compared to 34.0 percent for the same period last year.

Income from Continuing Operations (GAAP)

As noted above, on a GAAP basis, NiSource reported income from continuing operations for the three months ended September 30, 2012, of \$20.0 million, or \$0.06 per share, compared with \$36.3 million, or \$0.13 per share for the comparable period in 2011. Operating income was \$137.2 million for the third quarter of 2012, compared with \$147.4 million in the year-ago period.

On a GAAP basis, NiSource reported income from continuing operations for the nine months ended September 30, 2012, of \$284.0 million, or \$0.99 per share, compared with \$286.2 million, or \$1.02 per share last year. Operating income was \$745.2 million for the first nine months of 2012 versus \$719.3 million in the year-ago period.

The NiSource GAAP results reflect certain non-material corrections to its consolidated financial statements for the three and nine months ended September 30, 2011. There was no effect of these non-material corrections on income from continuing operations for the three months ended September 30, 2011 and \$5.6 million or \$0.02 per share for the nine months ended September 30, 2011.

Refer to Schedule 1 for a complete list of the items included in 2012 and 2011 GAAP income from continuing operations but excluded from net operating earnings.

**There will likely be differences between net operating earnings and GAAP earnings, but due to the unpredictability of weather and other factors, NiSource does not provide GAAP earnings guidance.*

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's restructured outsourcing agreement; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counterparty credit risk and the matters set forth in the "Risk Factors" Section in NiSource's 2011 Form 10-K and subsequent reports on Form 10-Q, many of which are risks beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Revenues				
Gas Distribution	\$ 225.8	\$ 326.5	\$ 1,424.2	\$ 2,196.7
Gas Transportation and Storage	278.2	283.3	1,043.7	993.6
Electric	412.1	398.7	1,136.5	1,090.5
Other	45.8	15.3	95.8	63.5
Gross Revenues	961.9	1,023.8	3,700.2	4,344.3
Cost of Sales (excluding depreciation and amortization)	229.3	285.0	1,098.7	1,788.5
Total Net Revenues	732.6	738.8	2,601.5	2,555.8
Operating Expenses				
Operation and maintenance	370.1	374.7	1,081.5	1,081.3
Operation and maintenance - trackers	52.3	31.7	141.1	152.1
Depreciation and amortization	122.4	131.0	410.3	392.9
Depreciation and amortization - trackers	3.5	3.9	9.7	10.7
Other taxes	54.3	50.4	165.5	158.7
Other taxes - trackers	7.9	8.7	49.9	60.4
Total Operating Expenses	610.5	600.4	1,858.0	1,856.1
Equity Earnings in Unconsolidated Affiliates	8.0	3.5	24.2	8.8
Operating Earnings	130.1	141.9	767.7	708.5
Other Income (Deductions)				
Interest expense, net	(107.9)	(95.7)	(314.4)	(279.9)
Other, net	2.2	1.6	6.0	5.5
Total Other Deductions	(105.7)	(94.1)	(308.4)	(274.4)
Operating Earnings From Continuing Operations				
Before Income Taxes	24.4	47.8	459.3	434.1
Income Taxes	8.6	14.7	162.4	147.5
Net Operating Earnings from Continuing Operations	15.8	33.1	296.9	286.6
GAAP Adjustment	4.2	3.2	(12.9)	(0.4)
GAAP Income from Continuing Operations	\$ 20.0	\$ 36.3	\$ 284.0	\$ 286.2
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.05	\$ 0.11	\$ 1.04	\$ 1.02
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.06	\$ 0.13	\$ 0.99	\$ 1.02
Basic Average Common Shares Outstanding	290.3	280.8	285.9	280.1

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Revenues				
Sales Revenues	\$ 389.3	\$ 418.1	\$ 1,953.0	\$ 2,631.4
Less: Cost of gas sold	117.7	158.9	815.2	1,473.7
Net Revenues	271.6	259.2	1,137.8	1,157.7
Operating Expenses				
Operation and maintenance	170.8	172.0	511.9	516.0
Operation and maintenance - trackers	7.3	6.6	50.8	92.0
Depreciation and amortization	48.5	43.7	143.2	130.3
Other taxes	21.6	20.2	65.4	65.1
Other taxes - trackers	7.9	8.7	49.9	60.4
Total Operating Expenses	256.1	251.2	821.2	863.8
Operating Earnings	\$ 15.5	\$ 8.0	\$ 316.6	\$ 293.9
GAAP Adjustment	0.7	(0.1)	(41.5)	2.1
GAAP Operating Income	\$ 16.2	\$ 7.9	\$ 275.1	\$ 296.0

Gas Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Revenues				
Transportation revenues	\$ 109.3	\$ 179.7	\$ 506.9	\$ 554.1
Storage revenues	49.2	48.0	147.2	148.0
Other revenues	29.6	5.7	50.4	20.3
Total Operating Revenues	188.1	233.4	704.5	722.4
Less: Cost of Sales	—	—	1.0	—
Net Operating Revenues	188.1	233.4	703.5	722.4
Operating Expenses				
Operation and maintenance	94.5	100.8	262.1	269.4
Operation and maintenance - trackers	40.6	21.3	78.6	50.6
Depreciation and amortization	8.2	32.6	74.2	98.2
Other taxes	14.0	14.0	43.8	41.9
Total Operating Expenses	157.3	168.7	458.7	460.1
Equity Earnings in Unconsolidated Affiliates	8.0	3.5	24.2	8.8
Operating Earnings	\$ 38.8	\$ 68.2	\$ 269.0	\$ 271.1
GAAP Adjustment	—	—	(0.1)	0.1
GAAP Operating Income	\$ 38.8	\$ 68.2	\$ 268.9	\$ 271.2

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Electric Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Revenues				
Sales revenues	\$ 414.0	\$ 400.7	\$ 1,142.2	\$ 1,096.4
Less: Cost of sales	142.8	156.4	385.6	426.3
Net Revenues	271.2	244.3	756.6	670.1
Operating Expenses				
Operation and maintenance	109.3	100.8	325.7	296.6
Operation and maintenance - trackers	4.4	3.8	11.7	9.5
Depreciation and amortization	60.2	49.8	176.5	150.7
Depreciation and amortization - trackers	3.5	3.9	9.7	10.7
Other taxes	16.1	13.1	47.0	42.6
Total Operating Expenses	193.5	171.4	570.6	510.1
Operating Earnings	\$ 77.7	\$ 72.9	\$ 186.0	\$ 160.0
GAAP Adjustment	5.9	5.9	14.2	9.7
GAAP Operating Income	\$ 83.6	\$ 78.8	\$ 200.2	\$ 169.7

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Operating Loss	\$ (1.9)	\$ (7.2)	\$ (3.9)	\$ (16.5)
GAAP Adjustment	0.5	(0.3)	4.9	(1.1)
GAAP Operating (Loss) Income	\$ (1.4)	\$ (7.5)	\$ 1.0	\$ (17.6)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	15.4	13.8	146.6	181.9
Commercial	19.7	17.6	106.1	121.9
Industrial	119.2	102.5	364.6	322.2
Off System	16.0	14.4	46.7	52.3
Other	—	—	0.2	0.5
Total	170.3	148.3	664.2	678.8
Weather Adjustment	(0.8)	(0.3)	52.2	(5.3)
Sales and Transportation Volumes - Excluding Weather	169.5	148.0	716.4	673.5
Heating Degree Days	123	112	2,859	3,692
Normal Heating Degree Days	88	88	3,627	3,596
% Colder (Warmer) than Normal	40%	27%	(21%)	3%

Customers

Residential	3,006,298	2,987,202
Commercial	275,356	275,677
Industrial	7,706	7,724
Other	22	18
Total	3,289,382	3,270,621

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Gas Transmission and Storage Operations				
Throughput (MMDth)				
Columbia Transmission	189.1	184.6	778.9	816.1
Columbia Gulf	205.9	270.3	669.8	777.4
Crossroads Gas Pipeline	3.3	4.0	11.7	14.7
Intrasegment eliminations	(86.1)	(124.2)	(314.6)	(424.5)
Total	312.2	334.7	1,145.8	1,183.7

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Electric Operations				
Sales (Gigawatt Hours)				
Residential	1,118.7	1,120.7	2,761.1	2,760.9
Commercial	1,071.1	1,083.7	2,955.3	2,955.2
Industrial	2,247.9	2,242.0	6,964.9	7,010.1
Wholesale	157.9	239.9	233.0	507.2
Other	26.7	39.7	85.1	121.3
Total	4,622.3	4,726.0	12,999.4	13,354.7
Weather Adjustment	(87.5)	(81.2)	(160.7)	(132.2)
Sales Volumes - Excluding Weather impacts	4,534.8	4,644.8	12,838.7	13,222.5
Cooling Degree Days	674	649	1,051	907
Normal Cooling Degree Days	578	578	808	808
% Warmer than Normal	17%	12%	30%	12%
Electric Customers				
Residential			400,158	399,525
Commercial			53,884	53,879
Industrial			2,441	2,411
Wholesale			6	16
Other			715	737
Total			457,204	456,568

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 15.8	\$ 33.1	\$ 296.9	\$ 286.6
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	6.6	6.3	(30.4)	12.3
Unregulated natural gas marketing business	0.6	0.6	4.5	4.0
Operating Expenses:				
NOV accrual reversal	—	—	3.1	—
Unregulated natural gas marketing business	(0.8)	(0.9)	(3.6)	(4.4)
Gain/Loss on sale of assets and asset impairments	0.7	(0.5)	3.9	(1.1)
Total items excluded from operating earnings	7.1	5.5	(22.5)	10.8
Other Deductions:				
Investment impairment	—	—	(0.7)	—
Tax effect of above items	(2.9)	(2.3)	10.3	(4.4)
Other income tax adjustments - Indiana House Bill 1004	—	—	—	(6.8)
Total items excluded from net operating earnings	4.2	3.2	(12.9)	(0.4)
Reported Income from Continuing Operations - GAAP	\$ 20.0	\$ 36.3	\$ 284.0	\$ 286.2
Basic Average Common Shares Outstanding	290.3	280.8	285.9	280.1
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.05	\$ 0.11	\$ 1.04	\$ 1.02
Items excluded from net operating earnings (after-tax)	0.01	0.02	(0.05)	—
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.06	\$ 0.13	\$ 0.99	\$ 1.02

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended September 30,

2012 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 15.5	\$ 38.8	\$ 77.7	\$ (1.9)	\$ 130.1
Net Revenues:					
Weather (compared to normal)	0.7	—	5.9	—	6.6
Unregulated natural gas marketing business	—	—	—	0.6	0.6
Total Impact - Net Revenues	0.7	—	5.9	0.6	7.2
Operating Expenses:					
Unregulated natural gas marketing business	—	—	—	(0.8)	(0.8)
Loss on sale of assets and asset impairments	—	—	—	0.7	0.7
Total Impact - Operating Expenses	—	—	—	(0.1)	(0.1)
Total Impact - Operating Income	\$ 0.7	\$ —	\$ 5.9	\$ 0.5	\$ 7.1
Operating Income (Loss) - GAAP	\$ 16.2	\$ 38.8	\$ 83.6	\$ (1.4)	\$ 137.2

2011 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate	Total
Operating Earnings (Loss)	\$ 8.0	\$ 68.2	\$ 72.9	\$ (7.2)	\$ 141.9
Net Revenues:					
Weather (compared to normal)	0.2	—	6.1	—	6.3
Unregulated natural gas marketing business	—	—	—	0.6	0.6
Total Impact - Net Revenues	0.2	—	6.1	0.6	6.9
Operating Expenses:					
Unregulated natural gas marketing business	—	—	—	(0.9)	(0.9)
Gain on sale of assets and asset impairments	(0.3)	—	(0.2)	—	(0.5)
Total Impact - Operating Expenses	(0.3)	—	(0.2)	(0.9)	(1.4)
Total Impact - Operating (Loss) Income	\$ (0.1)	\$ —	\$ 5.9	\$ (0.3)	\$ 5.5
Operating Income (Loss)- GAAP	\$ 7.9	\$ 68.2	\$ 78.8	\$ (7.5)	\$ 147.4

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Nine Months ended September 30,

2012 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 316.6	\$ 269.0	\$ 186.0	\$ (3.9)	\$ 767.7
Net Revenues:					
Weather (compared to normal)	(41.5)	—	11.1	—	(30.4)
Unregulated natural gas marketing business	—	—	—	4.5	4.5
Total Impact - Net Revenues	(41.5)	—	11.1	4.5	(25.9)
Operating Expenses:					
Legal reserve adjustment	—	—	3.1	—	3.1
Unregulated natural gas marketing business	—	—	—	(3.6)	(3.6)
(Gain) Loss on sale of assets and asset impairments	—	(0.1)	—	4.0	3.9
Total Impact - Operating Expenses	—	(0.1)	3.1	0.4	3.4
Total Impact - Operating (Loss) Income	\$ (41.5)	\$ (0.1)	\$ 14.2	\$ 4.9	\$ (22.5)
Operating Income - GAAP	\$ 275.1	\$ 268.9	\$ 200.2	\$ 1.0	\$ 745.2

2011 (in millions)	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 293.9	\$ 271.1	\$ 160.0	\$ (16.5)	\$ 708.5
Net Revenues:					
Weather (compared to normal)	2.4	—	9.9	—	12.3
Unregulated natural gas marketing business	—	—	-	4.0	4.0
Total Impact - Net Revenues	2.4	—	9.9	4.0	16.3
Operating Expenses					
Unregulated natural gas marketing business	—	-	-	(4.4)	(4.4)
(Gain) Loss on sale of assets and asset impairments	(0.3)	0.1	(0.2)	(0.7)	(1.1)
Total Impact - Operating Expenses	(0.3)	0.1	(0.2)	(5.1)	(5.5)
Total Impact - Operating Income (Loss)	\$ 2.1	\$ 0.1	\$ 9.7	\$ (1.1)	\$ 10.8
Operating Income (Loss) - GAAP	\$ 296.0	\$ 271.2	\$ 169.7	\$ (17.6)	\$ 719.3

NiSource Inc.
Consolidated Income Statement (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Revenues				
Gas Distribution	\$ 226.3	\$ 326.7	\$ 1,382.6	\$ 2,199.1
Gas Transportation and Storage	278.3	283.3	1,043.7	993.6
Electric	418.0	404.7	1,147.7	1,100.4
Other	50.9	54.0	106.9	235.5
Gross Revenues	973.5	1,068.7	3,680.9	4,528.6
Cost of Sales (excluding depreciation and amortization)	233.7	323.1	1,105.1	1,956.5
Total Net Revenues	739.8	745.6	2,575.8	2,572.1
Operating Expenses				
Operation and maintenance	422.9	407.2	1,222.6	1,236.8
Depreciation and amortization	126.0	134.9	420.1	403.7
Impairment and (gain)/loss on sale of assets, net	(0.7)	0.4	(3.8)	1.1
Other taxes	62.4	59.2	215.9	220.0
Total Operating Expenses	610.6	601.7	1,854.8	1,861.6
Equity Earnings in Unconsolidated Affiliates	8.0	3.5	24.2	8.8
Operating Income	137.2	147.4	745.2	719.3
Other Income (Deductions)				
Interest expense, net	(107.9)	(95.7)	(314.4)	(279.9)
Other, net	2.2	1.6	5.3	5.5
Total Other Deductions	(105.7)	(94.1)	(309.1)	(274.4)
Income from Continuing Operations before Income Taxes	31.5	53.3	436.1	444.9
Income Taxes	11.5	17.0	152.1	158.7
Income from Continuing Operations	20.0	36.3	284.0	286.2
Loss from Discontinued Operations - net of taxes	(0.7)	(1.6)	(1.9)	(1.8)
Net Income	\$ 19.3	\$ 34.7	\$ 282.1	\$ 284.4
Basic Earnings Per Share				
Continuing operations	\$ 0.06	\$ 0.13	\$ 0.99	\$ 1.02
Discontinued operations	—	(0.01)	—	(0.01)
Basic Earnings Per Share	\$ 0.06	\$ 0.12	\$ 0.99	\$ 1.01
Diluted Earnings Per Share				
Continuing operations	\$ 0.06	\$ 0.13	\$ 0.95	\$ 1.00
Discontinued operations	—	(0.01)	—	(0.01)
Diluted Earnings Per Share	\$ 0.06	\$ 0.12	\$ 0.95	\$ 0.99
Dividends Declared Per Common Share	\$ 0.24	\$ 0.23	\$ 0.94	\$ 0.92
Basic Average Common Shares Outstanding	290.3	280.8	285.9	280.1
Diluted Average Common Shares	300.0	289.0	296.7	287.4

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	September 30, 2012	December 31, 2011
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$ 21,303.8	\$ 20,337.8
Accumulated depreciation and amortization	(8,956.8)	(8,670.2)
Net utility plant	12,347.0	11,667.6
Other property, at cost, less accumulated depreciation	195.7	132.5
Net Property, Plant and Equipment	12,542.7	11,800.1
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	0.2	0.2
Unconsolidated affiliates	215.7	204.7
Other investments	196.0	150.9
Total Investments and Other Assets	411.9	355.8
Current Assets		
Cash and cash equivalents	12.3	11.5
Restricted cash	65.1	160.6
Accounts receivable (less reserve of \$31.3 and \$30.5, respectively)	526.2	854.8
Income tax receivable	56.0	0.9
Gas inventory	385.2	427.6
Underrecovered gas and fuel costs	33.5	20.7
Materials and supplies, at average cost	99.7	87.6
Electric production fuel, at average cost	54.8	50.9
Price risk management assets	103.6	137.2
Exchange gas receivable	30.9	64.9
Regulatory assets	190.6	169.7
Prepayments and other	280.8	261.8
Total Current Assets	1,838.7	2,248.2
Other Assets		
Price risk management assets	72.1	188.7
Regulatory assets	1,870.3	1,978.2
Goodwill	3,677.3	3,677.3
Intangible assets	289.4	297.6
Postretirement and postemployment benefits assets	41.7	31.5
Deferred charges and other	94.5	130.9
Total Other Assets	6,045.3	6,304.2
Total Assets	\$ 20,838.6	\$ 20,708.3

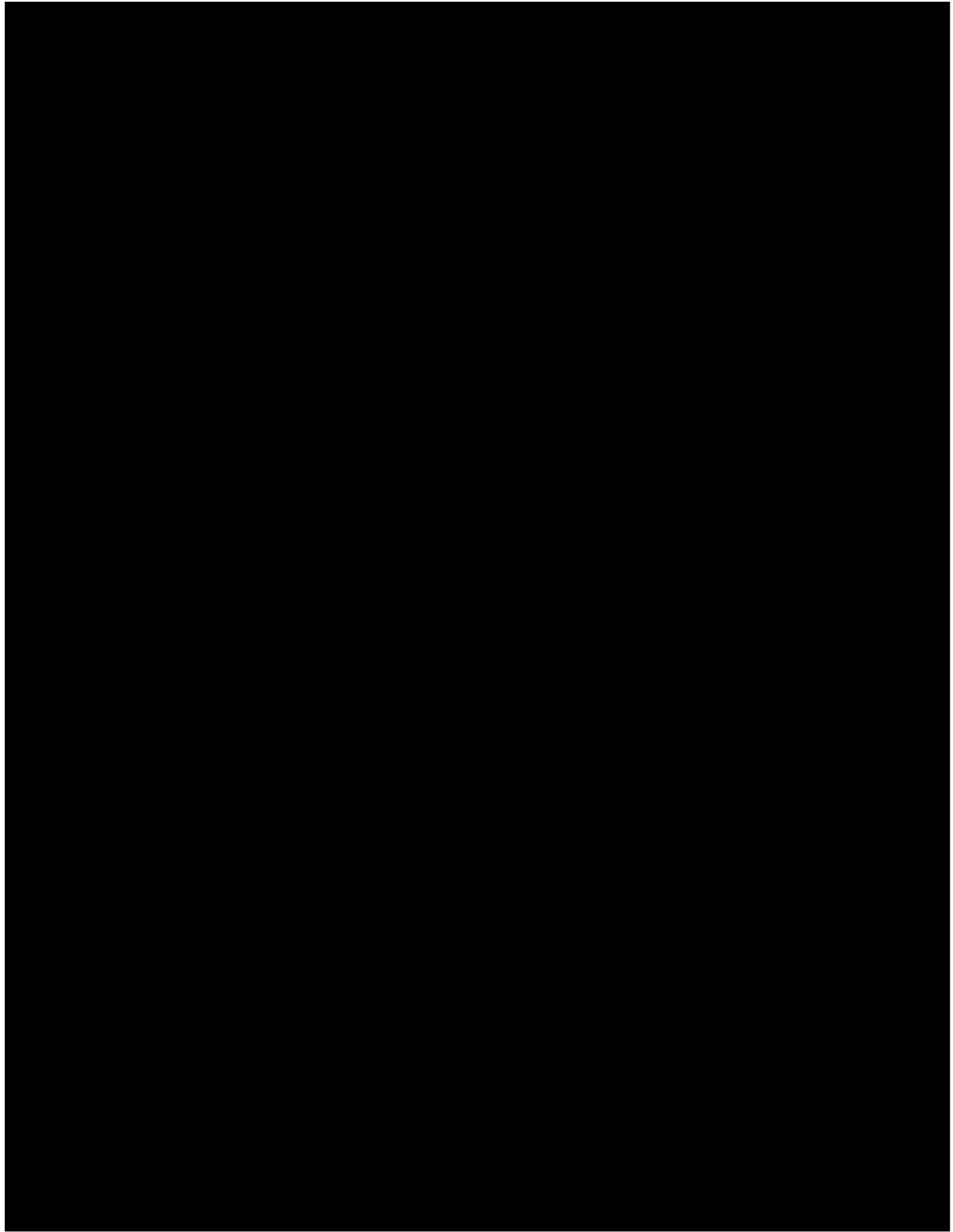
NiSource Inc.
Consolidated Balance Sheets (continued) (GAAP)
(unaudited)

<i>(in millions, except share amounts)</i>	September 30, 2012	December 31, 2011
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 309,597,086 and 281,853,571 shares issued and outstanding, respectively	\$ 3.1	\$ 2.8
Additional paid-in capital	4,579.3	4,167.7
Retained earnings	925.7	917.0
Accumulated other comprehensive loss	(56.8)	(59.7)
Treasury stock	(40.5)	(30.5)
Total Common Stockholders' Equity	5,410.8	4,997.3
Long-term debt, excluding amounts due within one year	6,819.7	6,267.1
Total Capitalization	12,230.5	11,264.4
Current Liabilities		
Current portion of long-term debt	823.3	327.3
Short-term borrowings	225.3	1,359.4
Accounts payable	300.1	434.8
Dividends payable	74.3	—
Customer deposits and credits	263.6	313.6
Taxes accrued	172.0	220.9
Interest accrued	82.9	111.9
Overrecovered gas and fuel costs	52.6	48.9
Price risk management liabilities	110.2	167.8
Exchange gas payable	124.7	168.2
Deferred revenue	30.9	10.1
Regulatory liabilities	171.1	112.0
Accrued liability for postretirement and postemployment benefits	26.6	26.6
Legal and environmental reserves	36.8	43.9
Other accruals	232.7	301.0
Total Current Liabilities	2,727.1	3,646.4
Other Liabilities and Deferred Credits		
Price risk management liabilities	32.9	138.9
Deferred income taxes	2,758.5	2,541.9
Deferred investment tax credits	25.8	29.0
Deferred credits	86.0	78.9
Noncurrent deferred revenue	22.8	—
Accrued liability for postretirement and postemployment benefits	939.7	953.8
Regulatory liabilities and other removal costs	1,617.1	1,663.9
Asset retirement obligations	152.0	146.4
Other noncurrent liabilities	246.2	244.7
Total Other Liabilities and Deferred Credits	5,881.0	5,797.5
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 20,838.6	\$ 20,708.3

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Nine Months Ended September 30, (in millions)	2012	2011
Operating Activities		
Net Income	\$ 282.1	\$ 284.4
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	420.1	403.7
Net changes in price risk management assets and liabilities	(19.4)	14.1
Deferred income taxes and investment tax credits	140.1	168.9
Deferred revenue	2.1	(4.2)
Stock compensation expense and 401(k) profit sharing contribution	33.0	27.4
Gain on sale of assets	(3.8)	(0.1)
Loss on impairment of assets	—	1.2
Income from unconsolidated affiliates	(22.9)	(8.0)
Loss from discontinued operations - net of taxes	1.9	1.8
Amortization of debt related costs	7.3	6.6
AFUDC equity	(4.7)	(3.2)
Distributions of earnings received from equity investees	25.1	10.9
Changes in Assets and Liabilities:		
Accounts receivable	333.9	561.4
Income tax receivable	(55.1)	97.8
Inventories	19.6	(171.4)
Accounts payable	(151.0)	(325.1)
Customer deposits and credits	(50.0)	(36.8)
Taxes accrued	(48.7)	(63.7)
Interest accrued	(29.0)	(46.6)
Overrecovered gas and fuel costs	(9.1)	147.1
Exchange gas receivable/payable	(9.5)	(117.9)
Other accruals	(90.9)	(32.9)
Prepayments and other current assets	48.3	31.1
Regulatory assets/liabilities	96.3	35.4
Postretirement and postemployment benefits	(11.6)	(163.5)
Deferred credits	7.6	(2.0)
Deferred charges and other noncurrent assets	28.1	(6.3)
Other noncurrent liabilities	4.1	32.6
Net Operating Activities from Continuing Operations	943.9	842.7
Net Operating Activities used for Discontinued Operations	(2.1)	(48.6)
Net Cash Flows from Operating Activities	941.8	794.1
Investing Activities		
Capital expenditures	(1,024.3)	(774.2)
Insurance Recoveries	3.0	—
Proceeds from disposition of assets	23.6	9.4
Restricted cash withdrawals	95.8	22.8
Contributions to equity investees	(11.3)	(0.2)
Other investing activities	(38.1)	(59.7)
Net Cash Flow used for Investing Activities	(951.3)	(801.9)
Financing Activities		
Issuance of long-term debt	991.4	395.3
Retirement of long-term debt	(11.6)	(36.5)

Premiums and other debt related costs	(3.4)	(8.2)
Change in short-term borrowings, net	(1,133.7)	(148.5)
Issuance of common stock	376.4	15.1
Acquisition of treasury stock	(10.0)	(3.1)
Dividends paid - common stock	(198.8)	(193.3)
Net Cash Flow from Financing Activities	10.3	20.8
Change in cash and cash equivalents from continuing operations	2.9	61.6
Cash contributions to discontinued operations	(2.1)	(48.6)
Cash and cash equivalents at beginning of period	11.5	9.2
Cash and Cash Equivalents at End of Period	\$ 12.3	\$ 22.2



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 09/12/12 for the Period Ending 09/12/12

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Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 12, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
(State or other jurisdiction of
incorporation or organization)

35-2108964
(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 7.01. Regulation FD Disclosure.

NiSource Inc. ("NiSource") is hosting an Investor Day in New York City today, September 12, 2012, beginning at 1:00 p.m. EDT and concluding at 4:00 p.m. EDT during which NiSource's senior management, including its business unit chief executive officers, will discuss the company's business profile, strategic direction and growth investment opportunities, as well as other matters of interest to the financial community. A copy of the slide presentation to be used during the Investor Day is furnished as Exhibit 99.1 to this report and will be available on NiSource's website, www.nisource.com. The Investor Day presentation will be available via live webcast and archived for future viewing through a link on NiSource's website, www.nisource.com.

The information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth in such a filing.

This Form 8-K contains forward-looking statements that are subject to various assumptions, risks and uncertainties. It should be read in conjunction with the "Forward-Looking Statements" section in NiSource's 2011 Annual Report on Form 10-K and in its 2012 Forms 10-Q (which sections are incorporated by reference herein), and in conjunction with other SEC reports filed by NiSource that discuss important factors that could cause NiSource's actual results to differ materially. NiSource expressly disclaims any duty to update any forward-looking statements contained in this report.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slide Presentation of NiSource Inc. dated September 12, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: September 12, 2012

By: _____

/s/ Robert E. Smith

Robert E. Smith

Vice President and Assistant Corporate Secretary

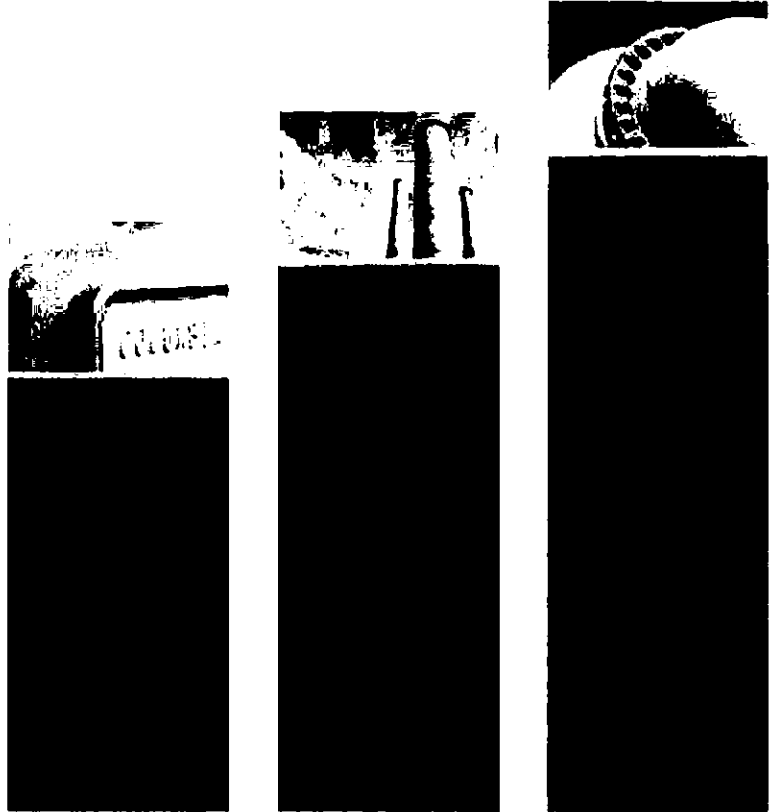
EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slide Presentation of NiSource Inc. dated September 12, 2012.

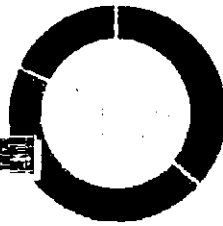
NiSource Investor Day

11:00 AM - 11:30 AM
11:30 AM - 12:00 PM
12:00 PM - 12:30 PM

NiSource



NYSE: NI



From the Gulf Coast through the Midwest to the Northeast, our portfolio of companies serves some of the nation's highest-value energy markets, with services ranging from natural gas transmission, storage and local distribution, to electricity generation, transmission and distribution

- One of the Nation's Largest Natural Gas Distribution Companies Serving More Than 3.3 Million Customers
- Established Best-in-Class Platform for Sustainable Earnings Growth Through:
 - Comprehensive Long-Term Infrastructure Investment Programs
 - Responsive Customer Programs
 - Creative Regulatory Approaches

Gas Transmission & Storage

- 15,000 Mile Network of Interstate Natural Gas Pipelines
- One of the Nation's Largest Market-Area Storage Systems
- Unparalleled Strategic Footprint in the Marcellus and Utica Shale Production Region
- Deep Inventory of Attractive Investment Opportunities
- Long-Term Pipeline System Modernization Program

Electric Generation & Distribution

- More than 450,000 Industrial, Commercial and Residential Electric Customers in a Stable Marketplace
- Environmentally Compliant Fleet of Electric Generation Facilities
- Total Generating Capability of 3,300 Megawatts
- Long-Term Infrastructure Investment Program

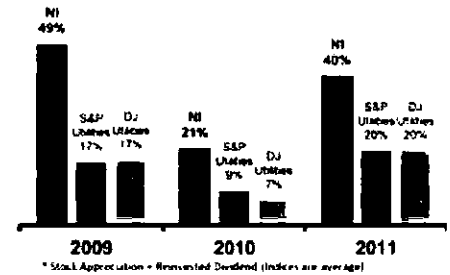


NiSource

FINANCIAL HIGHLIGHTS (9/5/2012)

Stock Price	\$24.92
Common Shares Outstanding	~285M
Annual Dividend	\$0.96
Market Capitalization	~\$7.1B

TOTAL SHAREHOLDER RETURN *



STABLE CREDIT RATINGS

S&P	BBB-
Moody's	Baa3
Fitch	BBB-

CONTACT INFORMATION

Randy Hulen
Managing Director, Investor Relations
219.647.5688
rghulen@nisource.com

Forward Looking Statements

Today's presentations contain forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in these presentations include statements and expectations regarding future dividends, operating earnings growth, earnings per share growth, capital investments, financing needs and plans, and investment opportunities. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in these presentations include, among other things, weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2011 Form 10-K (which section is incorporated herein by reference) and in conjunction with other SEC reports filed by NiSource, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Future earnings are illustrative only and do not constitute guidance by the Company. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in these presentations.

With regard to Net Operating Earnings Guidance for 2012 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, restructuring costs and accounting changes. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Regulation G Disclosure Statement

Today's presentations include certain non-GAAP financial measures as defined by the SEC's Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is contained in [Schedules 1 and 2 of the NiSource quarterly earnings release and pages 8 and 15 through 18 in the 2011 Statistical Summary Book, both of which are available on the NiSource Investor Relations website at <http://ir.nisource.com/results.cfm> and <http://ir.nisource.com/annuals.cfm>.

NiSource

Today's Agenda

Building Investment-Driven Growth

**Strategic Framework
and Key Takeaways** **Bob Skaggs**

**Business Unit
Discussions** **NiSource Gas Distribution, Joe Hamrock**
NIPSCO Electric, Jimmy Staton
NiSource Gas Transmission & Storage, Jimmy Staton

Financial Profile **Steve Smith**

Closing Remarks **Bob Skaggs**

NiSource

Speaker Bios



Bob Skaggs
President & Chief Executive Officer

Robert (Bob) Skaggs, Jr. is president and chief executive officer of NiSource Inc. He is responsible for the strategic direction of the company as well as for overseeing its day-to-day operations. Bob was named president in Oct. 2004 and added the CEO responsibilities effective July 2005. Bob earned a bachelor's degree in economics from Davidson College, a law degree from West Virginia University and a master's degree in business administration from Tulane University.



Joe Hamrock
Executive Vice President & Group CEO
NiSource Gas Distribution

Joseph (Joe) Hamrock serves as executive vice president and group CEO for NiSource Gas Distribution, which includes local gas distribution companies in Kentucky, Maryland, Massachusetts, Ohio, Pennsylvania and Virginia. In this role, he has profit-and-loss responsibility for all operations, regulatory and commercial functions. Joe received a bachelor's degree in electrical engineering from Youngstown State University and a master's degree in business administration from the Massachusetts Institute of Technology.



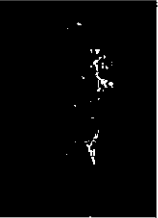
Steve Smith
Executive Vice President & Chief Financial Officer

Stephen (Steve) Smith is executive vice president and chief financial officer of NiSource Inc. He is responsible for the company's corporate finance functions, information technology, supply chain services, and real estate and facilities management. Steve earned a bachelor's degree in petroleum engineering from the Colorado School of Mines and a master's degree in business administration from the University of Chicago Graduate School of Business.



Jimmy Staton
Executive Vice President & Group CEO
NiSource Gas Transmission & Storage & NIPSCO

Jimmy Staton serves as executive vice president and group CEO for NiSource Gas Transmission & Storage (NGT&S) and also is responsible for Northern Indiana Public Service Company (NIPSCO) through Oct. 1, 2012. In these roles, he oversees all commercial, regulatory, operations and project development, and is responsible for execution of the business growth strategies. Jimmy earned a bachelor's degree in petroleum engineering from Louisiana State University.



Glen Kettering
Senior Vice President, Corporate Affairs

Glen Kettering is senior vice president, Corporate Affairs at NiSource Inc. He is responsible for leading the company's investor relations, communications and federal government affairs functions. Glen earned a bachelor's degree in business administration from West Virginia University and a doctor of jurisprudence degree from the West Virginia University College of Law.

NiSource

Strategic Framework and Key Takeaways

Bob Skaggs
President
Western Region

NiSource



NiSource Strategic Framework

Position, Build & Grow NiSource

Aspiration North America's Premier Regulated Energy Company

Value Proposition Regulated/Fee-Based Infrastructure Investment-Driven Growth + Attractive & Growing Dividend




Strategic Approach Balanced Four-Part Plan

- Gas Transmission, Storage and Midstream Expansion
- Infrastructure Modernization Programs Synched with Regulatory Initiatives
- Financial Management
- Cost & Process Excellence

Disciplined Capital Allocation Drives Accretive Investments

Building Investment-Driven Growth

Industry-Leading Regulated Platform

	\$10B Investment Inventory	Tracked Infrastructure Investment + Customer Programs	7-9% /Yr. Operating Earnings Growth
	\$6-8B Investment Inventory	Tracked Infrastructure Investment + Customer Programs	7-9% /Yr. Operating Earnings Growth
	\$8-10B Investment Inventory	Tracked Infrastructure Investment + Fee-Based Growth Investments	10-12% /Yr. Operating Earnings Growth

Customer-Driven Proposition
PLUS ~\$1.5-1.8B/Yr.
 Infrastructure Investment

DELIVERING

Sustainable Growth,
 Premium Valuation

Key Takeaways

**EPS
Growth**

5-7% Long-Term Earnings Growth

**Dividend
Growth**

Attractive, Growing Dividend 3-5%

**Investment-
Grade
Credit**

Investment-Grade Credit Profile with Strong Liquidity

**Capital
Funding**

Balanced Approach; Equity: 2015 Timeframe

Robust Growth With Solid Financial Profile

Key Takeaways

**Investment
Inventory**

\$25-30B/Over 15-20+ Years

**Investment
Profile**

**Modernization
Environmental
Core Growth
Maintenance**

\$1.4-1.6B/Year

Midstream

Up to \$300M/Year

**Revenue
Profile**

90%+ Fee-Based

Identifiable, Deep and Low-Risk Inventory

NiSource: A Compelling Investment

5-7% EPS Growth + 3-5% Dividend Growth

- Balanced, Diverse and Highly Stable Portfolio of Regulated/Fee-Based Businesses
- Substantial (\$25-30B) Inventory of Accretive Investment Opportunities to Drive Long-Term Earnings Growth of 5-7%
- Strong Financial Profile; Balanced Approach to Funding the Business
- Commitment to Investment-Grade Credit Ratings
- Established Track Record of Execution with Full Transparency

Disciplined Capital Allocation Drives Accretive Investments

NiSource

Gas Distribution

Joe Hamrock
Executive Director
NiSource Energy Services

NiSource



NiSource Gas Distribution (NGD)

NIPSCO Gas

- Largest LDC in Indiana
- ~800,000 Customers
- ~17,000 Miles of Pipe
- Fair Value Rate Base ~\$800M

Columbia Gas of Ohio

- Largest LDC in Ohio
- 1.4 Million Customers
- ~20,000 Miles of Pipe
- Rate Base ~\$1.3B

Columbia Gas of Kentucky

- Second Largest Gas-Only LDC in Kentucky
- 140,000 Customers
- ~2,600 Miles of Pipe
- Rate Base ~\$173M

Columbia Gas of Virginia

- Third Largest LDC in Virginia
- ~250,000 Customers
- ~5,000 Miles of Pipe
- Rate Base ~\$417M

Columbia Gas of Massachusetts

- Largest Gas-Only LDC in Massachusetts
- 300,000 Customers
- ~4,800 Miles of Pipe
- Rate Base ~\$465M

Columbia Gas of Pennsylvania

- Third Largest LDC in Pennsylvania
- 400,000+ Customers
- ~7,400 Miles of Pipe
- Rate Base ~\$784M

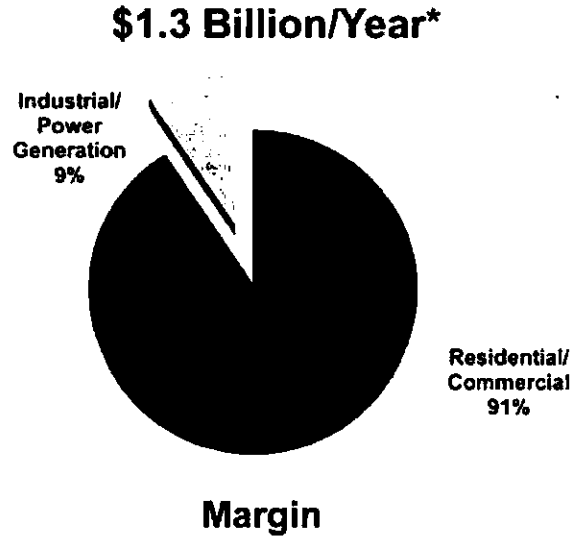
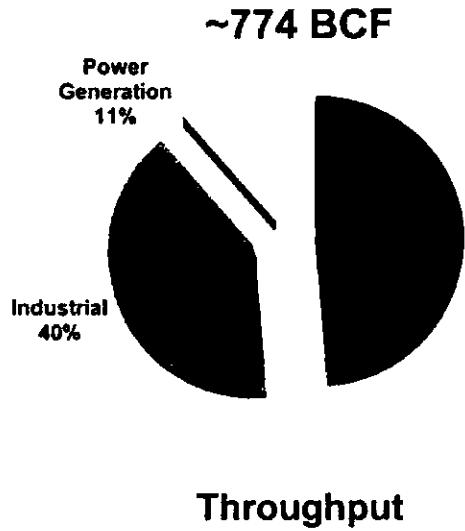
Columbia Gas of Maryland

- Complementary to PA Operations
- 33,000 Customers
- ~750 Miles of Pipe
- Rate Base ~\$54M

Growing Rate Base, Earning Allowed Returns

NGD Market Profile

Stable Markets



Minimal Revenue Variability

*2012 Non-GAAP estimate illustrative only

NGD Performance

Delivering for Our Customers, Communities and Other Key Stakeholders

Safety/
Reliability

Top Decile/Quartile Performance

Customer
Experience

Robust Programs and Satisfaction Scores

Stakeholder
Relations

Collaborative, Constructive Approach

Customer
Rates

Competitive, Affordable, Innovative Designs

Financial
Performance

Growing Rate Base, Earning Allowed Returns

NGD Business Strategy

Executing a Strategy for Sustainable Long-Term Growth

Long-Term Growth Through Investment in Infrastructure Modernization and Innovative Rate Structures

- Expanded Infrastructure Programs Under Similar Policy Frameworks
- Total Asset Base Modernization
- Reliable, Safe and Economic Services for Customers
- Local Economic Development

~\$10B Investment Opportunity Over 20+ Years

NGD Business Strategy

A Long-Term Investment-Driven Growth Strategy

\$600-650M
Annual Capital
Investment

**Expand Customer
Programs**

Grow Customer Base

**Modernize
Infrastructure**

7-9%
Operating Earnings
Growth

Growing Rate Base, Earning Allowed Returns

Long-Term Infrastructure Modernization Investments

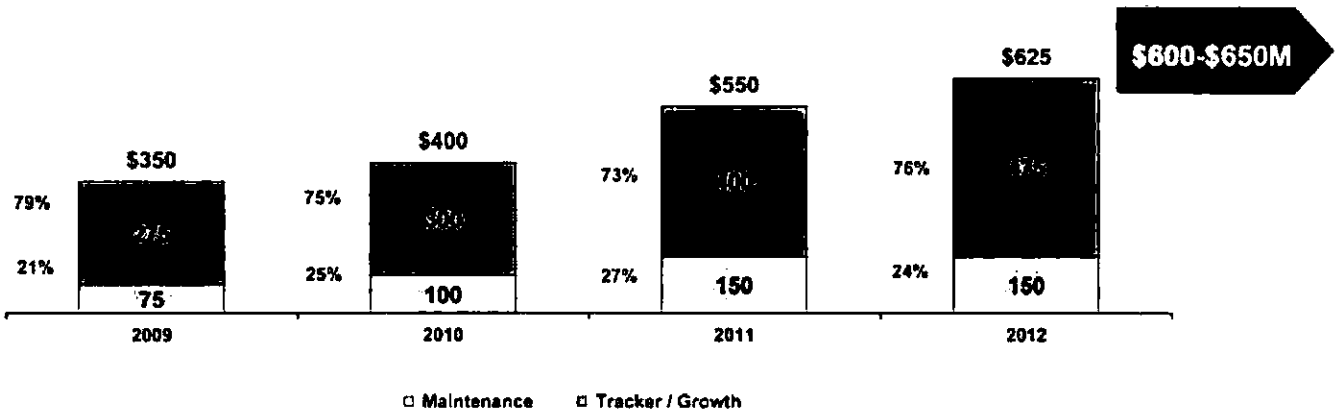
~75% Revenue-Enhancing Investments

	OH	IN	PA	MA	VA	KY	MD	Totals
Modernization (Tracker) /Growth	\$180-189M	\$30-45M	\$150-155M	\$50M	\$35M	\$15M	\$9M	\$469-498M
Maintenance	\$30-31M	\$30-45M	\$20-25M	\$30M	\$15M	\$5M	\$1M	\$131-152M
Total	\$210-220M	\$60-90M	\$170-180M	\$80M	\$50M	\$20M	\$10M	\$600-650M

Annual Capital Investment Run-Rate of \$600-650M

NGD Investment Run-Rate (\$M)

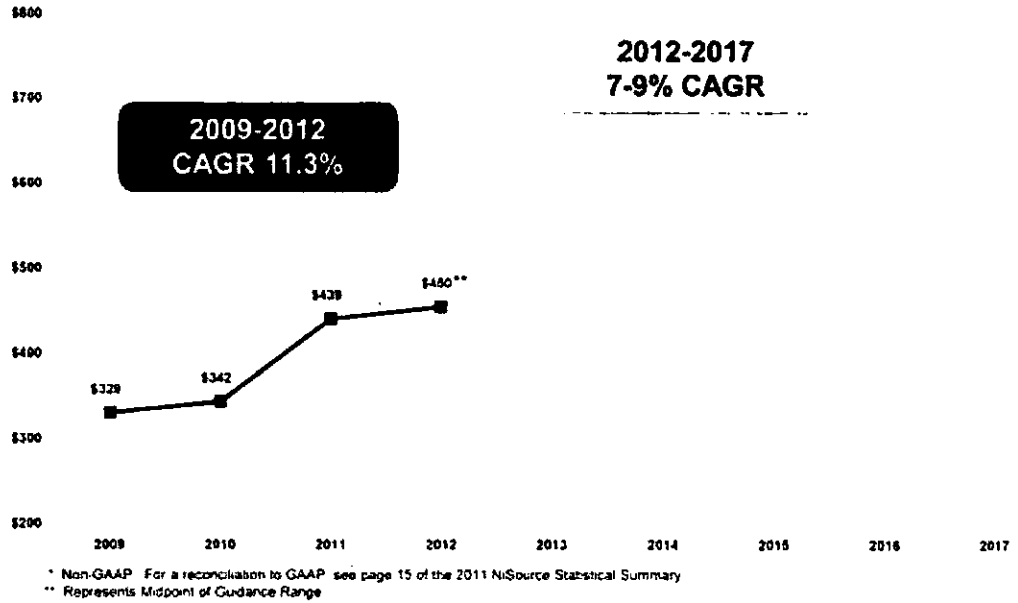
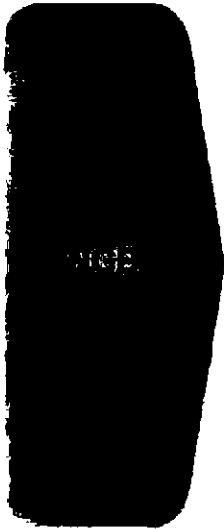
Growing Capability and "Flex" Ability



A Strong Foundation of Long-Term Growth

NGD Operating Earnings* (\$M)

Attractive, Low-Risk, Investment-Driven



Operating Earnings Growth of 7-9% Going Forward

NGD Business Strategy

NiSource's Foundation

Expand Customer Programs

Grow Customer Base

Modernize Infrastructure

- **Ongoing Disciplined Execution**
- **Sustain Growth Through Long-Term Investment in Infrastructure Modernization**
- **Maintain Innovative Rate Structures**
- **Deliver Exceptional Customer Satisfaction and Experience**

~\$10B Investment Opportunity Over 20+ Years

Modernizing our Business Model

Aligning Revenues, Costs and Investments

	OH	IN	PA	MA	VA	KY	MD
Levelized Rates; Decoupling	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Uncollectible Expense Tracker; Uncollectible Commodity Adj.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Accelerated Infrastructure Tracker; Expedited Rate Treatment	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pension/OPEB Tracker; Pension/OPEB Deferral	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Environmental Tracker/Deferral	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Low Income Programs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Energy Efficiency Programs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Quality Service, Programs and Reasonable Rates

NIPSCO Electric

Jimmy Staton
Electrician
NIPSCO Electric

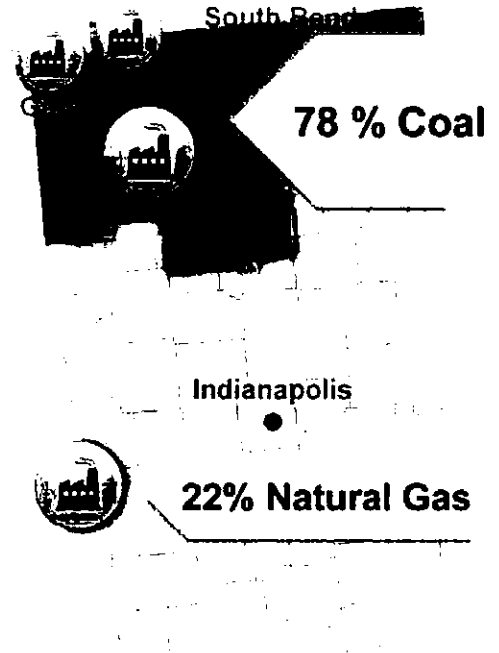
NiSource



NIPSCO Electric

Indiana's Largest Combination Utility

- 3,300 MW Generation Capacity
- 450,000 Electric Customers
- Rate Base of ~\$2.3B
- Strong Customer Service
- Stable, Balanced Regulatory Environment



Strong Operations and Customer Service

NIPSCO Electric Market Profile

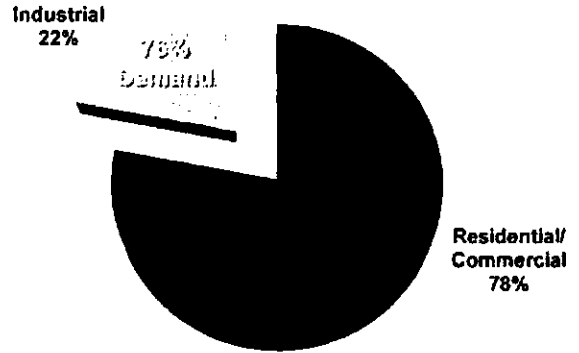
Stable Markets

15,500 GWh

\$0.9B/Yr.*



Throughput



Margin

Moderate Revenue Variability

**Illustrative Based on Rate Case Approved December 2011*

NIPSCO Performance

Delivering for Our Customers, Communities and Other Key Stakeholders

**Safety/
Reliability**

Top Quartile/Decile Performance

**Customer
Experience**

Robust Programs, Significant JD Power Gains

**Stakeholder
Relations**

Collaborative, Constructive Approach

**Customer
Rates**

Competitive, Affordable

**Financial
Performance**

Growing Rate Base, Earning Allowed Returns

NIPSCO Electric Business Strategy

Executing a Strategy for Sustainable Long-Term Growth

Long-Term Growth Based on:

- **'Tracked' Environmental Investments Ensuring Compliance**
- **'Tracked' Transmission System Enhancements**
- **Modernizing Transmission and Distribution Infrastructure**
- **New Gas-Fired Generation Enhancing the Fleet**

\$6-8B Investment Opportunity Over 10-15 Years

NIPSCO Electric Business Strategy

Investment-Driven Growth

\$400-450M
Annual Capital
Investment

**Upgrade
Generation Fleet**

**Enhance
Transmission System**

**Modernize
Infrastructure**

7-9%
Operating Earnings
Growth

Growing Rate Base, Earning Allowed Returns

NIPSCO Electric Business Strategy

Upgrade Generation Fleet

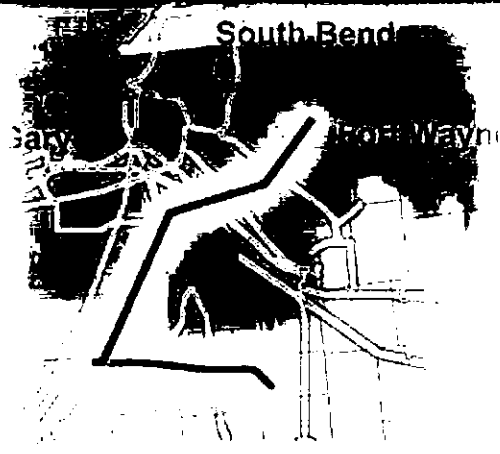
	Plants	Investment	Compliance Technology	Recovery
PG&E	Schafner Michigan City	\$525-775M	FGDs (SO2)	Tracker
PG&E	All Plants	\$80M - \$200M	Enhanced Mercury and Particulate Controls	Tracker
PG&E	All Plants	\$25M - \$100M	Enhanced Wastewater Treatment & Intake Modification	In S.B. 251 Tracker
PG&E	All Plants	\$100M - \$300M	Upgraded Ash Handling and Disposal	In S.B. 251 Tracker

\$700M-\$1.4B Investment Opportunity

NIPSCO Electric Business Strategy

Enhance Transmission System

- Strategically Located at MISO/PJM SEAM
- Two MISO Multi-Value Projects
- Ongoing Work with MISO to Reduce Congestion
- FERC Allowed Returns



Capital Investment

Reynolds to Hiple	\$250-300M
Reynolds to Greentown (Pioneer Partnership)	\$150-200M

\$500M-\$1B Investment Opportunity

NIPSCO Electric Business Strategy

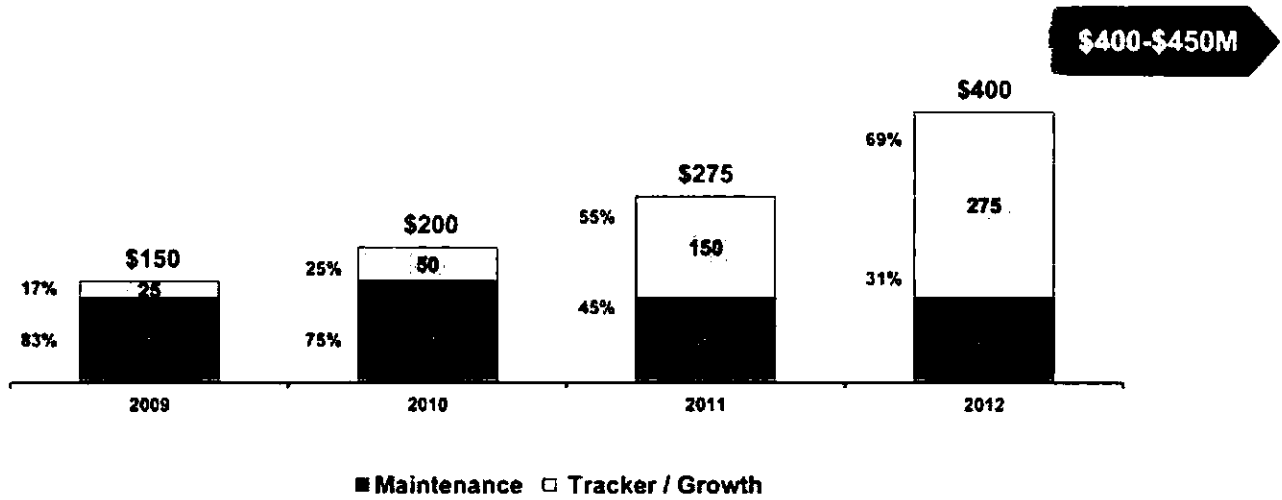
Modernize Infrastructure

- **Systematic Replacement of Aging Infrastructure**
- **Spurs Redevelopment Opportunities, Economic Growth & Jobs**
- **Improved Reliability and System Integrity; Meets Increasing Customer Expectations**
- **Developing DSIC-Type Legislation**

\$3-4B Investment Opportunity

NIPSCO Electric Investment Run-Rate (\$M)

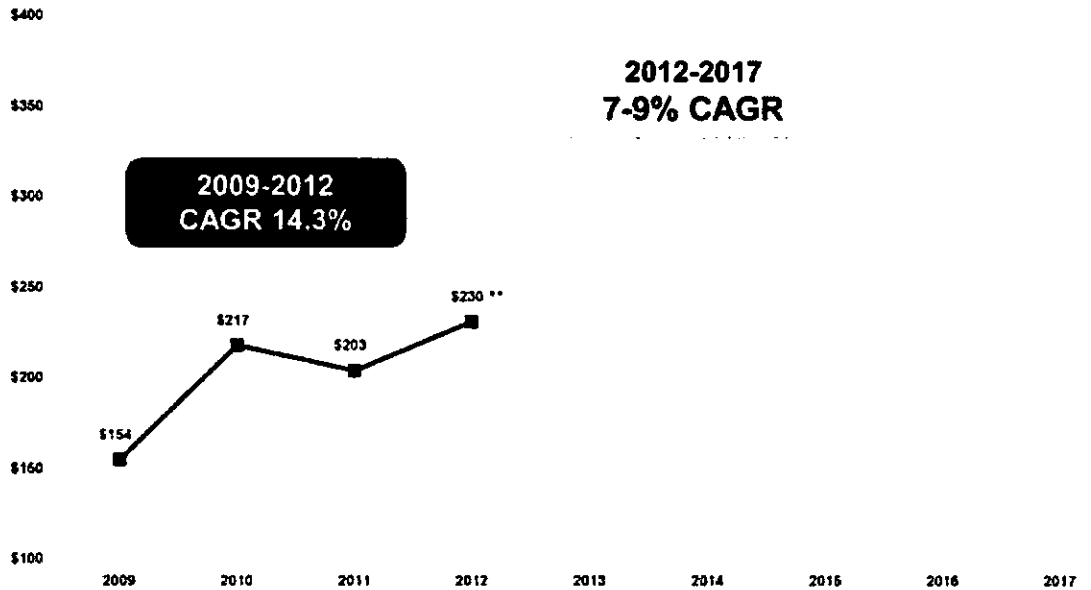
Investment-Driven Growth



Growing Rate Base, Earning Allowed Returns

NIPSCO Electric Operating Earnings* (\$M)

Attractive, Low-Risk, Investment-Driven



* Non-GAAP. For a reconciliation to GAAP, see page 17 of the 2011 NiSource Statistical Summary.
** Represents Midpoint of Guidance Range.

Operating Earnings Growth of 7%-9% Going Forward

NIPSCO Electric Business Strategy

Positioned for Growth

**Upgrade
Generation Fleet**

**Enhance
Transmission System**

**Modernize
Infrastructure**

- **Deep Inventory of Investment Opportunities Synched with Rate Recovery**
- **Stable, Balanced Regulatory Environment**
- **Strong Operations and Customer Service**
- **Strategic Transmission Position**

\$6-8B Investment Opportunity

Gas Transmission & Storage

Jimmy Staton

Executive Director

January 1, 2014

NiSource

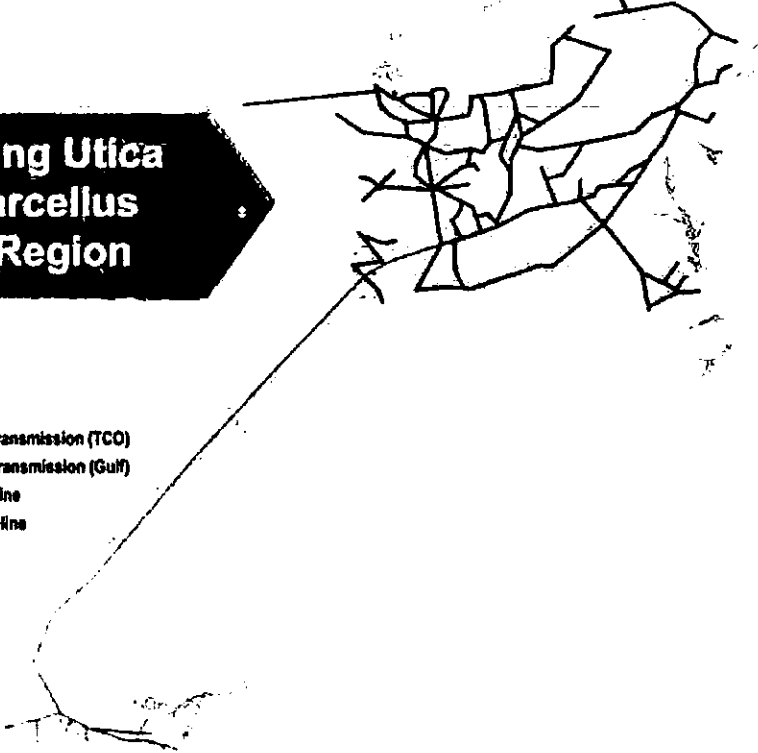


NiSource Gas Transmission Storage (NGT&S)

Strategically Located Assets

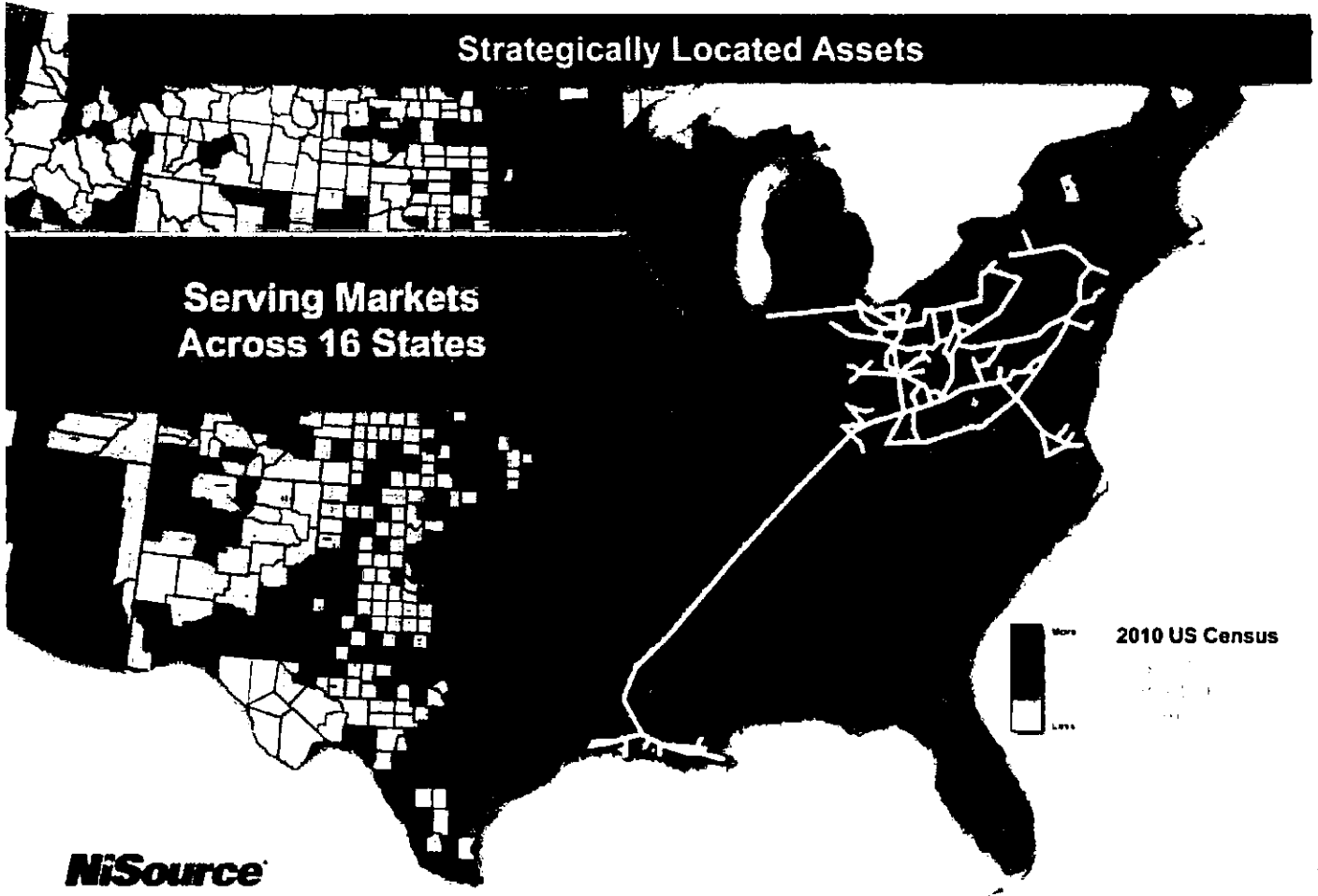
**Overlaying Utica
and Marcellus
Shale Region**

- Columbia Gas Transmission (TCO)
- Columbia Gulf Transmission (Gulf)
- Millennium Pipeline
- Crossroads Pipeline
- Shale Areas



- 15,000+ Pipeline Miles
- 1.3 Tcf Throughput
- Nearly 300 Bcf of Storage Capacity; 7.3 Bcf of Deliverability
- Rate Base:
TCO ~\$2.1B
Gulf ~\$300M
- Serving Attractive Mid-Atlantic and East Coast Markets
- Access to Expanding Southeastern Markets

NGT&S Footprint



NGT&S

Positioned for Growth

Safety/
Reliability

Solid Safety Results; Proactive Reliability Efforts

Customer
Experience

Ongoing Engagement Focus, Satisfaction Gains

Stakeholder
Relations

Collaborative, Constructive Approach

Customer
Rates

Highly Competitive, Fee-Based

Financial
Performance

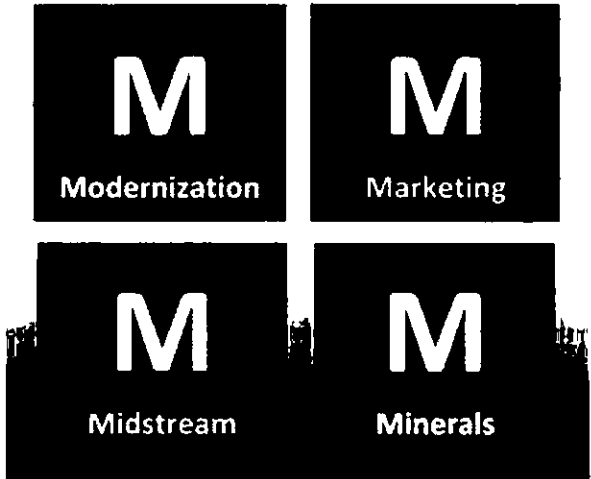
Positioned for Ongoing, Robust Growth

NiSource

NGT&S Growth Strategy

'4M' Integrated Investment Strategy

- **Modernize Our Infrastructure**
- **Reconfigure Our System for an Evolving Market**
- **Capture Emerging Midstream Opportunities**
- **Leverage Our Minerals Positions**



Comprehensive, Balanced Portfolio

NGT&S Growth Strategy

Regulated Pipeline & Storage

- **Rebuilding Our System in Partnership with our Customers**
- **Linking New Supplies to Markets**
- **\$7-9B Investment Over 10-15 Years**



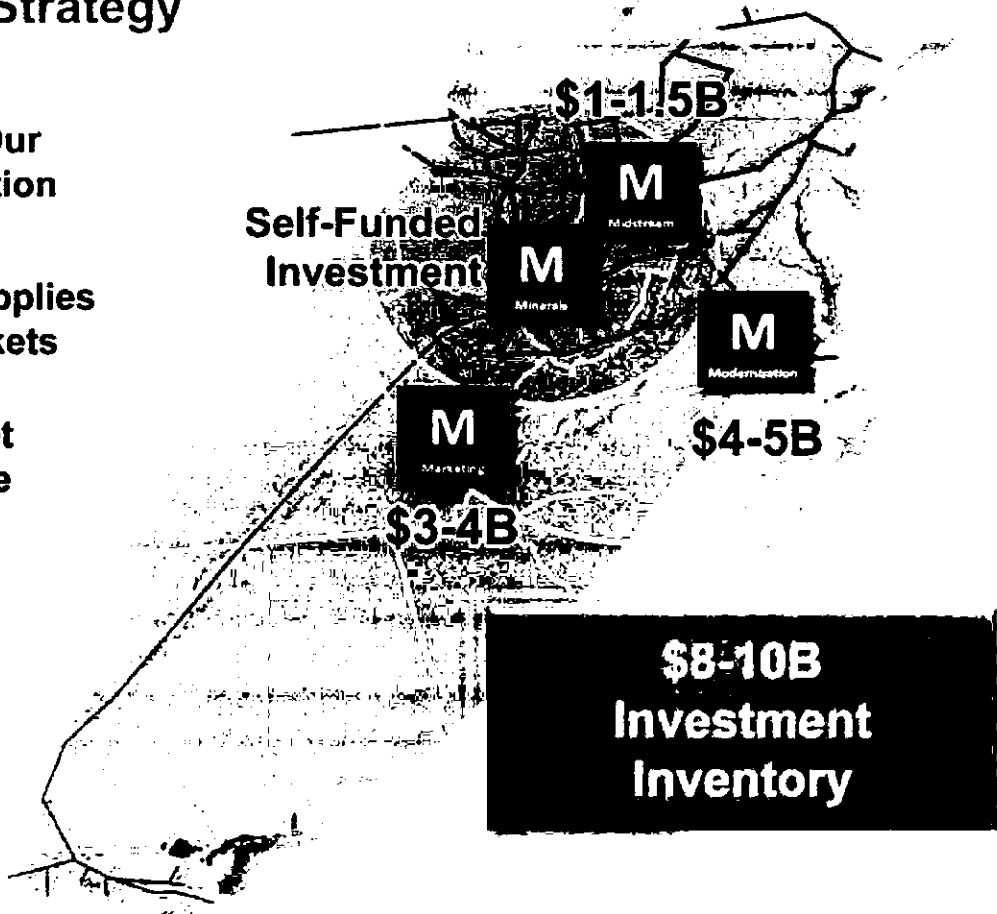
Midstream & Minerals

- **Leveraging Strategic Assets and Footprint**
- **Developing Fee-Based Gathering and Processing Opportunities**
- **\$1-1.5B Investment Over 5-10 Years**



NGT&S Growth Strategy

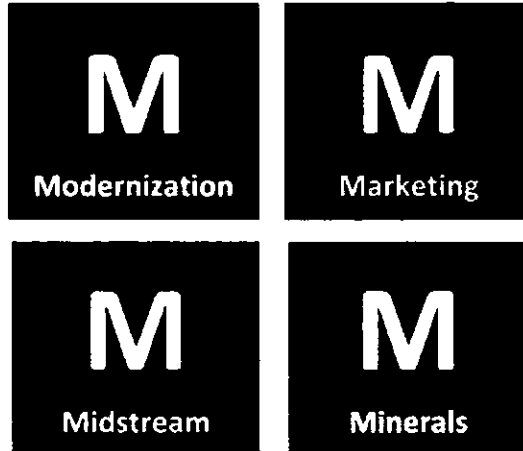
- 
Strengthening Our System Foundation
- 
Linking New Supplies to Growing Markets
- 
Providing Market Access for Shale Supplies
- 
Leveraging Our Minerals Assets



NGT&S Growth Strategy

'4M' Integrated Investment Strategy

\$500-700M
Annual Capital
Investment



10-12%
Operating Earnings
Growth

Building Long-Term Sustainable Growth

NGT&S Growth Strategy

Strengthening Our System Foundation



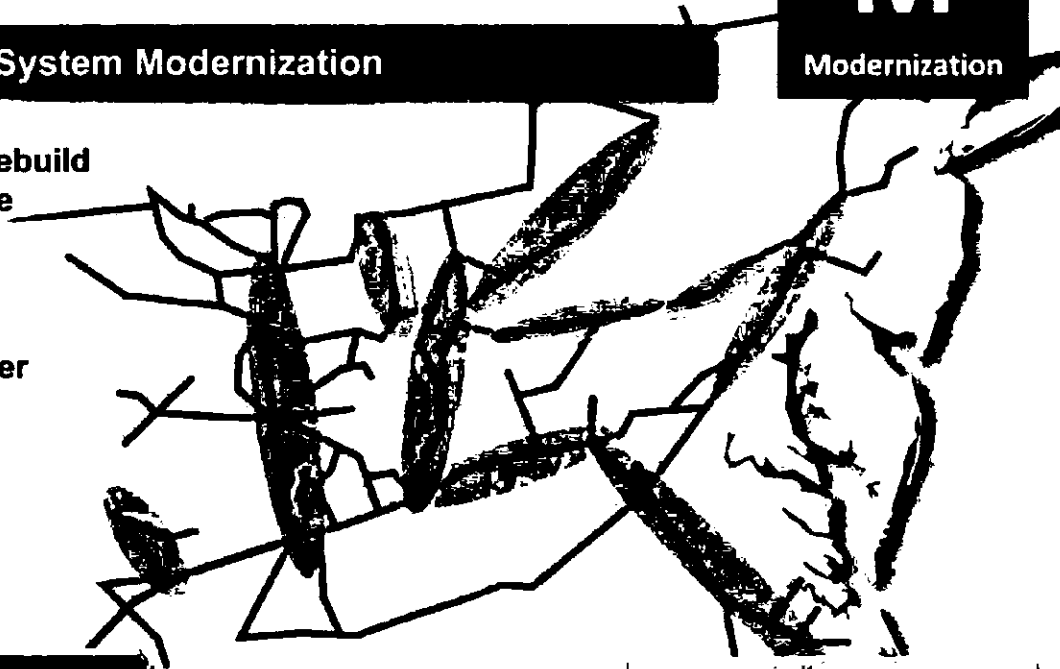
Building Long-Term Sustainable Growth

Strengthening Our System Foundation



System Modernization

- Systematically Rebuild Our Infrastructure
- Improve Public Safety
- Increase Customer Flexibility and Reliability
- Earn Consistent Returns on Investments



\$4-5B Investment Opportunity

1,000+ Miles of Pipeline Replaced

100,000+ Horsepower Replaced

Strengthening Our System Foundation

M

Modernization

Unprecedented Settlement

- **Collaboration: Near-Unanimous Settlement**
- **Annual Investment: \$300M**
- **Minimal Regulatory Lag: Annual 'Tracker' Recovery of Return, Taxes & Depreciation**
- **Initial Term: 5 Years, With Extension Provisions**
- **Cost to Achieve: Within Expectations**
- **Timeline: FERC Filing September 4; Anticipate Approval Late 2012**



Partnering With Our Customers

NiSource

NGT&S Growth Strategy

Linking New Supplies to Growing Markets



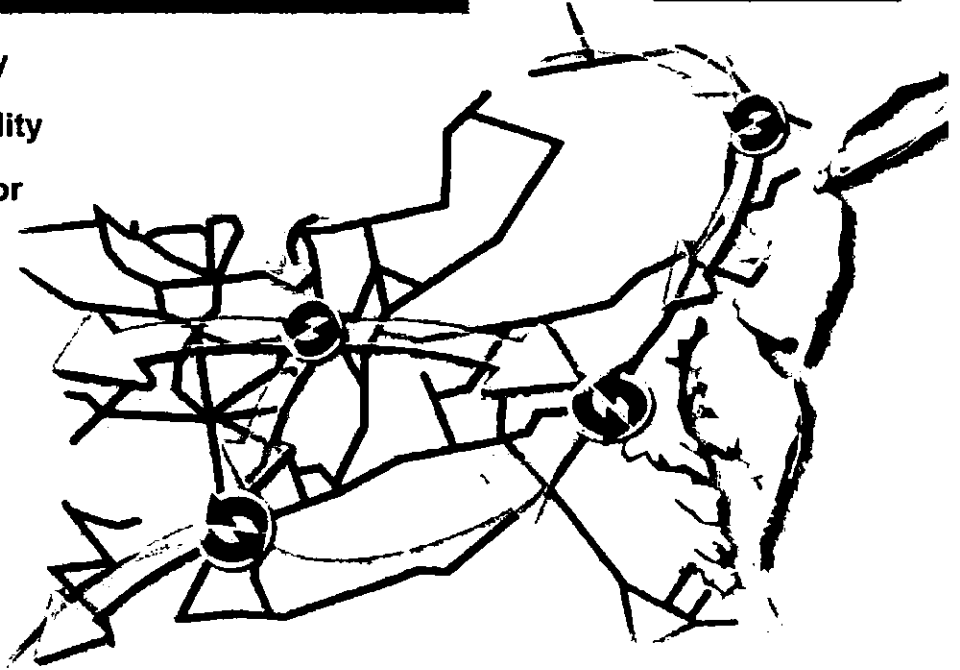
Opportunistic, Disciplined Approach

Linking New Supplies to Growing Markets



Marketing Strategy

- Enhance Market Liquidity
- Increase Supply Optionality
- Provide Market Access for Emerging Appalachian Supplies
- Access East Coast and Gulf LNG Export Markets



\$3-4B
Investment
Opportunity

Underpinned by Fee-Based Contracts

Linking New Supplies to Growing Markets



West Side Expansion

GOAL
INVESTMENT
CUSTOMERS
STATUS

Move Marcellus Supply to Growing Southeast Markets

CapEx: \$200-250M

440 Mdt/d TCO Expansion

540 Mdt/d Gulf Expansion

Line Looping at TCO

Re-Piping for Bi-Directional Flow on Gulf

Antero

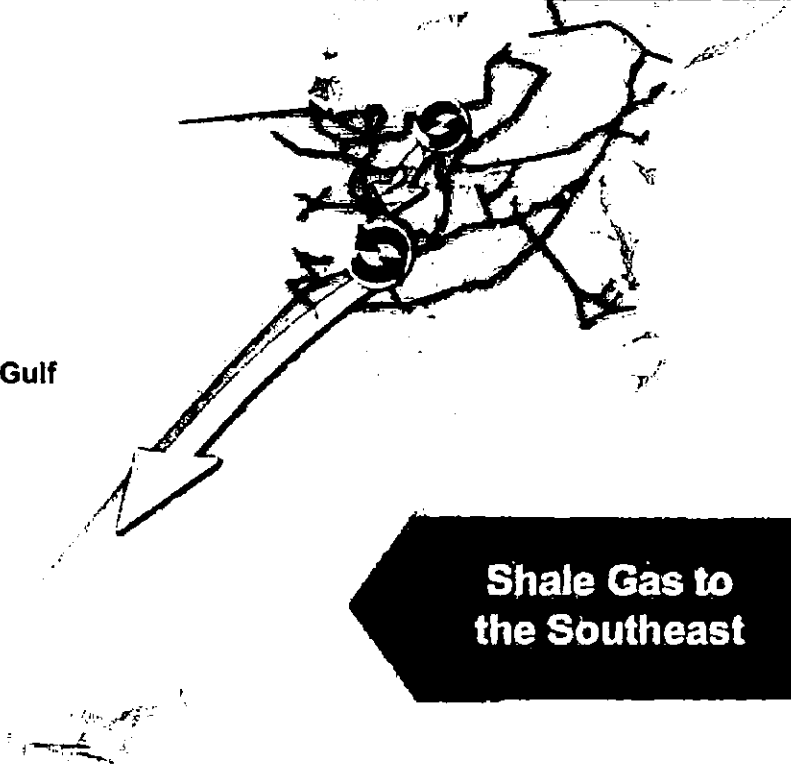
Rice

Petro Edge

Other Marcellus Producers

FERC Filing: Spring 2013

In-Service: November 2014



Shale Gas to the Southeast

Linking New Supplies to Growing Markets



East Side Expansion

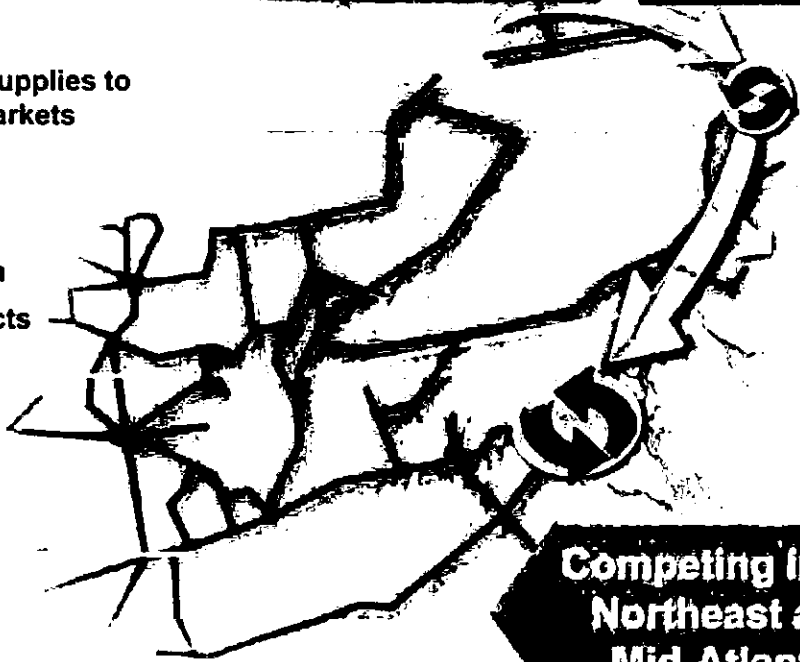
GOALS
INVESTMENT
REQUIREMENTS
MILESTONES

Provide Northern Marcellus Supplies to Northeast and Mid-Atlantic Markets

CapEx: \$200-300M
220-300 Mdt/d TCO Expansion
Pipeline Looping; Interconnects

East Coast LDCs
Gas-fired Generation
Producers

Negotiating Precedent
Agreements
In-Service: September 2015



Competing in the
Northeast and
Mid-Atlantic

Linking New Supplies to Growing Markets



Quick Link Expansion

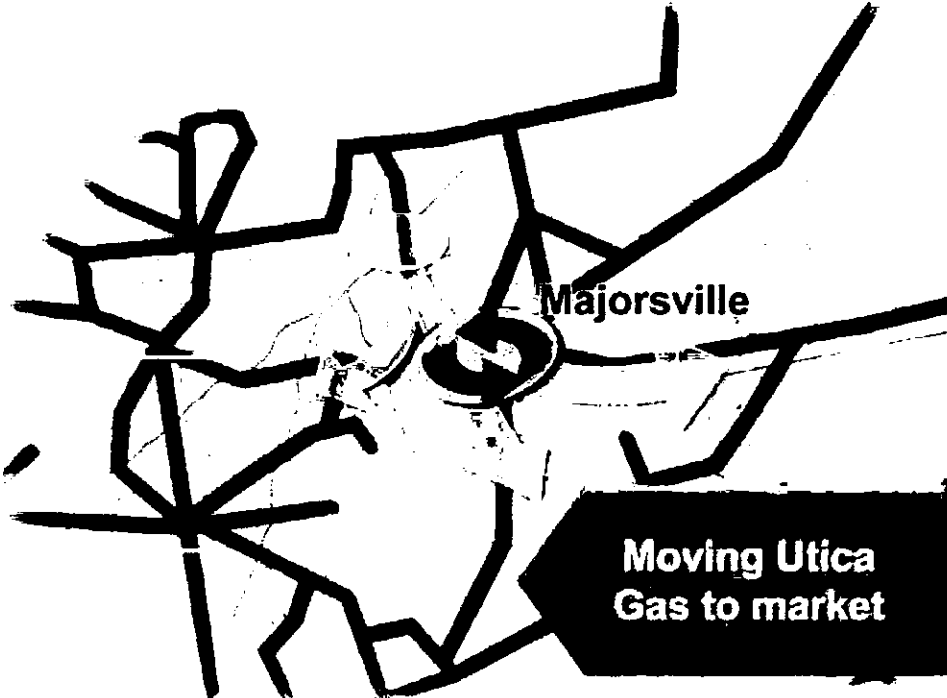
GLOBAL
INVESTMENT
CUSTOMERS
STATUS

Deliver Utica Shale Supplies to Multiple Markets

CapEx: ~\$300M
500 Mdt/d TCO Expansion
Pipeline Looping, Extension

Various Utica Producers

In Development
In-Service Date: Q4 2015



Linking New Supplies to Growing Markets



LNG Export Opportunities

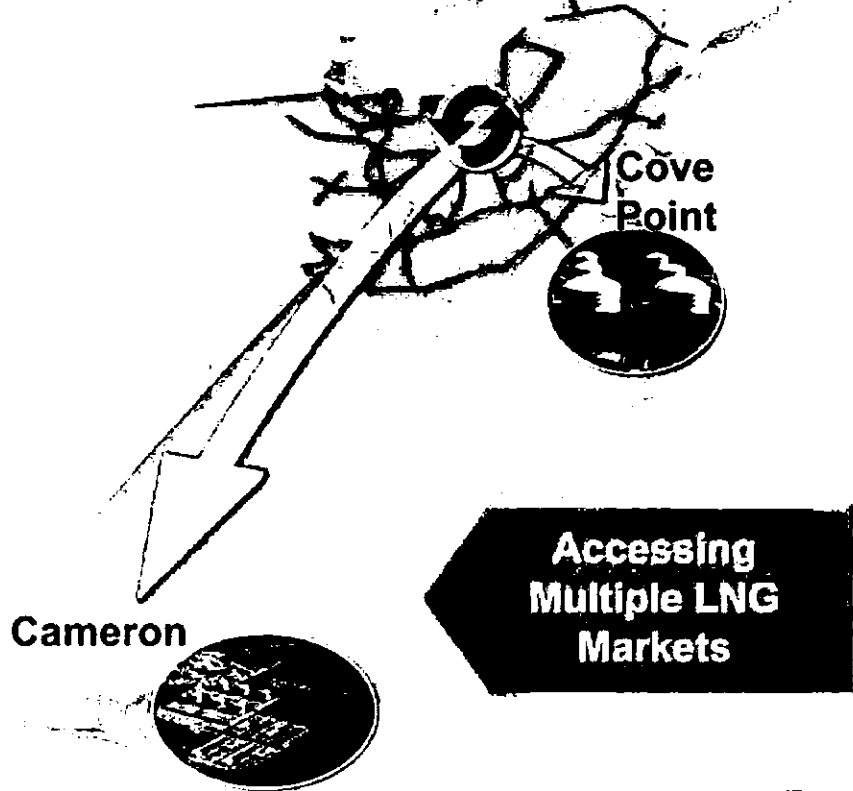


Deliver Shale Gas to LNG Export Hubs

CapEx: \$0.5-1.3B
1-2 MMdt/d TCO/Gulf Expansion
TCO Pipeline Looping/Expansion;
Additional Compression and Reconfiguration of Gulf System

LNG Exporters

Negotiating Agreements
In-Service: 2016+



Linking New Supplies to Growing Markets



Gas-Fired Generation Strategy

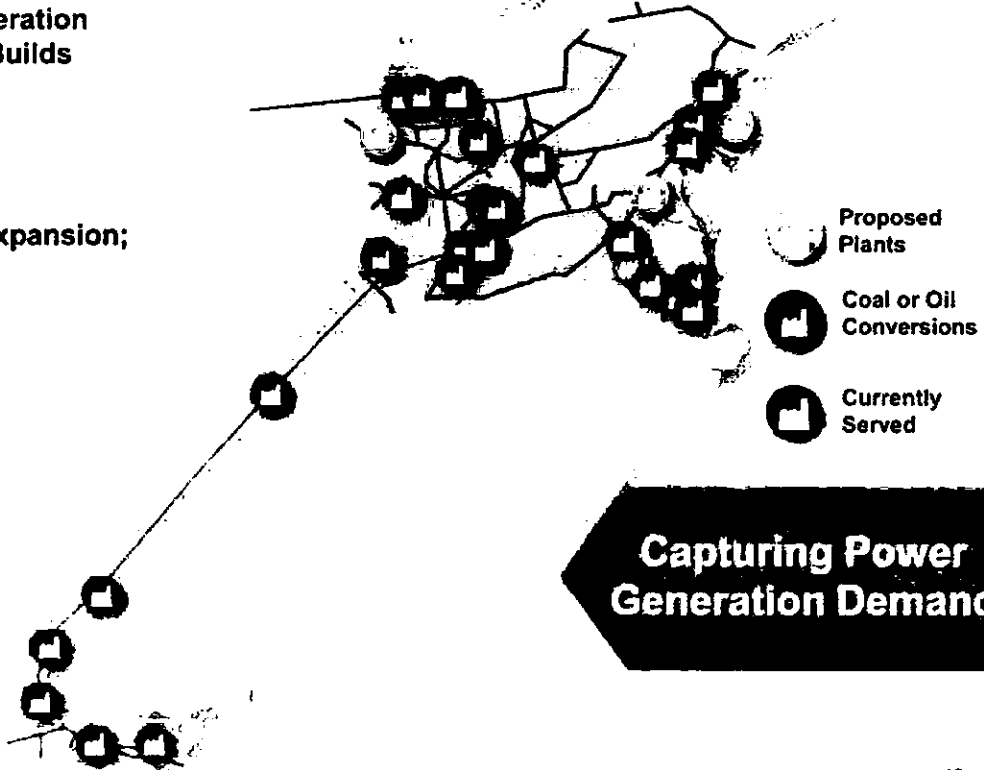
TOP
INVESTMENT
SERVICES
SOLUS

Fueling Coal-Fired Generation
Conversions and New Builds

CapEx: ~\$0.5-1B
Pipeline Looping and Expansion;
Compression

AEP
First Energy
Dominion

Customer Negotiations
Under Way
In-Service: 2015+



Linking New Supplies to Growing Markets



Warren County Expansion

COAL
INVESTMENT
OPERATIONS

Additional Capacity to Serve New
1,300MW Generating Facility

CapEx: ~\$35M

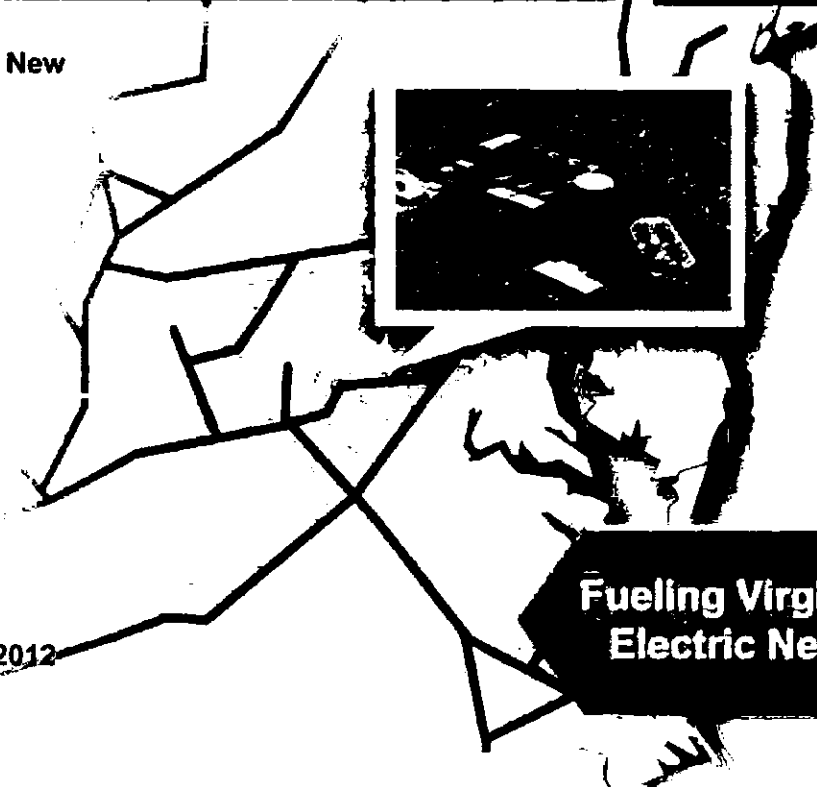
~250 Mdt/d TCO Expansion

2.5 Mile Pipeline Extension;
Interconnect Facilities

Dominion

FERC Certificate: February 2012

In-Service: April 2014



Fueling Virginia's
Electric Needs

Linking New Supplies to Growing Markets



Millennium Pipeline

GOAL
MILESTONES
CUSTOMERS
STATUS

Deliver Marcellus Shale Supplies to Multiple Markets

~\$40M (NiSource's Share)

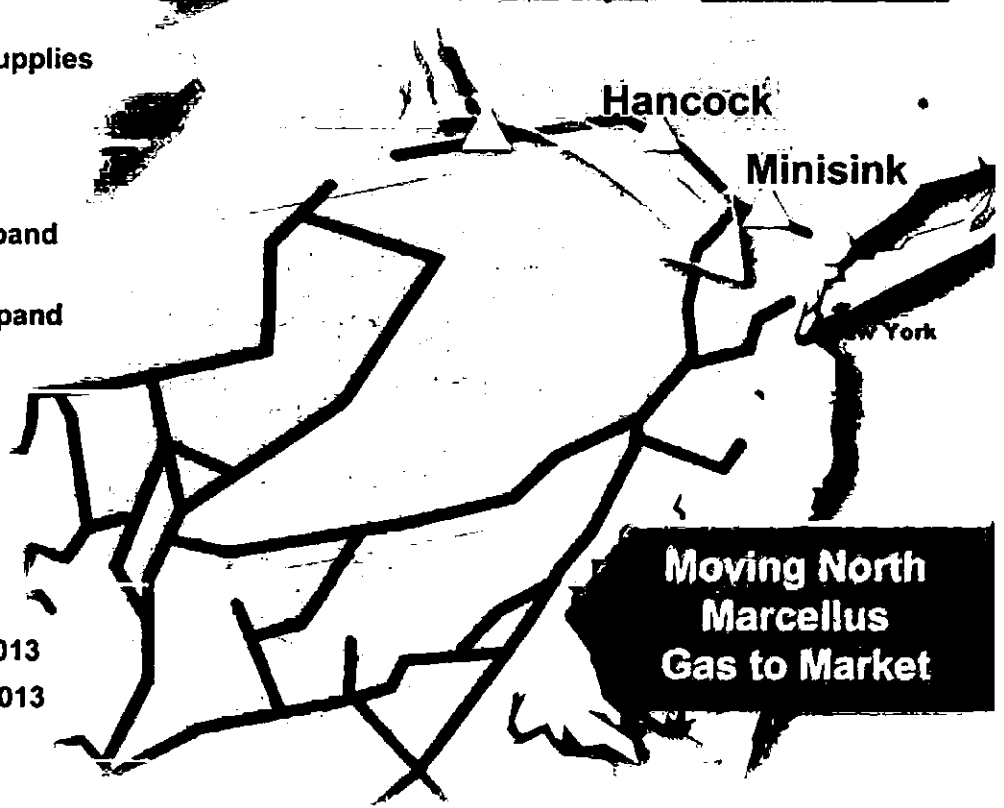
Minisink Compressor: Expand Capacity by 120 MDt/d

Hancock Compressor: Expand Capacity by 150 MDt/d

Northeast PA Producers

Minisink In-Service: Q1 2013

Hancock In-Service: Q4 2013



NGT&S Growth Strategy

Providing Market Access for Shale Supplies



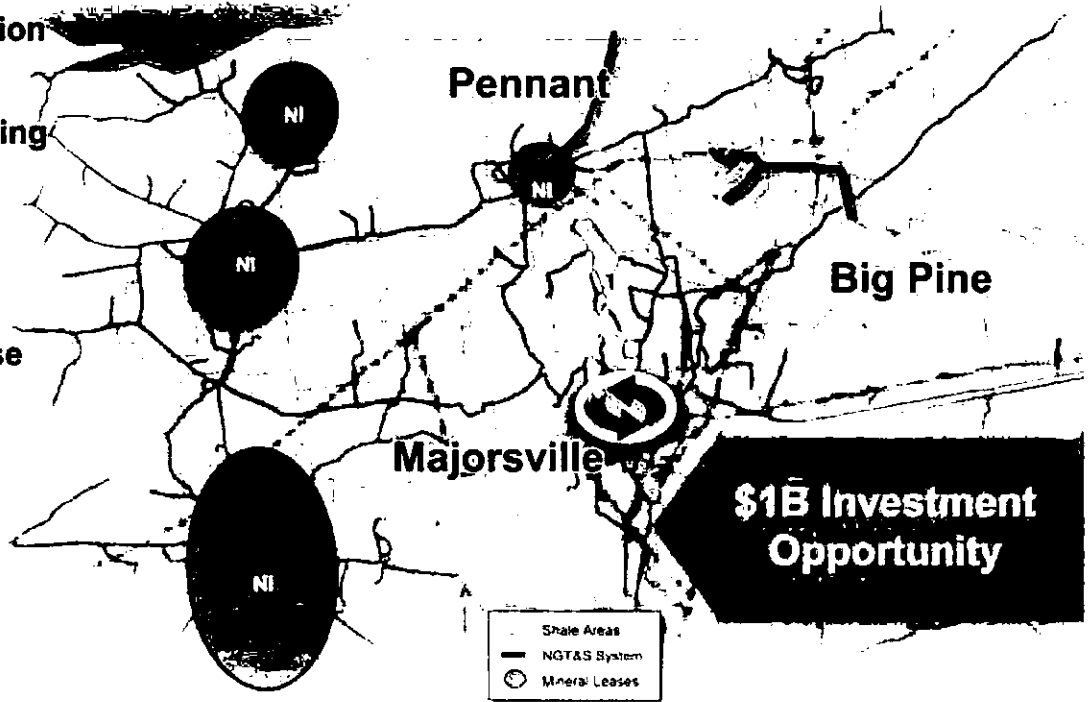
Attractive Investment; Fee-Based Structures

Providing Market Access for Shale Supplies



Midstream Strategy

- Leverage Location and Asset Base
- Develop Gathering and Processing Opportunities and Targeted Partnerships
- Create Franchise in Underserved Marcellus and Emerging Utica Areas



Providing Market Access for Shale Supplies

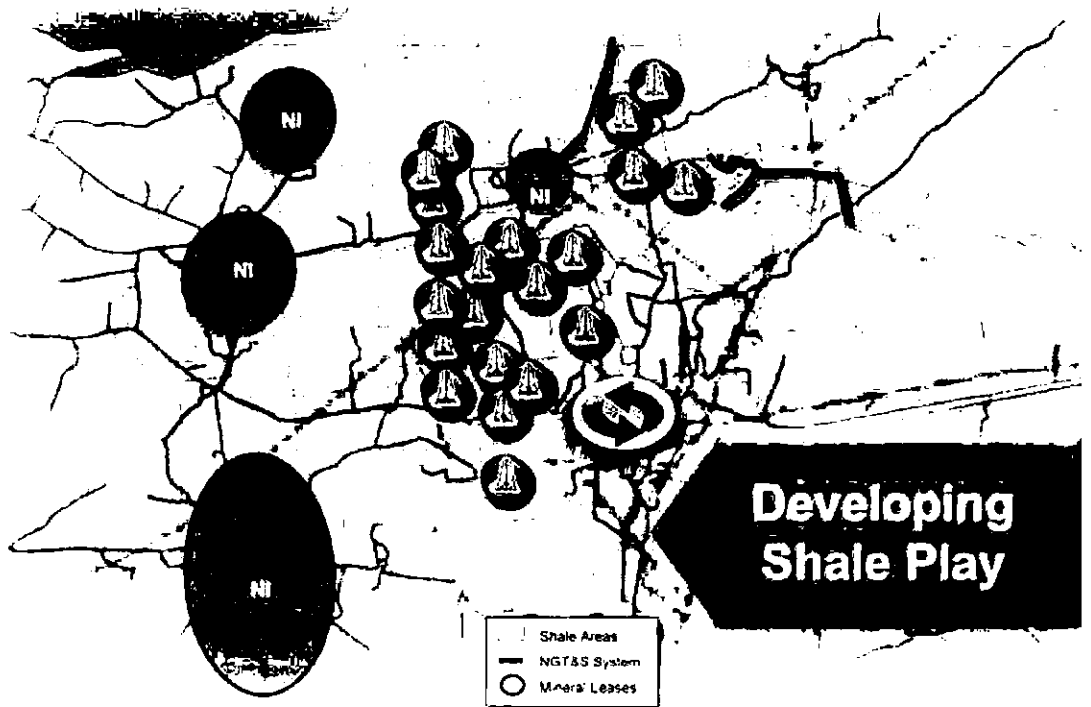


Evolving Midstream Opportunities

Utica Wells Drilled to Date



- Anadarko
- Antero
- Chesapeake
- Enervest
- Gulfport
- Hess
- Range
- Rex
- Shell



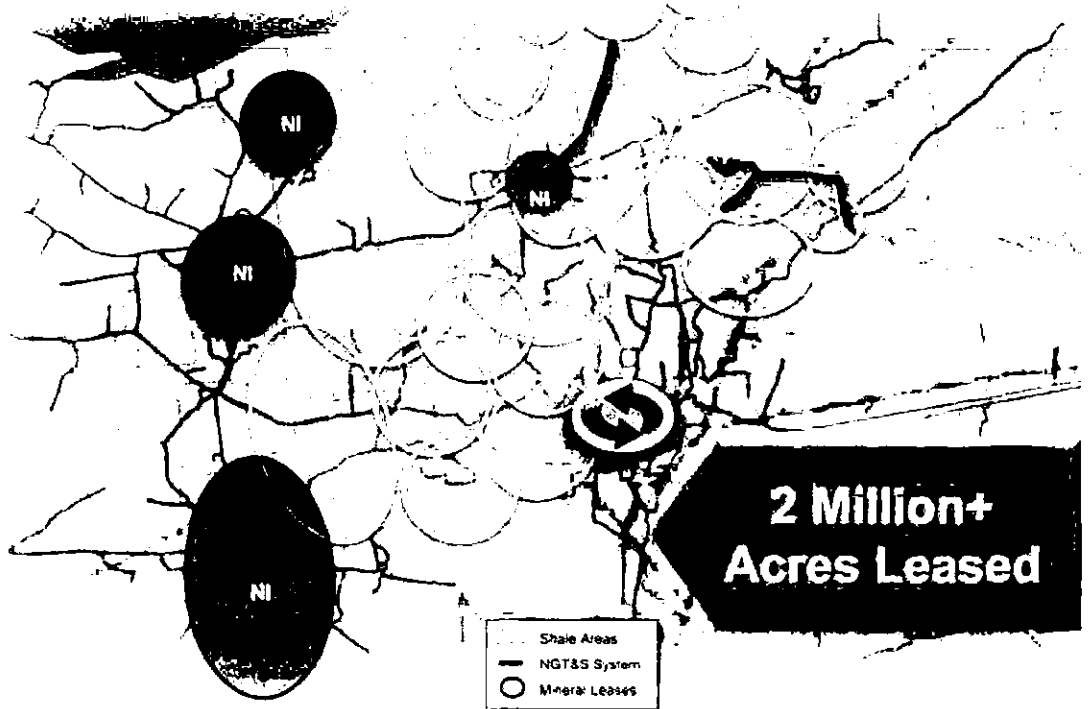
Providing Market Access for Shale Supplies



Evolving Midstream Opportunities

Current Active Lease Holders

- Anadarko
- BP
- Chesapeake
- Chevron
- CNX/Hess
- Devon
- EnerVest
- Exxon – XTO
- Gulfport
- Halcon
- Hilcorp
- Range
- Seneca
- Shell



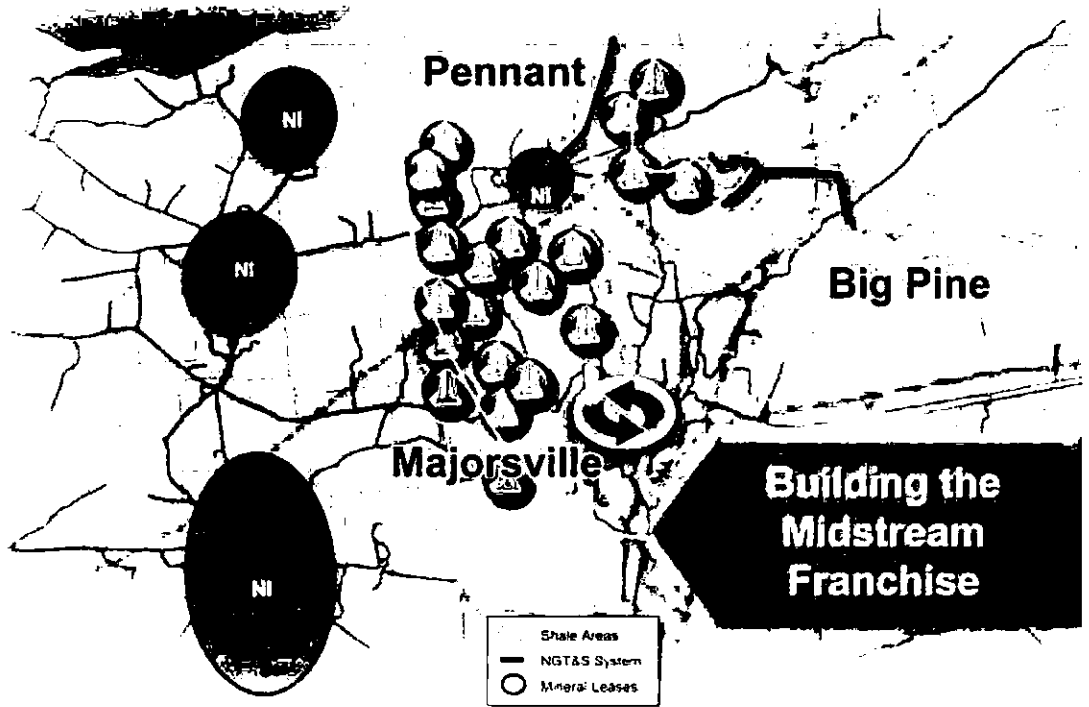
NiSource

Providing Market Access for Shale Supplies



Evolving Midstream Opportunities

- First Mover in Underserved Areas
- Gathering, Processing and Partnership Opportunities
- Significant Expansion Opportunities



NiSource

Providing Market Access for Shale Supplies



Majorsville Processing Complex Inlet/Outlet Pipelines

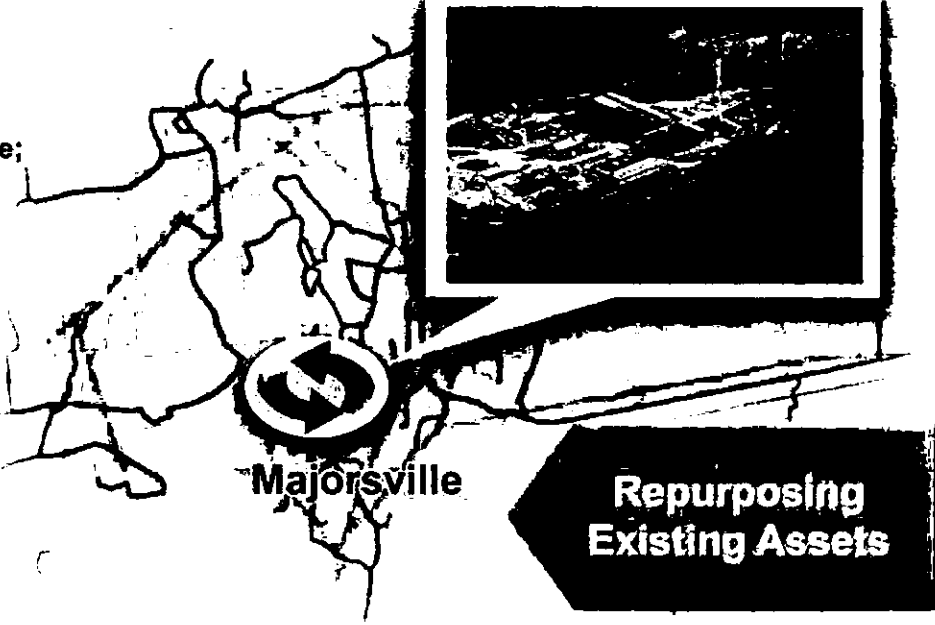
GOAL
INVESTMENT
CUSTOMERS
STATUS

Gather Wet Marcellus Gas to Processing Facility and Provide Downstream Pipeline Market Access

Repurposing Existing Pipeline; Adding New Interconnect
\$85M Gathering Extension

Range
CNX
Chesapeake
Chevron

In Service: September 2010



Repurposing Existing Assets

Shale Area
— NGT&S System



Providing Market Access for Shale Supplies



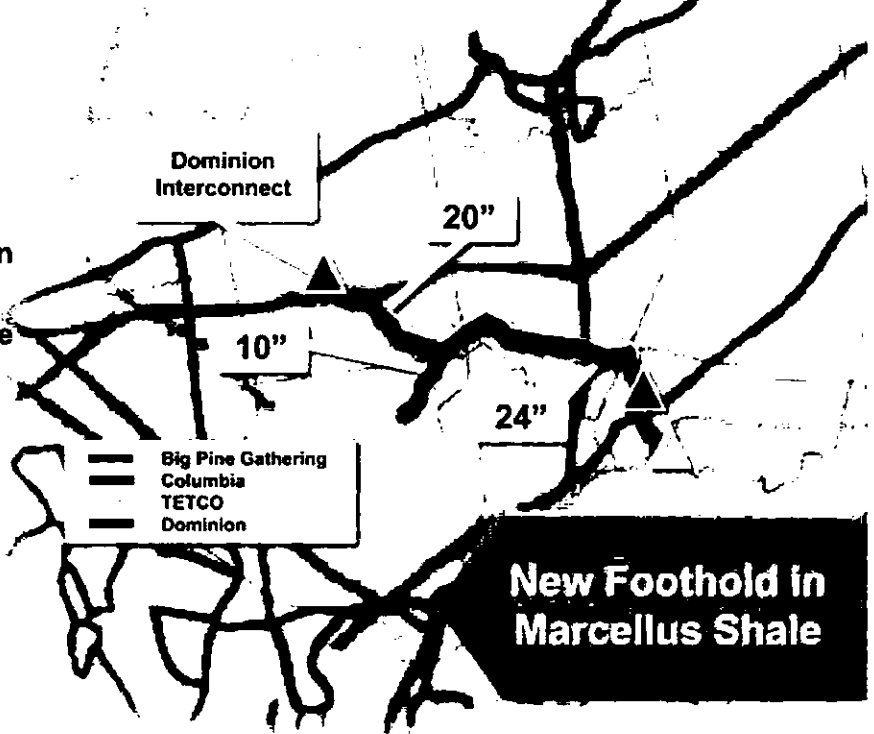
Big Pine Gathering System

DEVELOPMENT
INVESTMENT
OPERATIONS
STATUS

- Move Marcellus Gas to Market
- Position NGT&S as 'First Mover' in Region
- CapEx: ~\$150M
- ~400 Mdt/d Capacity
- 55 Miles of New Pipeline in Western PA in Existing ROW
- Demand/Commodity Rate Structure
- Significant Acreage Dedication

XTO Energy
Other Marcellus Producers

XTO Contracts Executed
In-Service: Q4 2012



Providing Market Access for Shale Supplies



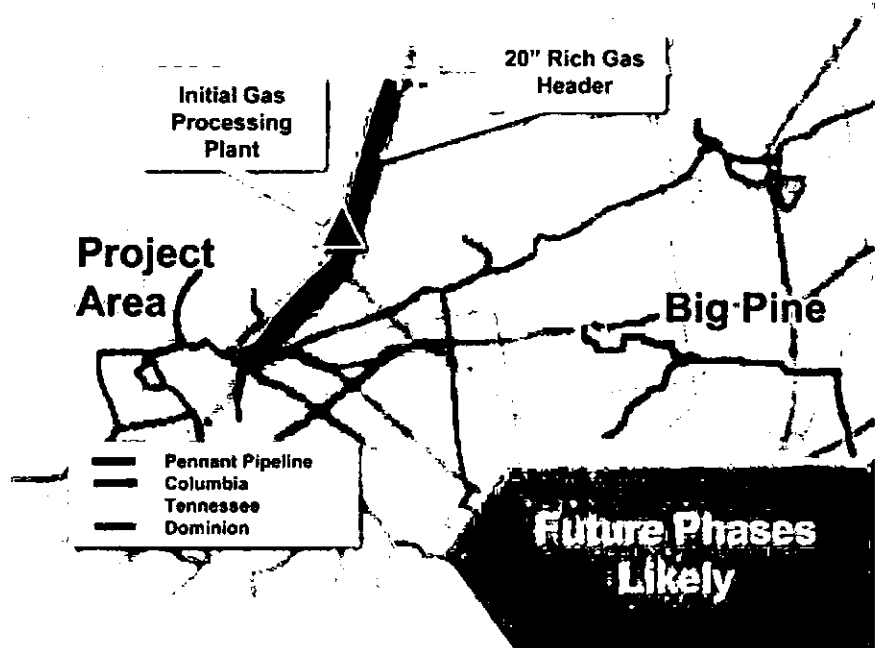
Pennant Midstream

GOAL
INVESTMENT
PARTNER
STATUS

Establish Utica Franchise
JV to Provide Gathering and Processing Services
\$150M (NI Share -Phase 1)
Expected Throughput ~400,000 Mdt/d
200 Mdt/d Initial Processing Capability
Demand/Capacity Rate Structure
100,000 Acre Dedication



In Execution
In-Service Date: Q3 2013



NGT&S Growth Strategy

Leveraging Our Mineral Assets



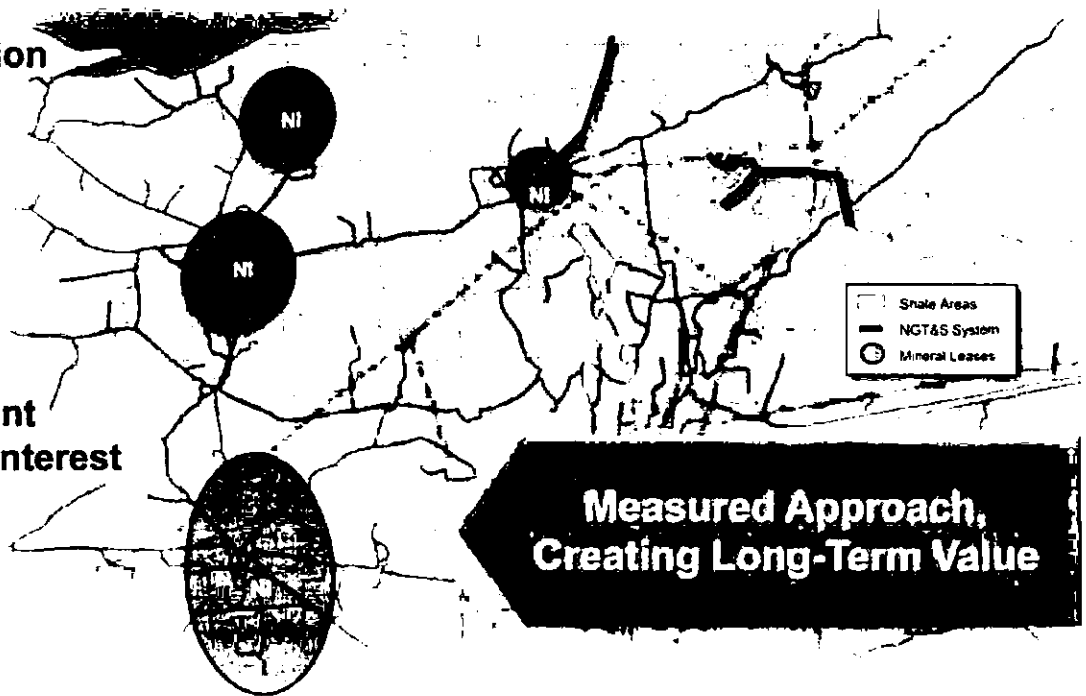
Supports, Complements Midstream Strategy

Leveraging Our Minerals Positions



Integrated Strategy

- **Optimize Our Minerals Position in Marcellus and Utica Shale Region**
- **Partner with Credible Producers**
- **Fund Investment With Working Interest Cash Flows**



Leveraging Our Minerals Positions



Hilcorp Upstream Agreement

GOAL
INVESTMENT
COURTESY
CONTRACT

Jointly Develop and Extract Value of ~100k Acres of Mineral Rights

Market-Based Cash Payment

- Consistent with market values (e.g. Recent Halcon/NCL transaction)
- 50% 'cash'; 50% 'carry'

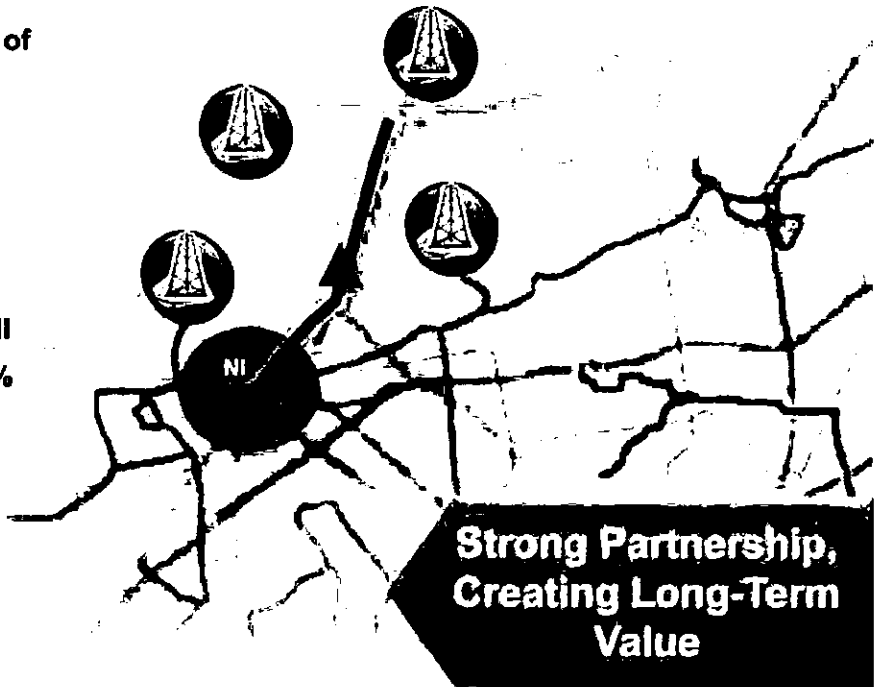
Working Interest of 5% Across AMI

Overriding Royalty Interest of 0.7%

Acreage Dedicated to Pennant



Under Development



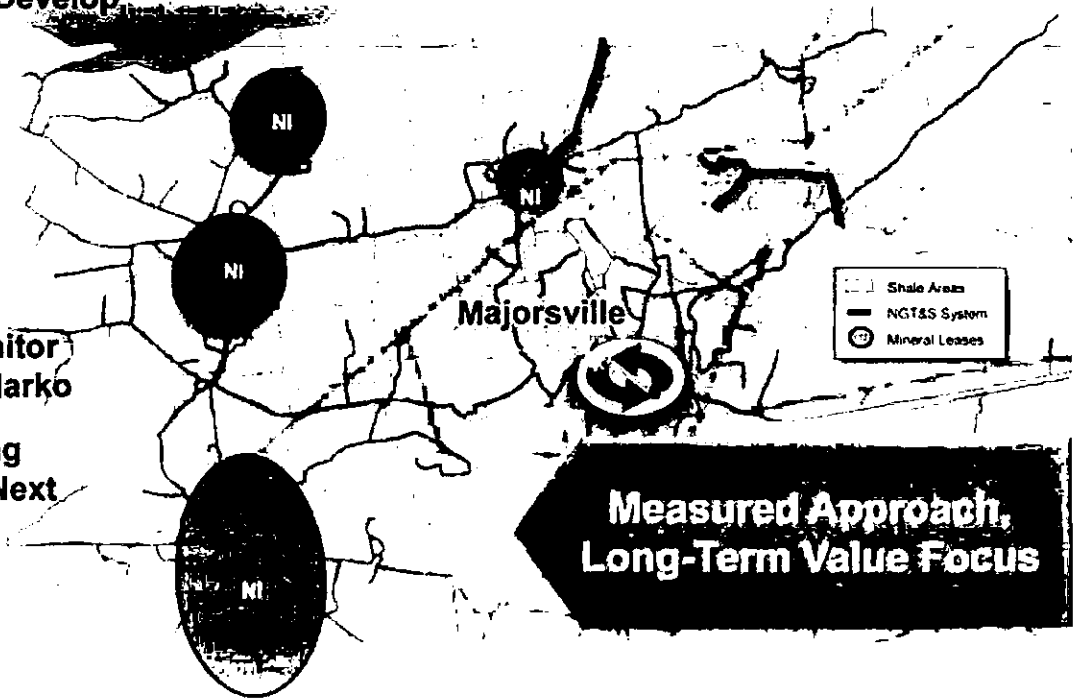
**Strong Partnership,
Creating Long-Term
Value**

Leveraging Our Minerals Positions



Significant Potential Minerals Opportunities

- Expect Utica to Develop East to West
- Small Number of Wells Drilled to Date
- Area Continues to Evolve
- Continue to Monitor Devon and Anadarko
- Increased Drilling Expected Over Next Several Years



NGT&S Growth Strategy



Strengthening Our System Foundation



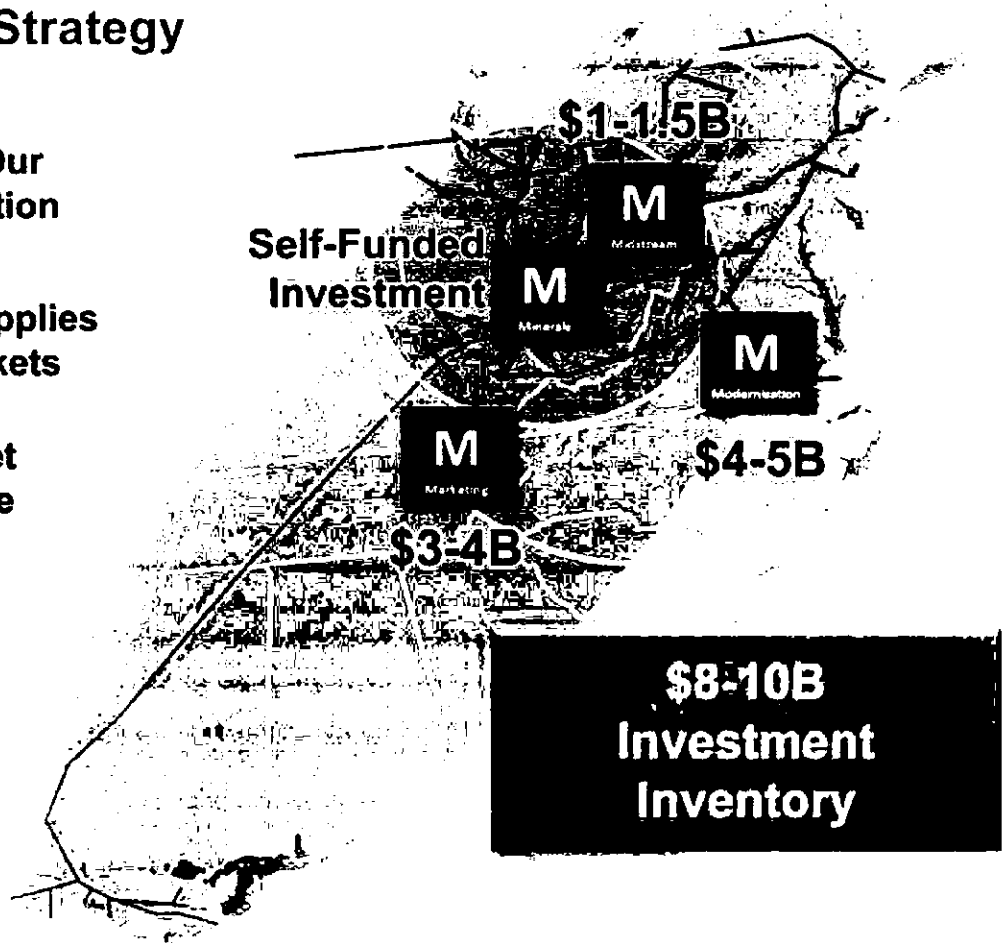
Linking New Supplies to Growing Markets



Providing Market Access for Shale Supplies



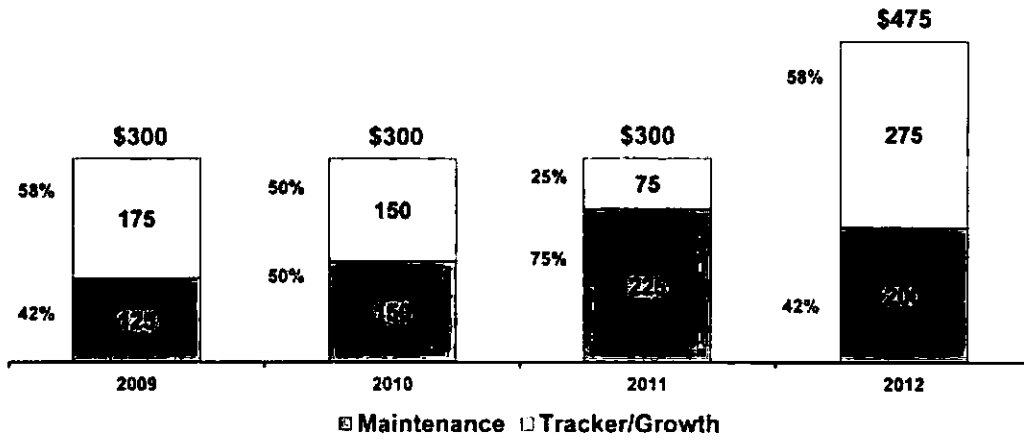
Leveraging Our Minerals Assets



NGT&S Investment Run-Rate (\$M)

Investment Driven Growth

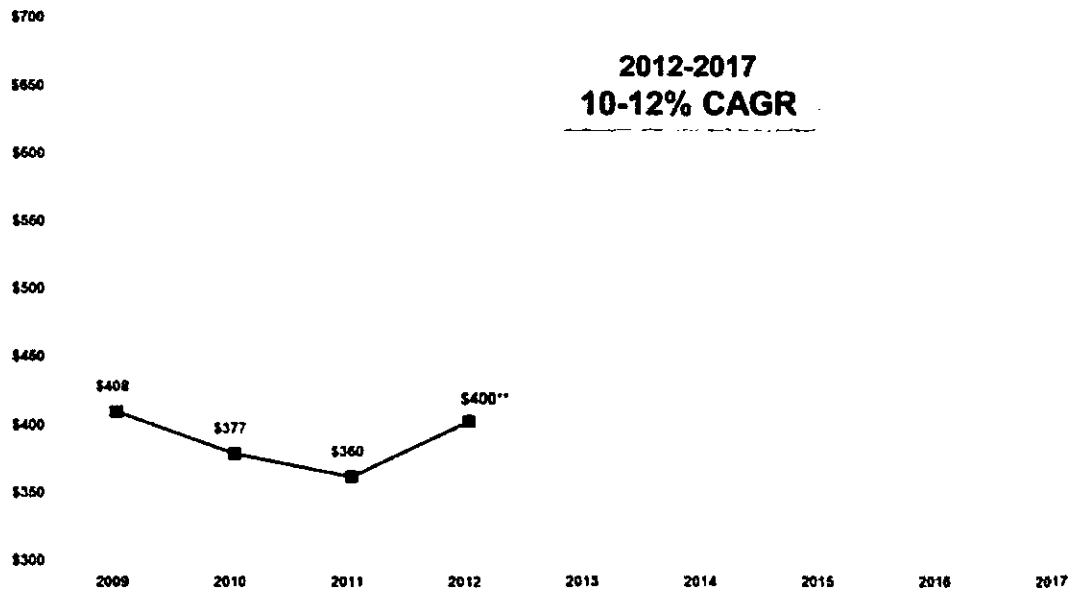
\$500-\$700M



10-12% Operating Earnings Growth

NGT&S Operating Earnings*

Attractive Return on Investment

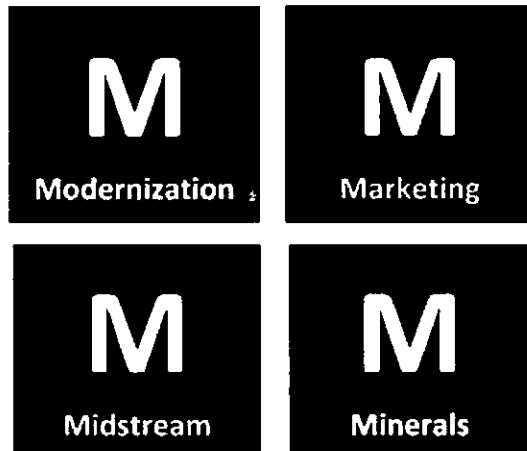


Consistent Earnings Growth

* Non-GAAP. For a reconciliation to GAAP, see page 16 of the 2011 NiSource Statistical Summary
** Represents Midpoint of Guidance Range

NGT&S Business Strategy

Positioned for Success



- **\$8-10B Inventory of Investments**
- **Demonstrated Execution**
- **Disciplined Approach to the Evolving Marketplace**
- **Positioned for 10-12% Operating Earnings Growth**

Building Long-Term Sustainable Growth

Appendix

NiSource

NGT&S Growth Investment Update

M \$3-4B Opportunity

Marketing

1	Line WB	\$14M	2Q '12
2	Smithfield	\$14M	2Q '12
3	Rimersburg	\$6M	2Q '12
4	Millennium	~\$85M (NI: \$40M)	1Q & 4Q '13
5	Warren County	\$35M	Apr '14
6	West Side	\$200 - \$250M	Nov '14
7	East Side	\$200 - \$300M	Sep '15
8	Quick Link	~\$300M	4Q '15
9	Gas-Fired Gen	~\$0.5B - \$1.0B	2015+
10	LNG Export	~\$0.5B - \$1.3B	2016+

M \$4-5B Opportunity

Modernization

Columbia Gas Modernization \$300M/Yr Starting '13



M \$1-\$1.5B Opportunity

Midstream

1	Majorsville	\$85M	3Q '10
2	Big Pine Gathering	\$150M	4Q '12
3	Pennant JV	\$300M (NI = \$150M)	3Q '13

M Self-Funded Investment

Minerals

Utica Minerals Arrangement Drilling Begins 2H/2013
 Potential Minerals Opportunities Under Evaluation



Financial Profile

Steve Smith

1000 17th Street, Suite 1000
Denver, CO 80202

NiSource



Ongoing Financial Commitments

EPS

5-7% Long-Term Earnings Growth

Dividend

Attractive, Growing Dividend 3-5%

Credit

Investment Grade Credit Profile with Strong Liquidity

**Investment
Inventory**

**Disciplined Capital Allocation Applied to Large Inventory
of Long-Term Growth Investments**

Long-Term Financial Baselines

Earnings Growth and Attractive, Increasing Dividend

- Sustainable EPS Growth of 5-7%
- 2012 Outlook Range Solidly In Line With Guidance (\$1.40-\$1.50 NOEPS*)
- Attractive, Growing Dividend 3-5%
- Risk Reduction via Rate Design and Rate Case Activity
- Highly Predictable Revenue Streams

Highly Disciplined Capital Allocation Framework

- Investment Inventory of \$25-30B Over 15-20+ Years
- Disciplined Approach to Growth Capital
 - Low-Risk
 - Accretive
 - Transparent Return Mechanisms
- Disciplined O&M Management
- Infrastructure Investment With Appropriate Risk-Adjusted Returns

Stable Credit Profile and Strong Liquidity

- Commitment to Investment Grade Rating and Stable Credit Metrics
- DRIP Provides ~\$50M/Yr. of Equity
- Balanced Capital Funding (Equity Financing Anticipated 2015)
- \$1.5B Credit Facility in Place Through May 2017

* Net Operating Earnings per Share (non-GAAP)

Investment Inventory by Segment



- Infrastructure Investment Trackers & Recovery Mechanisms Across Service Territory
- Complimentary Customer Programs – Energy Conservation and Payment Programs

Investment Inventory
\$10B
 20+ Yrs.



- Environmental Tracker Investment
- FERC Regulated Transmission Investment
- Transmission and Distribution Modernization

\$6-8B
 15-20 Yrs.

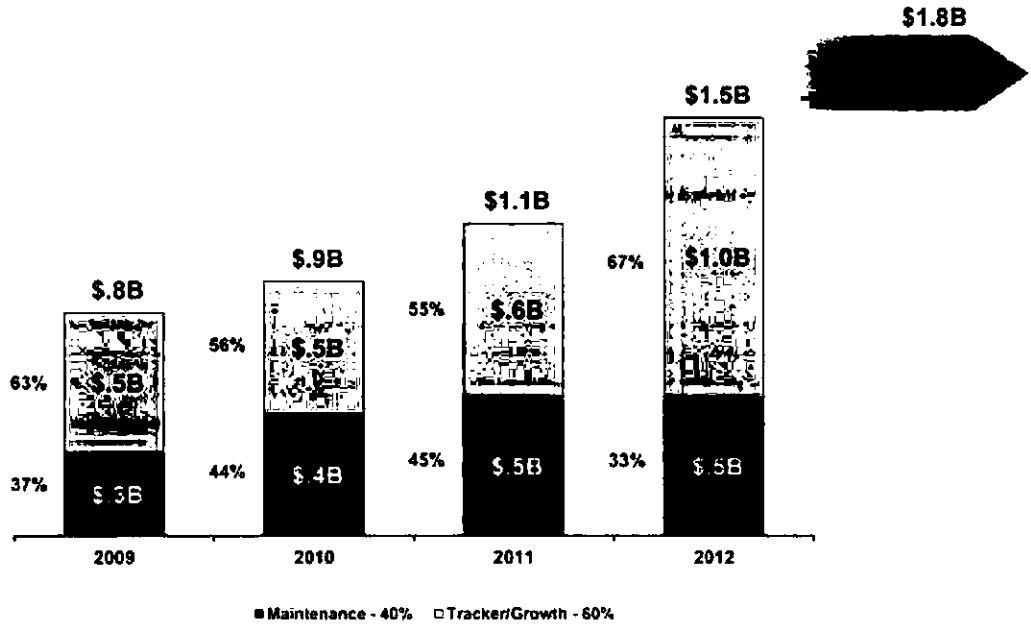
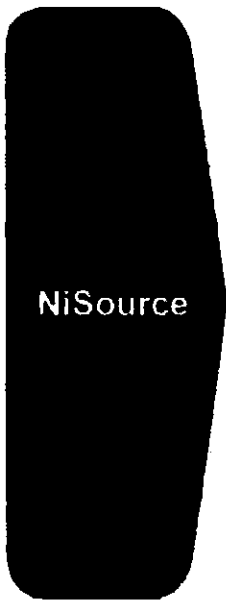


- Modernization
- Marketing
- Midstream
- Minerals

\$8-10B
 15-20 Yrs.

Deep Inventory of Tracked and Growth Investments \$25-30B

Capital Expenditures



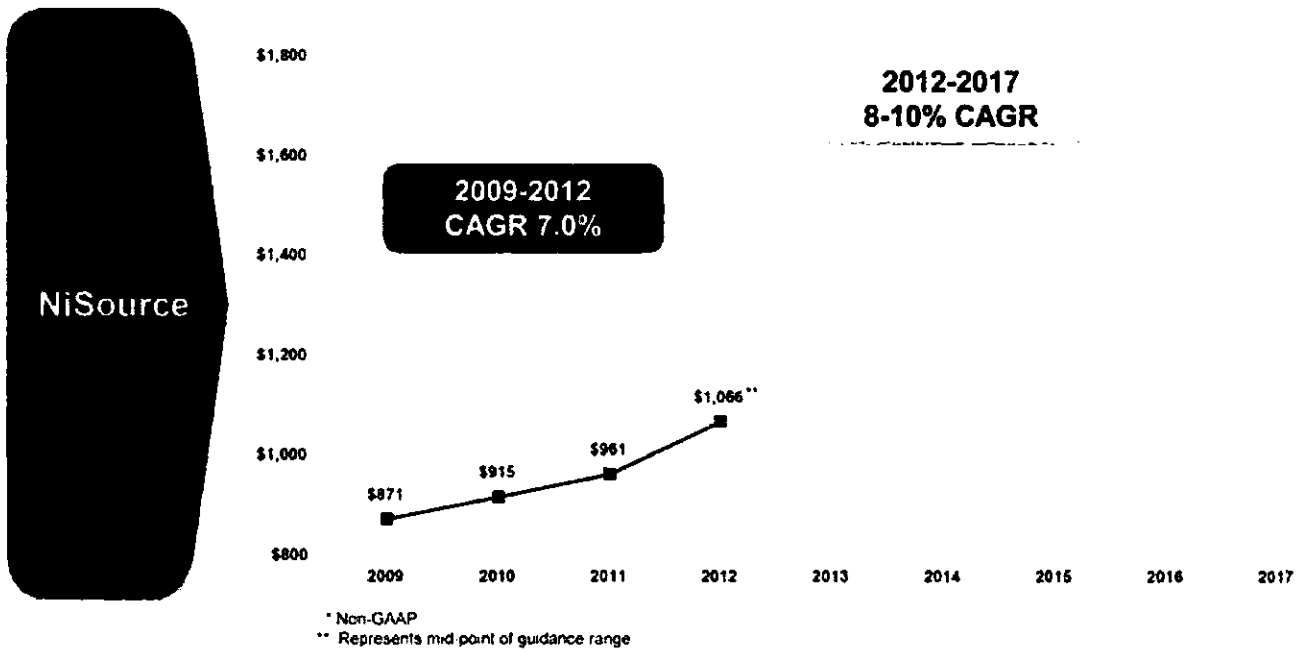
Sustainable Investment Run Rate of \$1.5B to \$1.8B Drives EPS Growth

Accretive Investment Opportunities

	Gas Distribution	Transmission	NGTS	Total
Illustrative Long-Term Range				
Low	\$600M	\$400M	\$500M	\$1.5B
High	\$650M	\$450M	\$700M	\$1.8B
ROIC*	~11%	~11%	12%-15%	~11%
Return Mechanism	<ul style="list-style-type: none"> Trackers, Rate Cases & Investment Recovery Mechanisms 	<ul style="list-style-type: none"> Trackers & Rate Cases FERC Regulated Transmission Investment 	<ul style="list-style-type: none"> Fee-Based Long-Term Contracts FERC Approved Recovery Mechanism 	<ul style="list-style-type: none"> Low-Risk Investment-Driven Growth

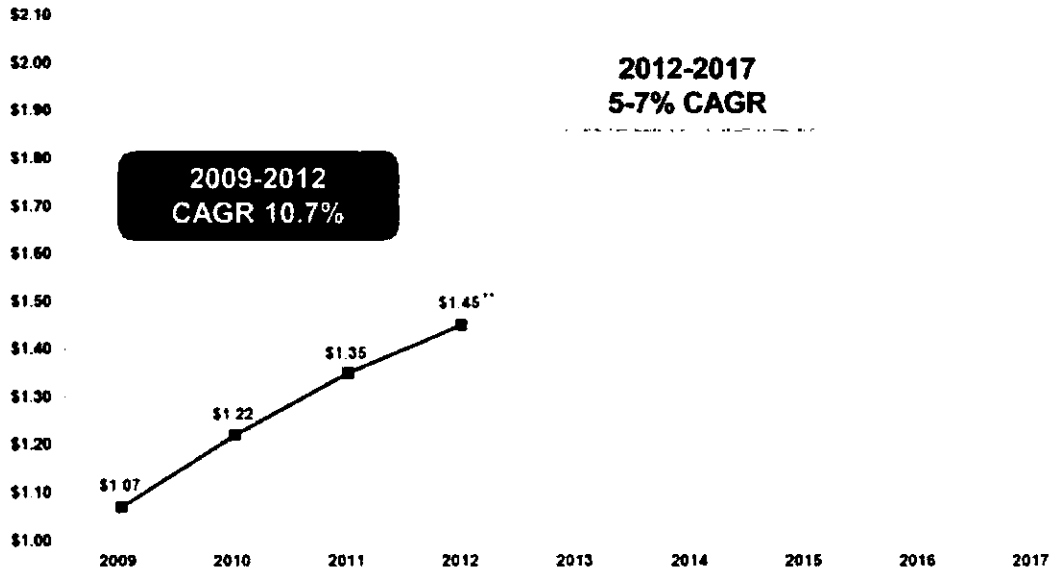
* GAAP Operating Income divided by invested Capital

Ni Operating Earnings* (\$M)



**Attractive, Low-Risk Investments Drive
Operating Earnings Growth of 8% to 10% Going Forward**

NOEPS Growth*

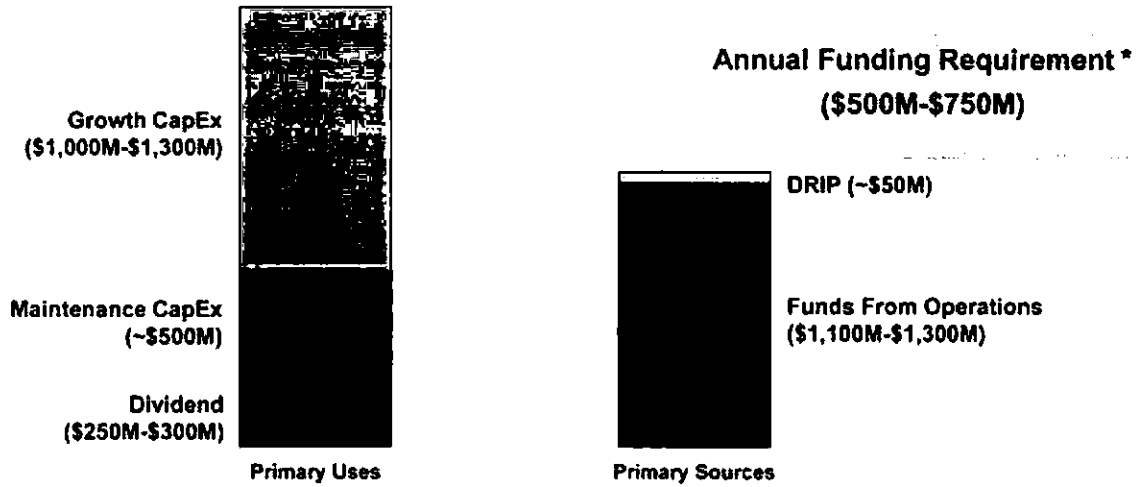


* Net Operating Earnings per Share (non-GAAP)
 ** Represents mid-point of guidance range

Investment Drives EPS Growth of 5% to 7% Going Forward

Primary Sources & Uses of Cash

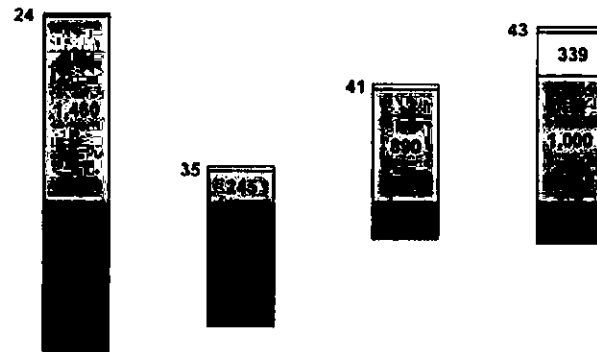
Position, Build & Grow NiSource



Equity Issuance Anticipated in 2015

* Net funding requirement

Recent Financing Activity 2009-2012 (\$M)



Financing	2009	2010	2011	2012
Debt Issuances	\$ 1,460	\$ 245	\$ 890	\$ 1,000
Debt Maturities	(1,170)	(978)	(277)	(339)
DRIP	24	35	41	43
Equity Issuances	-	-	-	-
Net Financing Requirements	\$ 314	\$ (698)	\$ 644	\$ 1,067
Weighted Avg. Life (yrs.)	7.0	8.0	9.5	9.1
Weighted Avg. Coupon	6.60%	6.25%	6.05%	5.77%
Floating Rate Debt	19.2%	25.6%	23.1%	18.7%

\$1B of Debt Issuance in 2012

Stable Investment Grade Credit

Credit Metrics Summary	(Projected Year-End 2012)	
	Debt Balance	
Debt / Total Capitalization		63.7%
FFO + Interest / Interest		4.2x
FFO / Total Debt		30.3%

Stable Credit Ratings

Baa3 / BBB- / BBB-*

* Moody's / S&P / Fitch senior unsecured ratings

Strong Liquidity Position (\$M)

	Actual 6/30/12		May 2017	
		\$		\$
Current Liquidity	Committed Credit Facility	1,500		
	Less:			
	Drawn on Credit Facility	-		
	Commercial Paper	(134)		
	Letters of Credit	(19)		
	Add:			
Cash & Equivalents	52			
Net Available Liquidity		\$ 1,399		

Credit Facility in Place Through May 2017

Summary

EPS

5-7% Long-Term Earnings Growth

Dividend

Attractive, Growing Dividend 3-5%

Credit

Investment Grade Credit Profile with Strong Liquidity

**Investment
Inventory**

**Disciplined Capital Allocation Applied to Large Inventory
of Long-Term Growth Investments**

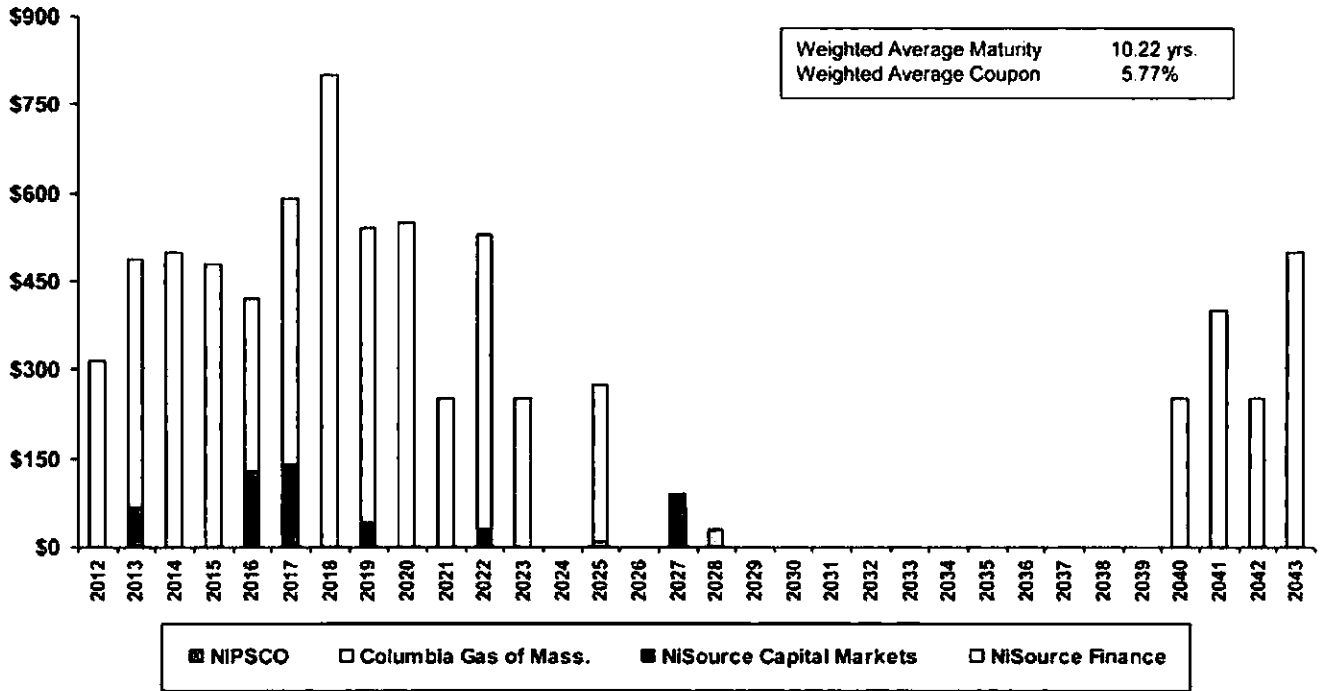
NiSource

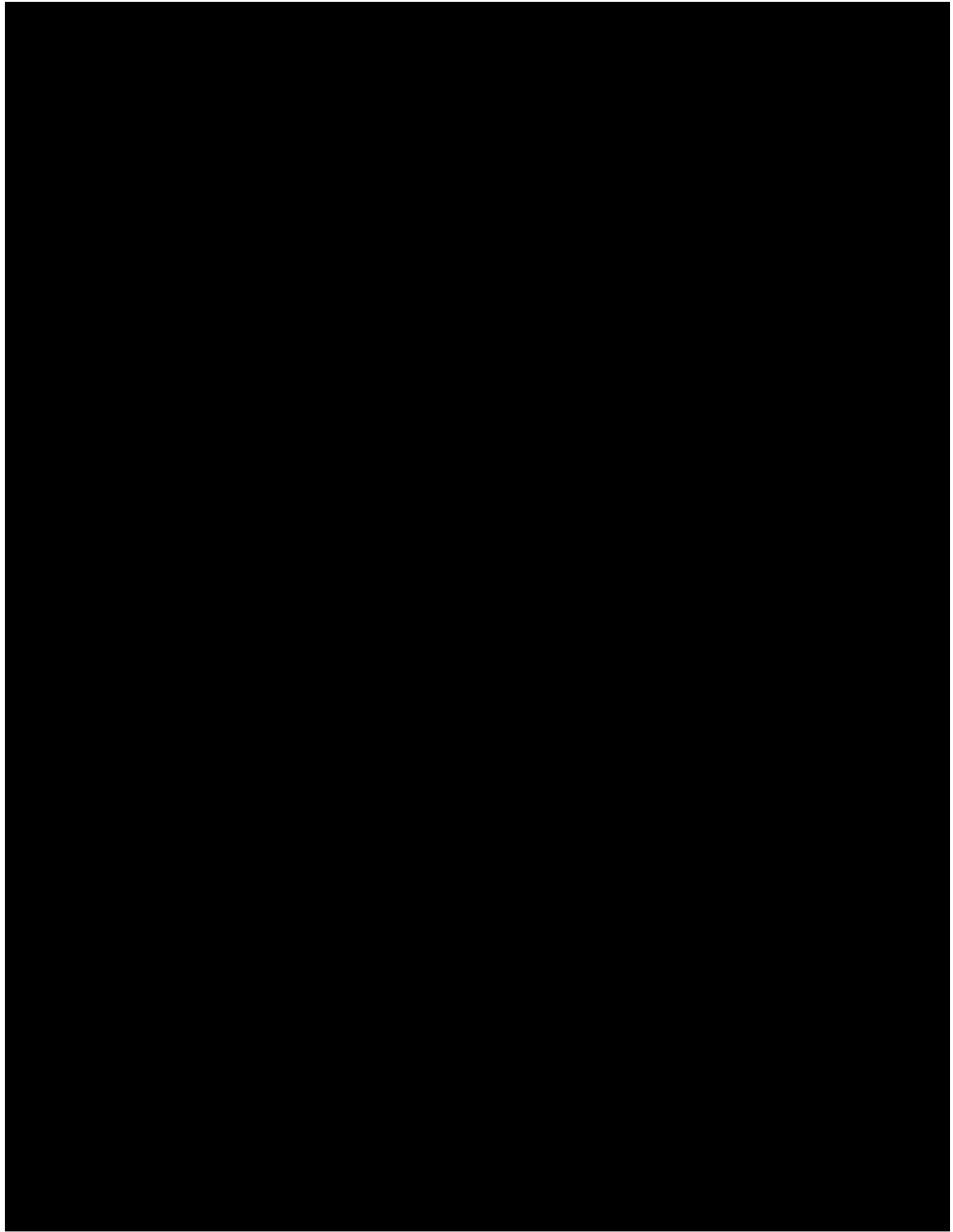
Appendix

NiSource

Maturity Profile (\$M)

As of July 31, 2012





NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 09/10/12 for the Period Ending 09/10/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 10, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-16189
Commission
file number

35-2108964
(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 8.01. Other Events

On September 08, 2010, and September 9, 2010, NiSource Inc. ("NiSource") and Credit Suisse Securities (USA) LLC, as forward seller entered into forward sale agreements ("Forward Agreements") with an affiliate of the forward seller covering an aggregate of 24,265,000 shares of NiSource common stock. The terms of the Forward Agreements, subject to certain exceptions, permitted NiSource to satisfy all or a portion of these obligations by physical delivery of NiSource common stock, or cash in net share settlement. On September 10, 2012, NiSource settled the Forward Agreements by physically delivering the 24,265,000 shares of NiSource common stock and receiving cash proceeds of \$339 million.

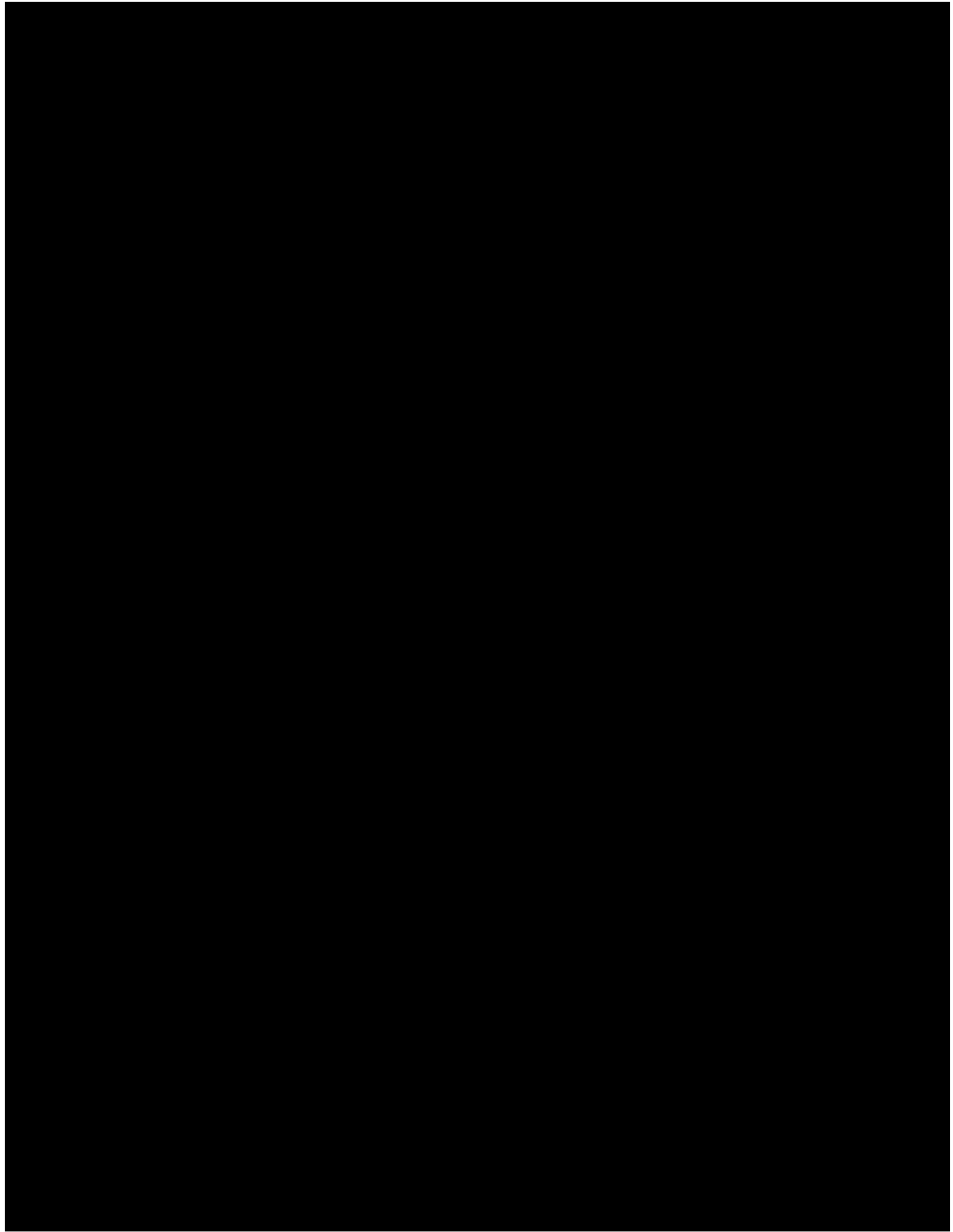
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 10, 2012

NiSource Inc.
(Registrant)

By: _____
/s/ David J. Vajda
David J. Vajda
Vice President, Treasurer and Chief Risk Officer



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 07/31/12 for the Period Ending 07/31/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 31, 2012, NiSource Inc. (the "Company") reported its financial results for the quarter ended June 30, 2012. The Company's press release, dated July 31, 2012, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated July 31, 2012, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: July 31, 2012

By: _____
/s/ Jon D. Veurink
Jon D. Veurink
Vice President and Chief Accounting Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated July 31, 2012, issued by NiSource Inc.

NEWS

NiSource[®]

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July 31, 2012

FOR ADDITIONAL INFORMATION

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NiSource Reports Second Quarter 2012 Earnings

- Progress on midstream and pipeline growth projects
- Growth from infrastructure modernization and regulatory initiatives
- Strong financial foundation to fund ongoing capital investments
- Results squarely in line with 2012 earnings guidance

MERRILLVILLE, Ind. – NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$66.6 million, or \$0.23 cents per share for the three months ended June 30, 2012, compared to \$46.9 million, or \$0.17 cents per share for the second quarter of 2011. Operating earnings for the quarter (non-GAAP) were \$202.1 million compared to \$164.4 million for the same period in 2011.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended June 30, 2012, of \$70.5 million, or \$0.25 cents per share, compared with \$40.8 million, or \$0.14 cents per share in the same period a year ago. Operating income was \$208.6 million for the second quarter of 2012, compared with \$165.5 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

“Across each of our three business units, NiSource continues to deliver on a robust combination of infrastructure modernization, growth and regulatory initiatives that together deliver significant benefits for our customers and solid value for our shareholders,” President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. “We continue to see strong performance from NiSource’s gas distribution unit, our Indiana electric business, as well as our gas transmission, storage and midstream business, which is demonstrating NiSource’s significant near- and long-term growth potential in the Utica and Marcellus Shale regions.”

Customer-focused pipeline projects; leveraging minerals and midstream position

NiSource Gas Transmission & Storage (NGT&S) continues to develop and execute infrastructure investment opportunities in existing and new markets, including midstream projects to serve the increased natural gas production in the Utica and Marcellus Shale regions.

- As announced earlier this month, **NiSource Midstream & Minerals Group** entered into a joint venture with affiliates of Hilcorp Energy Company to construct new gathering pipelines and natural gas liquids processing facilities to support hydrocarbon production in the Utica Shale region of northeast Ohio and western Pennsylvania. The venture, **Pennant Midstream**, will invest approximately \$300 million in its first phase to provide gathering capacity of about 400 million cubic feet per day and processing capacity of approximately 200 million cubic feet per day. The project is expected to be in service starting in the second half of 2013, with significant planned expansion based on producer activity in the area.
- NiSource Midstream & Minerals Group also announced a separate joint arrangement with Hilcorp to develop the hydrocarbon potential on a significant combined acreage position in the Utica/Point Pleasant Shale formation. NiSource's acreage contribution in this upstream arrangement provides for a self-funding, non-operating working production interest, as well as royalties, in the total acreage position.
- NiSource also remains on track to begin construction in August of the 70-mile, \$150 million Big Pine Gathering System in western Pennsylvania, which is anchored by a long-term gathering agreement with XTO Energy Inc. With an initial capacity of approximately 425 million cubic feet per day, the project is expected to be in service in December.
- **Columbia Gas Transmission** and **Columbia Gulf Transmission** are moving forward with plans to upgrade and modify facilities to support the West Side Expansion project. In response to the changing supply and demand markets, the approximately \$200 million project will reverse the flow of gas on part of the system to transport approximately 500,000 dekatherms per day of Marcellus production originating in southwest Pennsylvania and north-central West Virginia to Gulf Coast markets. Service is scheduled to begin in late 2014.
- During the first half of 2012, NGT&S placed into service three separate Marcellus Shale-related growth projects at an investment of approximately \$35 million and adding nearly 350,000 dekatherms per day of capacity.
- Columbia Gas Transmission also continues to advance plans for a long-term infrastructure modernization and enhancement program. Similar to the modernization programs in place at NiSource's gas utilities, this effort will enhance the reliability and flexibility of the company's core pipeline system, ensuring continued safe and reliable service while positioning the company to meet anticipated regulatory requirements. The plan is estimated to involve an investment of about \$4 billion over a 10- to 15-year period.

"Our gas transmission and storage team continues to advance a broad array of initiatives to enhance customer service, assure continued system reliability, and leverage our unparalleled strategic position in shale production regions," Skaggs said. "Across the board, the team is engaging customers and stakeholders in developing and executing on a deep and diverse portfolio of infrastructure investment opportunities in order to enhance the long-term value of our assets for our customers and shareholders."

Delivering strong performance, continued environmental investments in Indiana

Northern Indiana Public Service Company (NIPSCO) continued to deliver strong operational and financial performance, while executing on significant environmental investments.

- NIPSCO's performance during the second quarter remained strong, benefitting from ongoing customer service, reliability and regulatory initiatives. In the midst of sustained record high temperatures and severe summer storms, NIPSCO's operations, including its generation fleet and transmission infrastructure, have continued to perform well and in line with expectations. The company reached an all-time peak load record on June 28, 2012, of roughly 3,710 megawatts.
- NIPSCO also remains on track with significant environmental investments at its electric generation facilities, including a \$500 million investment in new flue gas desulfurization equipment on two units at the company's Schahfer generating station. The improvements are part of a nearly \$850 million environmental investment program at NIPSCO through 2018.
- Complementing a variety of other renewable energy, customer-focused programs currently offered in Indiana, NIPSCO has requested approval of a Green Power Rate pilot program from the Indiana Utility Regulatory Commission. The program would allow customers to designate a portion or all of their monthly electric usage to be attributable to power generated by renewable energy sources, including wind, solar, geothermal, biomass and hydroelectric power.

"Our NIPSCO team is celebrating the company's 100th anniversary this year by executing on a truly historic level of environmental investment, customer focus, and community and economic development," Skaggs said. "These combined efforts provide NIPSCO with an outstanding foundation for providing long-term sustainable growth and enhanced service to our customers."

Modernizing natural gas distribution infrastructure and services

NiSource Gas Distribution (NGD) continues to deliver strong results from its strategy of aligning long-term infrastructure replacement and enhancement programs with a variety of complementary customer programs and rate-design initiatives.

- Infrastructure projects across much of the NGD territory, combined with customer programs and regulatory treatment, continue to generate sustainable earnings growth. These initiatives contributed approximately \$20 million in additional revenue during the first half of the year compared to the same period last year.
- **Columbia Gas of Massachusetts** (CMA) remains on schedule with a base rate case before the Massachusetts Department of Public Utilities. The case is designed to support the company's infrastructure modernization and replacement plans with timely investment recovery. A decision is expected in late October 2012. To support its own modernization programs and timely investment recovery, **Columbia Gas of Pennsylvania** plans to file a rate case late in the third quarter of 2012.
- In Virginia, **Columbia Gas of Virginia** played a key role in advancing the Natural Gas Infrastructure Expansion for Economic Development – or NEED – legislation, effective July 1, which also allows gas utilities to defer costs associated with infrastructure expansion for recovery through future rate cases.

Increasing shareholder value, supporting growing capital investment program

On May 15, NiSource announced that it has increased its quarterly dividend by 4.3 percent, resulting in an increase in the annualized Common Stock dividend from \$0.92 to \$0.96 per share.

NiSource also took a number of actions during the second quarter to lower borrowing costs and support its robust capital investment program, including extending the company's \$1.5 billion revolving credit agreement through 2017, completing a \$250 million three-year bank term loan and issuing \$750 million in long-term debt at historically attractive rates. NiSource also remains on track to draw on its 2010 \$400 million forward equity sale during the third quarter.

"Taken together, these actions are a testament to NiSource's disciplined financial approach and our commitment to creating long-term, sustainable shareholder value," Skaggs said. "We continue to believe NiSource has a compelling plan and the resources and capabilities to deliver on our core financial commitments, including stable investment grade credit ratings, sustainable earnings growth, and an attractive, secure and growing dividend."

2012 earnings guidance affirmed

Skaggs noted that NiSource remains on track to deliver net operating earnings in line with its full-year outlook for 2012, which is \$1.40 to \$1.50 per share (non-GAAP*).

Second Quarter 2012 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the quarter ended June 30, 2012, were \$202.1 million, compared to \$164.4 million in the second quarter of 2011. Refer to Schedule 2 for the items included in 2012 and 2011 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the quarter ended June 30, 2012, are discussed below.

Gas Distribution Operations reported operating earnings for the current quarter of \$54.6 million compared to \$48.9 million in the second quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$8.0 million primarily attributable to increases in regulatory and service programs, including the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program and the impact of the rate case at Columbia Gas of Pennsylvania.

Operating expenses, excluding the impact of trackers, were \$2.3 million higher than the comparable 2011 period as a result of an increase in depreciation costs due to an increase in capital expenditures and higher outside service costs.

Gas Transmission and Storage Operations reported operating earnings for the current quarter of \$91.6 million compared to \$84.6 million in the second quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$1.2 million, primarily attributable to higher demand margin revenue as a result of growth projects partially offset by a settlement in the second quarter of 2011 and lower condensate revenues.

Operating expenses, excluding the impact of trackers, increased \$0.4 million from the comparable 2011 period due to an increase in outside service costs and the write off of a growth project partially offset by decreased employee and administrative service costs, primarily pension.

Equity earnings increased \$6.2 million primarily from increased earnings at Millennium Pipeline due to increased demand and commodity revenues.

Electric Operations reported operating earnings for the current quarter of \$59.8 million compared to \$37.8 million in the second quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$29.6 million primarily due to increased industrial, commercial and residential margins mainly as a result of the implementation of the 2010 electric rate case. Additionally, there were lower revenue credits in the current period as the electric rate case discontinued these credits. Net revenues also increased as a result of off-system sales and the implementation of a Regional Transmission Organization recovery mechanism. These increases were partially offset by a decrease in environmental cost recovery due to the plant investment eligible for recovery being reset to zero as a result of the electric rate case.

Operating expenses increased by \$7.6 million, excluding the impact of trackers, primarily attributable to increased depreciation costs due to previously deferred depreciation associated with the Sugar Creek facility being recognized as a result of the electric rate case. Additionally, there was an increase in MISO fees. These increases were partially offset by a decrease in electric generation costs.

Corporate and Other Operations reported an operating earnings loss of \$3.9 million for the current quarter compared to a loss of \$6.9 million in the second quarter of 2011.

Other Items

Interest expense increased by \$8.8 million due to the issuance of long-term debt in June 2012, November 2011 and June 2011 and the expiration of deferred interest costs related to Sugar Creek as a result of the electric rate case. These increases were partially offset by the repurchase of long-term debt in December 2011 and lower short-term borrowings and rates.

Other-net income of \$2.8 million was recorded in 2012 compared to \$0.6 million in 2011.

The effective tax rate of net operating earnings was 34.5 percent compared to 33.6 percent for the same period last year.

Six Month Period 2012 Operating Earnings – Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the six months ended June 30, 2012, were \$637.5 million, compared to \$566.5 million for the same period in 2011. Refer to Schedule 2 for the items included in 2012 and 2011 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the six months ended June 30, 2012, are discussed below.

Gas Distribution Operations reported operating earnings of \$301.1 million compared to \$285.9 million reported for the first six months of 2011. Net revenues, excluding the impact of trackers, increased by \$19.2 million primarily attributable to increases in regulatory and service programs, including the impact of the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program and the impact of the rate case at Columbia Gas of Pennsylvania.

Operating expenses, excluding the impact of trackers, were \$4.0 million higher than the comparable period in the prior year primarily due to an increase in depreciation costs as a result of higher capital expenditures partially offset by a decrease in employee and administrative costs.

Gas Transmission and Storage Operations reported operating earnings of \$230.2 million versus operating earnings of \$203.0 million in the first six months of 2011. Net revenues, excluding the impact of trackers, increased \$17.7 million primarily attributable to an increase in demand margin revenue as a result of growth projects, the impact of new Columbia Gulf rates and increased revenue from shorter term transportation services. These increases were partially offset by decreased condensate revenues and a settlement in the second quarter of 2011.

Operating expenses, excluding the impact of trackers, increased \$1.4 million primarily due to Midstream expenses and increased other taxes partially offset by decreased employee and administrative costs, primarily pension.

Equity earnings increased by \$10.9 million primarily from increased earnings at Millennium Pipeline due to increased demand and commodity revenues.

Electric Operations reported operating earnings of \$108.3 million for the first six months of 2012, compared with operating earnings of \$87.1 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$58.9 million primarily due to increased industrial, commercial and residential margins mainly as a result of the implementation of the 2010 electric rate case. Additionally, there were lower revenue credits in the current period as the implementation of the electric rate case discontinued these credits. Net revenues also increased as a result of the implementation of a Regional Transmission Organization recovery mechanism and off system sales. These increases were partially offset by a decrease in environmental cost recovery due to the plant investment eligible for recovery being reset to zero as a result of the electric rate case.

Operating expenses, excluding the impact of trackers, increased by \$37.7 million due primarily to increased depreciation costs due to previously deferred depreciation associated with the Sugar Creek facility being recognized as a result of the electric rate case. Additionally, there was an increase in MISO fees and employee and administration costs. These increases were partially offset by a decrease in electric generation costs.

Corporate and Other Operations reported an operating earnings loss of \$2.1 million in the first six months of 2012, compared to an operating earnings loss of \$9.5 million in the first six months of 2011. The reduced loss is primarily attributable to unrealized gains on increases in cash surrender value of corporate owned life insurance investments.

Other Items

Interest expense increased by \$22.3 million due to the issuance of long-term debt in June 2012, November 2011 and June 2011 and the expiration of deferred interest costs related to Sugar Creek as a result of the electric rate case. These increases were partially offset by the repurchase of long-term debt in December 2011 and lower short-term borrowings and rates.

The effective tax rate of net operating earnings was 35.3 percent compared to 34.4 percent for the same period last year.

Income from Continuing Operations (GAAP)

As noted above, on a GAAP basis, NiSource reported income from continuing operations for the three months ended June 30, 2012, of \$70.5 million, or \$0.25 per share, compared with \$40.8 million, or \$0.14 per share for the comparable period in 2011. Operating income was \$208.6 million for the second quarter of 2012, compared with \$165.5 million in the year-ago period.

On a GAAP basis, NiSource reported income from continuing operations for the six months ended June 30, 2012, of \$264.0 million, or \$0.93 per share, compared with \$249.9 million, or \$0.89 per share last year. Operating income was \$608.0 million for the first six months of 2012 versus \$571.9 million in the year-ago period.

The NiSource GAAP results reflect certain non-material corrections to its consolidated financial statements for the three and six months ended June 30, 2011. The effect of these non-material corrections was an increase in income from continuing operations of \$1.3 million or \$0.00 per share for the three months ended June 30, 2011 and \$5.6 million or \$0.02 per share for the six months ended June 30, 2011.

Refer to Schedule I for a complete list of the items included in 2012 and 2011 GAAP income from Continuing Operations but excluded from net operating earnings.

* *There will likely be differences between net operating earnings and GAAP earnings, but due to the unpredictability of weather and other factors, NiSource does not provide GAAP earnings guidance.*

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's restructured outsourcing agreement; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counterparty credit risk and the matters set forth in the "Risk Factors" Section in NiSource's 2011 Form 10-K and subsequent reports on Form 10-Q, many of which are risks beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Revenues				
Gas Distribution	\$ 290.2	\$ 502.7	\$1,198.5	\$1,870.3
Gas Transportation and Storage	356.3	307.3	765.4	710.3
Electric	366.4	346.6	724.4	691.8
Other	25.2	24.4	50.0	48.2
Gross Revenues	1,038.1	1,181.0	2,738.3	3,320.6
Cost of Sales (excluding depreciation and amortization)	236.4	417.7	869.4	1,503.5
Total Net Revenues	801.7	763.3	1,868.9	1,817.1
Operating Expenses				
Operation and maintenance	356.4	364.3	711.4	706.7
Operation and maintenance - trackers	37.1	34.9	88.9	120.3
Depreciation and amortization	144.7	131.0	287.9	261.9
Depreciation and amortization - trackers	3.3	3.5	6.2	6.9
Other taxes	50.4	51.3	111.1	108.4
Other taxes - trackers	16.2	16.2	42.1	51.7
Total Operating Expenses	608.1	601.2	1,247.6	1,255.9
Equity Earnings in Unconsolidated Affiliates	8.5	2.3	16.2	5.3
Operating Earnings	202.1	164.4	637.5	566.5
Other Income (Deductions)				
Interest expense, net	(103.2)	(94.4)	(206.5)	(184.2)
Other, net	2.8	0.6	3.8	3.9
Total Other Deductions	(100.4)	(93.8)	(202.7)	(180.3)
Operating Earnings From Continuing Operations				
Before Income Taxes	101.7	70.6	434.8	386.2
Income Taxes	35.1	23.7	153.7	132.7
Net Operating Earnings from Continuing Operations	66.6	46.9	281.1	253.5
GAAP Adjustment	3.9	(6.1)	(17.1)	(3.6)
GAAP Income from Continuing Operations	\$ 70.5	\$ 40.8	\$ 264.0	\$ 249.9
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.23	\$ 0.17	\$ 0.99	\$ 0.91
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.25	\$ 0.14	\$ 0.93	\$ 0.89
Basic Average Common Shares Outstanding	284.4	280.2	283.6	279.8

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Revenues				
Sales Revenues	\$459.9	\$632.2	\$1,563.8	\$2,213.3
Less: Cost of gas sold	141.9	316.9	697.5	1,314.8
Net Revenues	318.0	315.3	866.3	898.5
Operating Expenses				
Operation and maintenance	169.0	170.5	340.9	344.0
Operation and maintenance - trackers	11.4	16.7	43.7	85.5
Depreciation and amortization	48.0	43.6	94.7	86.6
Other taxes	18.8	19.4	43.8	44.8
Other taxes - trackers	16.2	16.2	42.1	51.7
Total Operating Expenses	263.4	266.4	565.2	612.6
Operating Earnings	\$ 54.6	\$ 48.9	\$ 301.1	\$ 285.9
GAAP Adjustment	(7.7)	(2.3)	(42.2)	2.2
GAAP Operating Income	\$ 46.9	\$ 46.6	\$ 258.9	\$ 288.1
Gas Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Revenues				
Transportation revenues	\$179.5	\$174.7	\$ 397.6	\$ 374.4
Storage revenues	48.7	49.4	98.0	99.9
Other revenues	12.8	9.4	20.7	14.6
Total Operating Revenues	241.0	233.5	516.3	488.9
Less: Cost of Sales	0.1	—	0.9	—
Net Operating Revenues	240.9	233.5	515.4	488.9
Operating Expenses				
Operation and maintenance	89.6	88.2	167.7	168.7
Operation and maintenance - trackers	21.3	15.1	38.0	29.2
Depreciation and amortization	33.0	32.8	65.9	65.5
Other taxes	13.9	15.1	29.8	27.8
Total Operating Expenses	157.8	151.2	301.4	291.2
Equity Earnings in Unconsolidated Affiliates	8.5	2.3	16.2	5.3
Operating Earnings	\$ 91.6	\$ 84.6	\$ 230.2	\$ 203.0
GAAP Adjustment	(0.1)	—	(0.1)	—
GAAP Operating Income	\$ 91.5	\$ 84.6	\$ 230.1	\$ 203.0

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Electric Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Revenues				
Sales revenues	\$368.2	\$348.6	\$728.3	\$695.6
Less: Cost of sales	<u>125.6</u>	<u>136.7</u>	<u>242.8</u>	<u>269.9</u>
Net Revenues	<u>242.6</u>	<u>211.9</u>	<u>485.5</u>	<u>425.7</u>
Operating Expenses				
Operation and maintenance	102.1	104.5	216.6	195.8
Operation and maintenance - trackers	4.4	3.1	7.2	5.6
Depreciation and amortization	58.3	49.9	116.3	100.9
Depreciation and amortization - trackers	3.3	3.5	6.2	6.9
Other taxes	<u>14.7</u>	<u>13.1</u>	<u>30.9</u>	<u>29.4</u>
Total Operating Expenses	<u>182.8</u>	<u>174.1</u>	<u>377.2</u>	<u>338.6</u>
Operating Earnings	<u>\$ 59.8</u>	<u>\$ 37.8</u>	<u>\$108.3</u>	<u>\$ 87.1</u>
GAAP Adjustment	<u>10.6</u>	<u>2.5</u>	<u>8.3</u>	<u>3.8</u>
GAAP Operating Income	<u>\$ 70.4</u>	<u>\$ 40.3</u>	<u>\$116.6</u>	<u>\$ 90.9</u>
Corporate and Other Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Operating Earnings (Loss)	<u>\$ (3.9)</u>	<u>\$ (6.9)</u>	<u>\$ (2.1)</u>	<u>\$ (9.5)</u>
GAAP Adjustment	<u>3.7</u>	<u>0.9</u>	<u>4.5</u>	<u>(0.6)</u>
GAAP Operating Income (Loss)	<u>\$ (0.2)</u>	<u>\$ (6.0)</u>	<u>\$ 2.4</u>	<u>\$ (10.1)</u>

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	28.3	33.6	131.2	168.1
Commercial	25.2	26.7	86.4	104.3
Industrial	114.1	100.8	245.4	219.7
Off System	17.2	20.4	30.7	37.9
Other	0.1	0.2	0.2	0.5
Total	184.9	181.7	493.9	530.5
Weather Adjustment	7.7	2.3	53.1	(5.0)
Sales and Transportation Volumes—Excluding Weather	192.6	184.0	547.0	525.5
Heating Degree Days	474	566	2,736	3,580
Normal Heating Degree Days	608	608	3,539	3,508
% (Warmer) Colder than Normal	(22%)	(7%)	(23%)	2%
Customers				
Residential			3,018,123	3,005,423
Commercial			276,787	277,508
Industrial			7,732	7,648
Other			21	64
Total			3,302,663	3,290,643
Gas Transmission and Storage Operations				
Throughput (MMDth)				
Columbia Transmission	210.4	204.9	589.8	631.5
Columbia Gulf	236.4	263.1	463.9	507.1
Crossroads Gas Pipeline	4.1	5.6	8.4	10.7
Intrasegment eliminations	(122.8)	(147.7)	(228.5)	(300.3)
Total	328.1	325.9	833.6	849.0

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Electric Operations				
Sales (Gigawatt Hours)				
Residential	861.2	784.4	1,642.4	1,640.2
Commercial	976.4	946.6	1,884.2	1,871.5
Industrial	2,332.0	2,325.7	4,717.0	4,768.1
Wholesale	56.0	200.2	75.1	267.3
Other	25.9	37.1	58.4	81.6
Total	4,251.5	4,294.0	8,377.1	8,628.7
Weather Adjustment	(155.1)	(33.5)	(73.3)	(51.0)
Sales Volumes—Excluding Weather impacts	4,096.4	4,260.5	8,303.8	8,577.7
Cooling Degree Days	377	258	377	258
Normal Cooling Degree Days	230	230	230	230
% Warmer than Normal	64%	12%	64%	12%
Electric Customers				
Residential			400,230	399,473
Commercial			53,946	53,861
Industrial			2,442	2,425
Wholesale			17	15
Other			716	737
Total			457,351	456,511

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 66.6	\$ 46.9	\$281.1	\$253.5
Items excluded from operating earnings:				
Net Revenues:				
Weather—compared to normal	2.9	0.2	(37.0)	6.0
Unregulated natural gas marketing business	3.0	2.3	3.9	3.4
Operating Expenses:				
NOV accrual reversal	—	—	3.1	—
Unregulated natural gas marketing business	(0.8)	(1.4)	(2.8)	(3.4)
Gain/Loss on sale of assets and asset impairments	1.4	—	3.3	(0.6)
Total items excluded from operating earnings	6.5	1.1	(29.5)	5.4
Other Income (Deductions):				
Investment impairment	—	—	(0.7)	—
Tax effect of above items	(2.6)	(0.4)	13.1	(2.2)
Other income tax adjustments—Indiana House Bill 1004	—	(6.8)	—	(6.8)
Total items excluded from net operating earnings	3.9	(6.1)	(17.1)	(3.6)
Reported Income from Continuing Operations—GAAP	\$ 70.5	\$ 40.8	\$264.0	\$249.9
Basic Average Common Shares Outstanding	284.4	280.2	283.6	279.8
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.23	\$ 0.17	\$ 0.99	\$ 0.91
Items excluded from net operating earnings (after-tax)	0.02	(0.03)	(0.06)	(0.02)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.25	\$ 0.14	\$ 0.93	\$ 0.89

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended June 30,

<u>2012 (in millions)</u>	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate & Other</u>	<u>Total</u>
Operating Earnings (Loss)	\$ 54.6	\$ 91.6	\$ 59.8	\$ (3.9)	\$ 202.1
Net Revenues:					
Weather (compared to normal)	(7.7)	—	10.6	—	2.9
Unregulated natural gas marketing business	—	—	—	3.0	3.0
Total Impact—Net Revenues	(7.7)	—	10.6	3.0	5.9
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(0.8)	(0.8)
Loss (Gain) on sale of assets and asset impairments	—	(0.1)	—	1.5	1.4
Total Impact—Operating Expenses	—	(0.1)	—	0.7	0.6
Total Impact—Operating (Loss) Income	\$ (7.7)	\$ (0.1)	\$ 10.6	\$ 3.7	\$ 6.5
Operating Income (Loss)—GAAP	\$ 46.9	\$ 91.5	\$ 70.4	\$ (0.2)	\$ 208.6
<u>2011 (in millions)</u>	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate</u>	<u>Total</u>
Operating Earnings (Loss)	\$ 48.9	\$ 84.6	\$ 37.8	\$ (6.9)	\$ 164.4
Net Revenues:					
Weather (compared to normal)	(2.3)	—	2.5	—	0.2
Unregulated natural gas marketing business	—	—	—	2.3	2.3
Total Impact—Net Revenues	(2.3)	—	2.5	2.3	2.5
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(1.4)	(1.4)
Total Impact—Operating Expenses	—	—	—	(1.4)	(1.4)
Total Impact—Operating Income (Loss)	\$ (2.3)	\$ —	\$ 2.5	\$ 0.9	\$ 1.1
Operating Income (Loss)—GAAP	\$ 46.6	\$ 84.6	\$ 40.3	\$ (6.0)	\$ 165.5

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Six Months ended June 30,

<u>2012 (in millions)</u>	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate and Other</u>	<u>Total</u>
Operating Earnings (Loss)	\$ 301.1	\$ 230.2	\$108.3	\$ (2.1)	\$ 637.5
Net Revenues:					
Weather (compared to normal)	(42.2)	—	5.2	—	(37.0)
Unregulated natural gas marketing business	—	—	—	3.9	3.9
Total Impact—Net Revenues	(42.2)	—	5.2	3.9	(33.1)
Operating Expenses					
Legal reserve adjustment	—	—	3.1	—	3.1
Unregulated natural gas marketing business	—	—	—	(2.8)	(2.8)
Loss (Gain) on sale of assets and asset impairments	—	(0.1)	—	3.4	3.3
Total Impact—Operating Expenses	—	(0.1)	3.1	0.6	3.6
Total Impact—Operating (Loss)Income	\$ (42.2)	\$ (0.1)	\$ 8.3	\$ 4.5	\$ (29.5)
Operating Income—GAAP	\$ 258.9	\$ 230.1	\$116.6	\$ 2.4	\$ 608.0
<u>2011 (in millions)</u>	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate</u>	<u>Total</u>
Operating Earnings (Loss)	\$ 285.9	\$ 203.0	\$ 87.1	\$ (9.5)	\$ 566.5
Net Revenues:					
Weather (compared to normal)	2.2	—	3.8	—	6.0
Unregulated natural gas marketing business	—	—	—	3.4	3.4
Total Impact—Net Revenues	2.2	—	3.8	3.4	9.4
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(3.4)	(3.4)
Loss on sale of assets and asset impairments	—	—	—	(0.6)	(0.6)
Total Impact—Operating Expenses	—	—	—	(4.0)	(4.0)
Total Impact—Operating Income (Loss)	\$ 2.2	\$ —	\$ 3.8	\$ (0.6)	\$ 5.4
Operating Income (Loss)—GAAP	\$ 288.1	\$ 203.0	\$ 90.9	\$ (10.1)	\$ 571.9

NiSource Inc.
Consolidated Income Statement (GAAP)
(unaudited)

	Three Months Ended June 30.		Six Months Ended June 30.	
	2012	2011	2012	2011
<i>(in millions, except per share amounts)</i>				
Net Revenues				
Gas Distribution	\$ 282.6	\$ 500.4	\$1,156.3	\$1,872.4
Gas Transportation and Storage	356.2	307.3	765.4	710.3
Electric	377.1	349.2	729.7	695.7
Other	32.8	71.4	56.0	181.5
Gross Revenues	<u>1,048.7</u>	<u>1,228.3</u>	<u>2,707.4</u>	<u>3,459.9</u>
Cost of Sales (excluding depreciation and amortization)	<u>241.1</u>	<u>462.5</u>	<u>871.4</u>	<u>1,633.4</u>
Total Net Revenues	<u>807.6</u>	<u>765.8</u>	<u>1,836.0</u>	<u>1,826.5</u>
Operating Expenses				
Operation and maintenance	394.3	400.3	799.7	829.6
Depreciation and amortization	148.0	134.5	294.1	268.8
Impairment and (gain)/loss on sale of assets, net	(1.5)	—	(3.1)	0.7
Other taxes	66.7	67.8	153.5	160.8
Total Operating Expenses	<u>607.5</u>	<u>602.6</u>	<u>1,244.2</u>	<u>1,259.9</u>
Equity Earnings in Unconsolidated Affiliates	<u>8.5</u>	<u>2.3</u>	<u>16.2</u>	<u>5.3</u>
Operating Income	<u>208.6</u>	<u>165.5</u>	<u>608.0</u>	<u>571.9</u>
Other Income (Deductions)				
Interest expense, net	(103.2)	(94.4)	(206.5)	(184.2)
Other, net	2.8	0.6	3.1	3.9
Total Other Deductions	<u>(100.4)</u>	<u>(93.8)</u>	<u>(203.4)</u>	<u>(180.3)</u>
Income from Continuing Operations before Income Taxes	<u>108.2</u>	<u>71.7</u>	<u>404.6</u>	<u>391.6</u>
Income Taxes	<u>37.7</u>	<u>30.9</u>	<u>140.6</u>	<u>141.7</u>
Income from Continuing Operations	<u>70.5</u>	<u>40.8</u>	<u>264.0</u>	<u>249.9</u>
Loss from Discontinued Operations—net of taxes	<u>(1.1)</u>	<u>(0.6)</u>	<u>(1.2)</u>	<u>(0.2)</u>
Net Income	<u>\$ 69.4</u>	<u>\$ 40.2</u>	<u>\$ 262.8</u>	<u>\$ 249.7</u>
Basic Earnings Per Share				
Continuing operations	\$ 0.25	\$ 0.14	\$ 0.93	\$ 0.89
Discontinued operations	—	—	—	—
Basic Earnings Per Share	<u>\$ 0.25</u>	<u>\$ 0.14</u>	<u>\$ 0.93</u>	<u>\$ 0.89</u>
Diluted Earnings Per Share				
Continuing operations	\$ 0.23	\$ 0.14	\$ 0.89	\$ 0.87
Discontinued operations	—	—	—	—
Diluted Earnings Per Share	<u>\$ 0.23</u>	<u>\$ 0.14</u>	<u>\$ 0.89</u>	<u>\$ 0.87</u>
Dividends Declared Per Common Share	<u>\$ 0.24</u>	<u>\$ 0.23</u>	<u>\$ 0.70</u>	<u>\$ 0.69</u>
Basic Average Common Shares Outstanding	<u>284.4</u>	<u>280.2</u>	<u>283.6</u>	<u>279.8</u>
Diluted Average Common Shares	<u>295.8</u>	<u>287.1</u>	<u>294.6</u>	<u>286.2</u>

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	June 30, 2012	December 31, 2011
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$20,888.6	\$ 20,337.8
Accumulated depreciation and amortization	(8,882.8)	(8,670.2)
Net utility plant	12,005.8	11,667.6
Other property, at cost, less accumulated depreciation	143.2	132.5
Net Property, Plant and Equipment	12,149.0	11,800.1
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	0.2	0.2
Unconsolidated affiliates	211.5	204.7
Other investments	156.8	150.9
Total Investments and Other Assets	368.5	355.8
Current Assets		
Cash and cash equivalents	52.8	11.5
Restricted cash	85.0	160.6
Accounts receivable (less reserve of \$42.2 and \$30.5, respectively)	553.3	854.8
Income tax receivable	0.7	0.9
Gas inventory	252.9	427.6
Underrecovered gas and fuel costs	1.9	20.7
Materials and supplies, at average cost	99.5	87.6
Electric production fuel, at average cost	75.7	50.9
Price risk management assets	120.0	137.2
Exchange gas receivable	42.7	64.9
Regulatory assets	192.9	169.7
Prepayments and other	274.2	261.8
Total Current Assets	1,751.6	2,248.2
Other Assets		
Price risk management assets	90.3	188.7
Regulatory assets	1,899.2	1,978.2
Goodwill	3,677.3	3,677.3
Intangible assets	292.1	297.6
Postretirement and postemployment benefits assets	38.3	31.5
Deferred charges and other	143.1	130.9
Total Other Assets	6,140.3	6,304.2
Total Assets	\$20,409.4	\$ 20,708.3

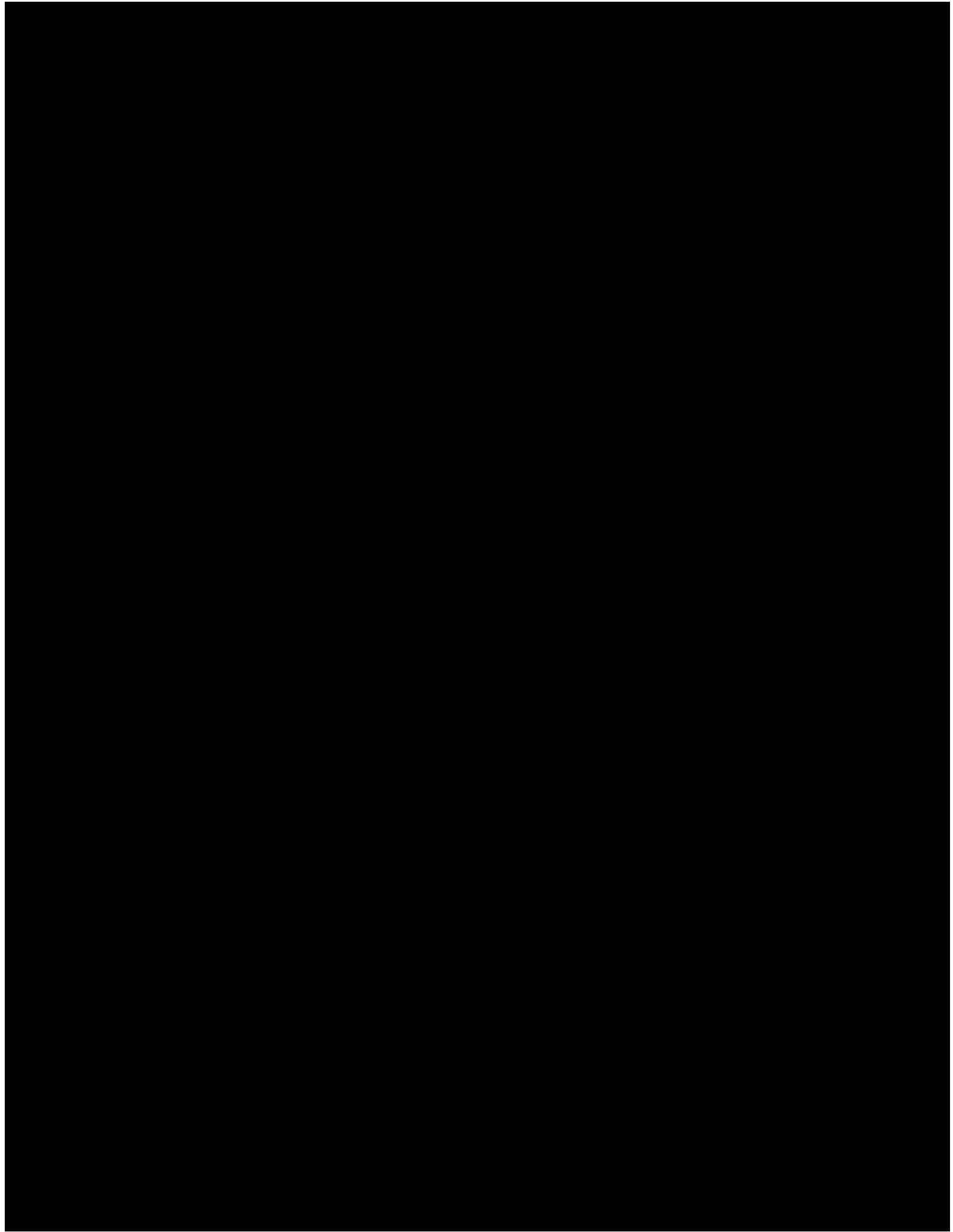
NiSource Inc.
Consolidated Balance Sheets (continued) (GAAP)
(unaudited)

	<u>June 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
<i>(in millions, except share amounts)</i>		
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 284,767,362 and 281,853,571 shares issued and outstanding, respectively	\$ 2.9	\$ 2.8
Additional paid-in capital	4,221.0	4,167.7
Retained earnings	980.9	917.0
Accumulated other comprehensive loss	(59.0)	(59.7)
Treasury stock	(40.5)	(30.5)
Total Common Stockholders' Equity	<u>5,105.3</u>	<u>4,997.3</u>
Long-term debt, excluding amounts due within one year	6,806.9	6,267.1
Total Capitalization	<u>11,912.2</u>	<u>11,264.4</u>
Current Liabilities		
Current portion of long-term debt	766.9	327.3
Short-term borrowings	327.6	1,359.4
Accounts payable	292.1	434.8
Dividends payable	68.3	—
Customer deposits and credits	201.8	313.6
Taxes accrued	185.5	220.9
Interest accrued	116.6	111.9
Overrecovered gas and fuel costs	84.1	48.9
Price risk management liabilities	132.7	167.8
Exchange gas payable	101.4	168.2
Deferred revenue	10.0	10.1
Regulatory liabilities	93.3	112.0
Accrued liability for postretirement and postemployment benefits	26.6	26.6
Legal and environmental reserves	35.6	43.9
Other accruals	219.8	301.0
Total Current Liabilities	<u>2,662.3</u>	<u>3,646.4</u>
Other Liabilities and Deferred Credits		
Price risk management liabilities	45.6	138.9
Deferred income taxes	2,730.5	2,541.9
Deferred investment tax credits	26.9	29.0
Deferred credits	85.0	78.9
Accrued liability for postretirement and postemployment benefits	939.4	953.8
Regulatory liabilities and other removal costs	1,615.7	1,663.9
Asset retirement obligations	149.7	146.4
Other noncurrent liabilities	242.1	244.7
Total Other Liabilities and Deferred Credits	<u>5,834.9</u>	<u>5,797.5</u>
Total Capitalization and Liabilities	<u>\$20,409.4</u>	<u>\$ 20,708.3</u>

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Six Months Ended June 30, (in millions)

	<u>2012</u>	<u>2011</u>
Operating Activities		
Net Income	\$ 262.8	\$ 249.7
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	294.1	268.8
Net changes in price risk management assets and liabilities	(20.1)	15.3
Deferred income taxes and investment tax credits	129.0	135.9
Deferred revenue	(0.1)	(2.6)
Stock compensation expense and 401(k) profit sharing contribution	19.7	17.2
Gain on sale of assets	(3.1)	—
Loss on impairment of assets	—	0.7
Income from unconsolidated affiliates	(14.9)	(4.4)
Loss from discontinued operations—net of taxes	1.2	0.2
Amortization of debt related costs	4.7	4.2
AFUDC equity	(3.0)	(1.9)
Distributions of earnings received from equity investees	17.2	9.9
Changes in Assets and Liabilities:		
Accounts receivable	305.2	434.6
Income tax receivable	0.2	97.8
Inventories	133.6	13.7
Accounts payable	(147.5)	(250.4)
Customer deposits and credits	(111.7)	(134.9)
Taxes accrued	(34.8)	(41.2)
Interest accrued	4.7	—
Overrecovered gas and fuel costs	54.1	221.3
Exchange gas receivable/payable	(44.7)	(166.2)
Other accruals	(92.8)	(26.3)
Prepayments and other current assets	35.2	20.6
Regulatory assets/liabilities	7.3	23.4
Postretirement and postemployment benefits	(12.6)	(118.9)
Deferred credits	8.5	6.3
Deferred charges and other noncurrent assets	(18.3)	12.1
Other noncurrent liabilities	(1.1)	(4.8)
Net Operating Activities from Continuing Operations	<u>772.8</u>	<u>780.1</u>
Net Operating Activities used for Discontinued Operations	<u>(1.0)</u>	<u>(44.1)</u>
Net Cash Flows from Operating Activities	<u>771.8</u>	<u>736.0</u>
Investing Activities		
Capital expenditures	(619.5)	(445.0)
Proceeds from disposition of assets	2.2	9.4
Restricted cash withdrawals	75.9	48.3
Contributions to equity investees	(7.6)	(0.1)
Other investing activities	(19.9)	(36.0)
Net Cash Flow used for Investing Activities	<u>(568.9)</u>	<u>(423.4)</u>
Financing Activities		
Issuance of long-term debt	991.4	395.3
Retirement of long-term debt	(7.8)	(13.0)
Premiums and other debt related costs	(3.4)	(8.2)
Change in short-term borrowings, net	(1,031.4)	(512.2)
Issuance of common stock	30.0	7.9
Acquisition of treasury stock	(10.0)	(3.0)
Dividends paid—common stock	(130.4)	(128.7)
Net Cash Flow used for Financing Activities	<u>(161.6)</u>	<u>(261.9)</u>
Change in cash and cash equivalents from continuing operations	42.3	94.8
Cash contributions to discontinued operations	(1.0)	(44.1)
Cash and cash equivalents at beginning of period	11.5	9.2
Cash and Cash Equivalents at End of Period	<u>\$ 52.8</u>	<u>\$ 59.9</u>



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 06/14/12 for the Period Ending 06/11/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 11, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of
incorporation or organization)**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 1.01. Entry into a Material Definitive Agreement.

On June 11, 2012, NiSource Inc. (the “Company”), NiSource Finance Corp., an Indiana corporation and a wholly-owned special purpose finance subsidiary of the Company (“NiSource Finance”), and BNP Paribas Securities Corp., Citigroup Global Markets Inc., U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, as representatives of the underwriters, entered into a Terms Agreement with respect to the offering and sale of \$250,000,000 aggregate principal amount of NiSource Finance’s 3.85% Notes due 2023 (the “Notes due 2023”) and \$500,000,000 aggregate principal amount of NiSource Finance’s 5.25% Notes due 2043 (the “Notes Due 2043”) and, together with the Notes due 2023, the “Notes”) under the Company’s and NiSource Finance’s Registration Statement on Form S-3 (File Nos. 333-170385 and 333-170385-01). The Notes are fully and unconditionally guaranteed by the Company. The Terms Agreement incorporates by reference an Underwriting Agreement dated November 5, 2010 of the Company and NiSource Finance (a copy of which was filed as Exhibit 1.1 to the Company’s Current Report on Form 8-K dated December 6, 2010). The sale closed on June 14, 2012. The Notes were issued pursuant to an Indenture dated as of November 14, 2000 among the Company, NiSource Finance and The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee (a copy of which was filed as Exhibit 4.1 to the Company’s and NiSource Finance’s Registration Statement on Form S-3, File Nos. 333-49330 and 333-49330-01).

Copies of the forms of the Notes are filed as Exhibits 4.1 and 4.2 to this Current Report on Form 8-K and are hereby incorporated by reference herein.

Item 2.03 – Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.**Exhibit Description**

- 4.1 Form of 3.85% Notes due 2023
- 4.2 Form of 5.25% Notes due 2043
- 5.1 Opinion of Schiff Hardin LLP

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: June 14, 2012

By: _____ /s/ David J. Vajda

David J. Vajda

Vice President, Treasurer and Chief Risk Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
4.1	Form of 3.85% Notes due 2023
4.2	Form of 5.25% Notes due 2043
5.1	Opinion of Schiff Hardin LLP

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK LIMITED-PURPOSE TRUST COMPANY ("DTC"), NEW YORK, NEW YORK, TO NISOURCE FINANCE CORP. AND NISOURCE INC. OR THEIR AGENT OR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No.: []
CUSIP No.: 65473QBA0
ISIN No.: US65473QBA04

\$[]

3.85% Notes due 2023

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of [] Dollars on February 15, 2023.

Interest Payment Dates: February 15 and August 15, commencing February 15, 2013.

Record Dates: February 1 and August 1 (whether or not a Business Day).

Additional provisions of this Note are set forth on the other side of this Note.

Dated: []

NISOURCE FINANCE CORP.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Gary W. Pottorff
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Notes of the series
referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Officer

3.85% Notes due 2023

1. Interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on February 15 and August 15 of each year, commencing February 15, 2013. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from June 14, 2012. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the February 1 and August 1 (whether or not a Business Day) next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated June 14, 2012 (the "Officers' Certificate"). The terms of the Notes include those stated in the Indenture and the Officers' Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbb) as in effect on the date of the Officers' Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

6. Optional Redemption

Prior to November 15, 2022, the Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to, but excluding, the Redemption Date and (2) the Make-Whole Amount for the Notes being redeemed.

On or after November 15, 2022, the Company may redeem the Notes at any time in whole or from time to time in part, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to, but excluding, the Redemption Date.

For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the Redemption Date.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.35%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and to provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and

the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued, the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.
801 East 86th Avenue
Merrillville, Indiana 46410

Attention: Corporate Secretary

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

Sign exactly as your name appears on the other side of this Note.

Signature Guarantee:

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 3.85% Notes due 2023 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Vincent V. Rea
Title: Assistant Treasurer

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK LIMITED-PURPOSE TRUST COMPANY ("DTC"), NEW YORK, NEW YORK, TO NISOURCE FINANCE CORP. AND NISOURCE INC. OR THEIR AGENT OR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No.: []
CUSIP No.: 65473QBB8
ISIN No.: US65473QBB86

\$()

5.25% Notes due 2043

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of [] Dollars on February 15, 2043.

Interest Payment Dates: February 15 and August 15, commencing February 15, 2013.

Record Dates: February 1 and August 1 (whether or not a Business Day).

Additional provisions of this Note are set forth on the other side of this Note.

Dated: []

NISOURCE FINANCE CORP.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Gary W. Pottorff
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Notes of the series
referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Officer

5.25% Notes due 2043

1. Interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on February 15 and August 15 of each year, commencing February 15, 2013. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from June 14, 2012. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the February 1 and August 1 (whether or not a Business Day) next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated June 14, 2012 (the "Officers' Certificate"). The terms of the Notes include those stated in the Indenture and the Officers' Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbb) as in effect on the date of the Officers' Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

6. Optional Redemption

Prior to August 15, 2042, the Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to, but excluding, the Redemption Date and (2) the Make-Whole Amount for the Notes being redeemed.

On or after August 15, 2042, the Company may redeem the Notes at any time in whole or from time to time in part, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to, but excluding, the Redemption Date.

For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the Redemption Date.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.40%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and to provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and

the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued, the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.
801 East 86th Avenue
Merrillville, Indiana 46410

Attention: Corporate Secretary

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

Sign exactly as your name appears on the other side of this Note.

Signature Guarantee:

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 5.25% Notes due 2043 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Vincent V. Rea
Title: Assistant Treasurer



233 South Wacker Drive
Suite 6600
Chicago, Illinois 60606
t 312.258.5500
f 312.258.5600
www.schiffhardin.com

June 14, 2012

NiSource Inc.
801 E. 86th Avenue
Merrillville, Indiana 46410

NiSource Finance Corp.
801 E. 86th Avenue
Merrillville, Indiana 46410

Ladies and Gentlemen:

We have acted as counsel to NiSource Finance Corp., an Indiana corporation (the "Company"), and NiSource Inc., a Delaware corporation ("Parent"), in connection with (i) a registration statement on Form S-3ASR (File Nos. 333-170385 and 333-170385-01) (the "Registration Statement") filed by the Company and Parent with the Securities and Exchange Commission (the "Commission") on November 5, 2010 under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement, which became effective upon filing pursuant to Rule 462(e) under the Securities Act, relates to the issuance and sale from time to time, pursuant to Rule 415 of the rules and regulations promulgated under the Securities Act, of, among other securities, debt securities of the Company in one or more series and Parent's guarantees with respect to such debt securities. We have also acted as counsel to the Company and Parent in connection with the issuance and sale by the Company to the underwriters of \$250,000,000 aggregate principal amount of the Company's 3.85% Notes due 2023 (the "Notes due 2023") and \$500,000,000 aggregate principal amount of the Company's 5.25% Notes due 2043 (the "Notes due 2043" and, together with the Notes due 2023, the "Notes"), all such Notes being fully and unconditionally guaranteed (the "Guarantee") by Parent, in an underwritten public offering pursuant to a Terms Agreement dated June 11, 2012 among the Company, Parent and the underwriters named therein (the "Terms Agreement").

The Notes and the Guarantee are to be issued under an Indenture, dated as of November 14, 2000 (as supplemented, the "Indenture") among the Company, Parent and The Bank of New York Mellon, as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank, as trustee, as filed as Exhibit 4.1 to Parent's registration statement on Form S-3 filed November 17, 2000 (Registration No. 333-49330).

This opinion letter is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

In connection with our opinion, we have examined the Registration Statement, including the exhibits thereto, and such other documents, corporate records and instruments, and have examined such laws and regulations, as we have deemed necessary for the purposes of this opinion. In making our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the originals of all documents submitted to us as copies and the legal capacity of all natural persons. As to matters of fact material to our opinions in this letter, we have relied on certificates and statements from officers and other employees of the Company and Parent, public officials and other appropriate persons.

In rendering the opinions in this letter we have assumed, without independent investigation or verification, that each party to each of the documents executed or to be executed, other than the Company or Parent, (a) is validly existing and in good standing under the laws of its jurisdiction of organization, (b) has full power and authority to execute such documents to which it is a party and to perform its obligations thereunder, (c) has taken all necessary action to authorize execution of such documents on its behalf by the persons executing same, (d) has properly executed and delivered, or will properly execute and deliver, each of such documents to which it is a party, and (e) has duly obtained all consents or approvals of any nature from and made all filings with any governmental authorities necessary for such party to execute, deliver or perform its obligations under such documents to which it is a party. In addition, in rendering such opinions we have assumed, without independent investigation or verification, (i) that the execution and delivery of, and performance of their respective obligations under, the documents executed or to be executed by each party thereto, other than the Company or Parent, do not violate any law, rule, regulation, agreement or instrument binding upon such party and (ii) that each of such documents is the legal, valid and binding obligation of, and enforceable against, each party thereto, other than the Company or Parent.

We make no representation that we have independently investigated or verified any of the matters that we have assumed for the purposes of this opinion letter.

Based on the foregoing and subject to the qualifications set forth below, we are of the opinion that the Notes and the Guarantee, when executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the underwriters in accordance with the terms of the Terms Agreement, will be legal, valid and binding obligations of the Company or Parent, as applicable, enforceable against the Company or Parent, as applicable, in accordance with their terms.

The opinions set forth above are subject to the following qualifications:

A. The opinions expressed herein with respect to the legality, validity, binding nature and enforceability of the Notes and the Guarantee are subject to (i) applicable laws relating to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting creditors' rights generally, whether now or hereafter in effect and (ii) general principles of equity, including, without limitation, concepts of materiality, laches, reasonableness, good faith and fair dealing and the principles regarding when injunctive or other equitable remedies will be available (regardless of whether considered in a proceeding at law or in equity).

B. The foregoing opinions are limited to the laws of the State of New York (excluding the "blue sky" laws of such state) and the General Corporation Law of Delaware, and we express no opinion as to the laws of any other jurisdiction.

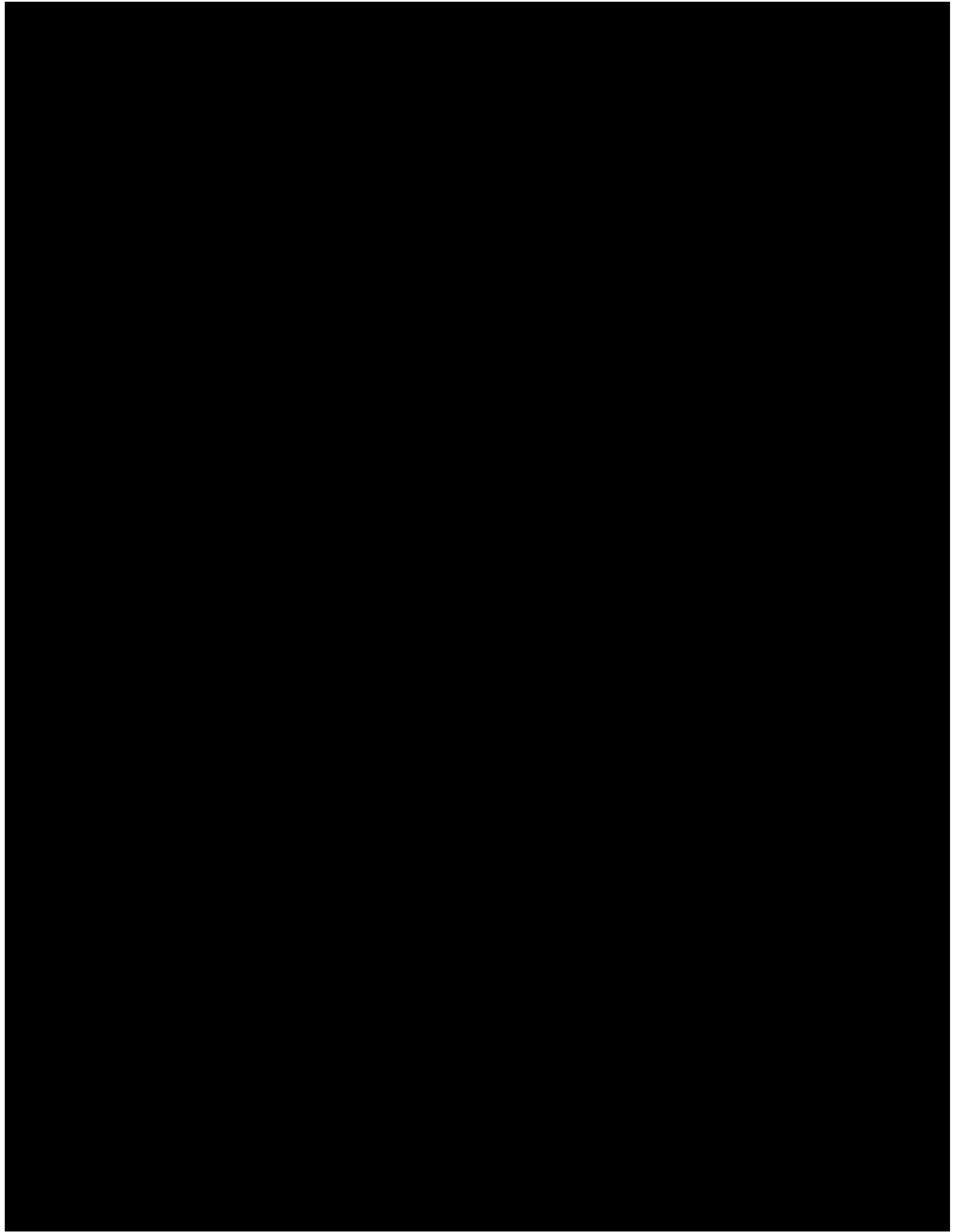
The opinions expressed in this opinion letter are as of the date of this opinion letter only and as to laws covered hereby only as they are in effect on that date, and we assume no obligation to update or supplement such opinion to reflect any facts or circumstances that may come to our attention after that date or any changes in law that may occur or become effective after that date. The opinions herein are limited to the matters expressly set forth in this opinion letter, and no opinion or representation is given or may be inferred beyond the opinions expressly set forth in this opinion letter.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Form 8-K and to the reference to us under the caption "Legal Matters" in the prospectus supplement dated June 11, 2012 with respect to the Notes and Guarantee and the prospectus dated November 5, 2010 contained in the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

SCHIFF HARDIN LLP

By: /s/ Robert J. Minkus



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/18/12 for the Period Ending 05/15/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 15, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 1.01 Entry into a Material Definitive Agreement

On May 15, 2012, NiSource Finance Corp. (“NiSource Finance”), as borrower, and NiSource Inc. (the “Company”), as guarantor, entered into an Amended and Restated Revolving Credit Agreement (the “Agreement”) with the lenders party thereto, Barclays Bank PLC, as Administrative Agent, Credit Suisse AG, Cayman Islands Branch, as Syndication Agent, The Bank of Tokyo-Mitsubishi UFJ Ltd., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents, and Barclays Bank PLC, Credit Suisse Securities (USA) LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Joint Bookrunners. The Agreement amends NiSource Finance’s existing \$1.5 billion Revolving Credit Agreement to extend the term by approximately two years, from March 3, 2015 until May 15, 2017, and to reduce the applicable margin component of the interest rate calculation. Other than extending the term and reducing the applicable margin, the Agreement substantially restates the existing Revolving Credit Agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

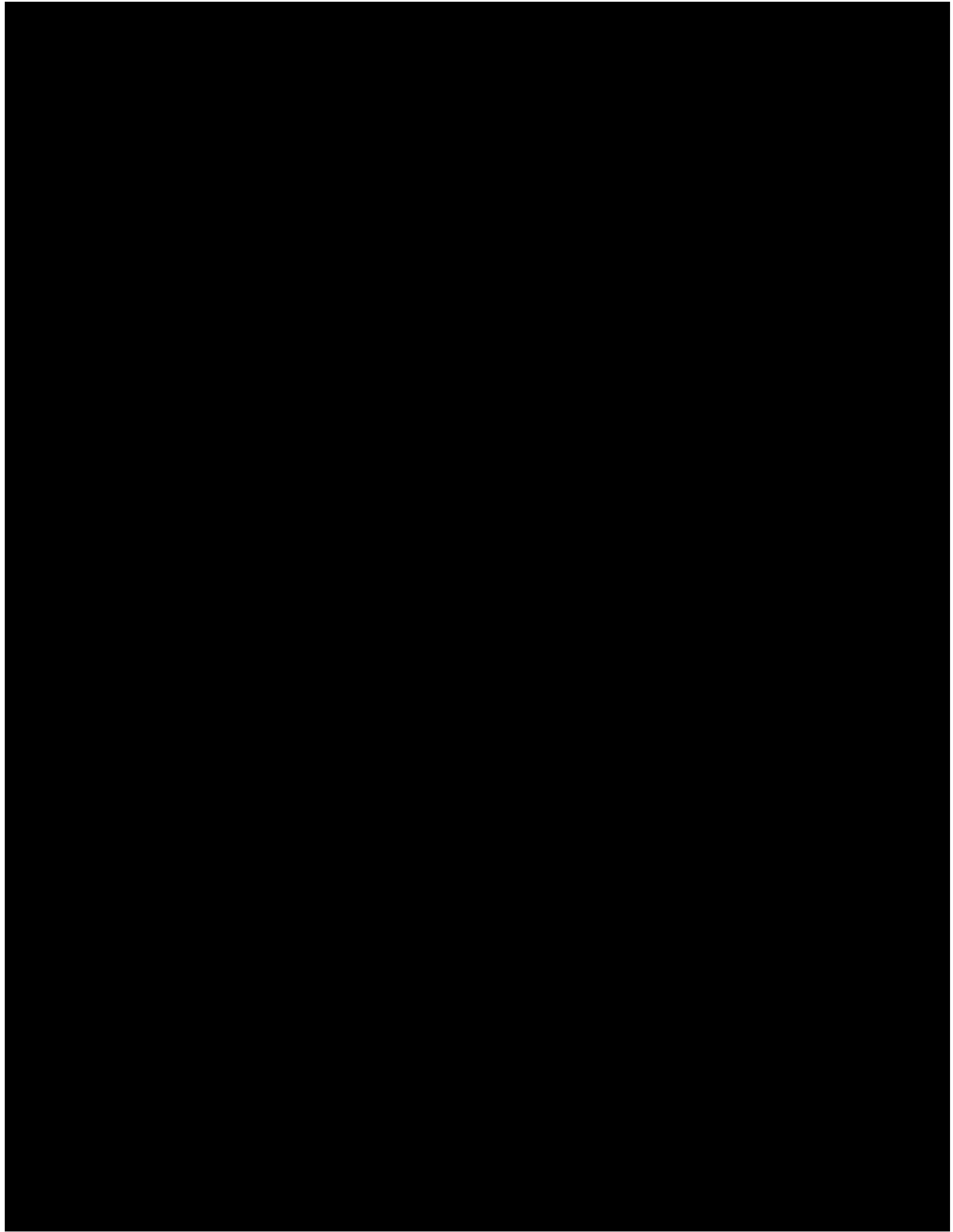
NiSource Inc.

(Registrant)

Date: May 18, 2012

By: /s/ Robert E. Smith

Robert E. Smith
Vice President and Assistant Corporate
Secretary



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/16/12 for the Period Ending 05/15/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 15, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware
**(State or other jurisdiction of
incorporation or organization)**

001-16189
**Commission
file number**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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-

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers

On May 15, 2012, Ian M. Rolland, who currently serves as a Chairman of the Board of NiSource Inc. (the "Company"), advised the Board of Directors of his intention to retire from the Board of Directors upon expiration of his current term at the 2013 Annual Stockholders' Meeting.

Item 5.07 Submission of Matters to a Vote of Security Holders

On May 15, 2012, the Company held its Annual Meeting of Stockholders (the "Annual Meeting"). At the Annual Meeting, 235,576,442 shares of common stock, par value \$.01, or approximately 83% of the 283,785,609 shares of common stock outstanding as of the record date, were present in person or by proxy. Set forth below are the matters acted upon by Company stockholders at the Annual Meeting as described the Company's Proxy Statement filed on April 5, 2012, and the final voting results on each such matter.

Proposal 1: Election of Directors. The number of votes cast for and against each nominee, as well as the number of abstentions and broker non-votes, were as follows:

Name of Nominee	Votes For	Votes Against	Abstentions	Broker Non-Votes
Richard A. Abdo	202,268,813	4,158,295	1,187,920	27,961,414
Aristides S. Candris	204,417,664	1,945,374	1,251,989	27,961,414
Sigmund L. Cornelius	193,089,835	13,336,767	1,188,426	27,961,414
Michael E. Jesanis	203,052,310	3,293,190	1,269,528	27,961,414
Marty R. Kittrell	180,270,617	26,149,925	1,194,486	27,961,414
W. Lee Nutter	201,718,240	4,660,548	1,236,239	27,961,414
Deborah S. Parker	204,095,362	2,263,712	1,255,954	27,961,414
Ian M. Rolland	178,332,699	28,026,891	1,255,438	27,961,414
Robert C. Skaggs	204,634,311	1,899,349	1,081,368	27,961,414
Teresa A. Taylor	204,358,984	1,980,543	1,275,501	27,961,414
Richard L. Thompson	202,272,423	4,109,408	1,233,197	27,961,414
Carolyn Y. Woo	198,883,870	7,621,107	1,110,051	27,961,414

Each nominee, having received more votes in favor of his or her election than against election, was elected.

Proposal II: Ratification of Independent Registered Public Accountants. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
230,118,518	4,500,738	957,184

There were no broker non-votes as to Proposal II.

Proposal II, having received the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was approved.

Proposal III: Advisory Approval of Executive Compensation. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
196,677,959	7,957,046	2,980,023

There were 27,961,414 broker non-votes as to Proposal III.

Proposal III, having received the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was approved on an advisory basis.

Proposal IV: Approval of Amendment to the Company's Employee Stock Purchase Plan. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
200,857,438	4,150,856	2,606,734

There were 27,961,414 broker non-votes as to Proposal IV.

Proposal IV, having received the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was approved.

Proposal V: Stockholder Proposal Regarding Cumulative Voting. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
51,173,453	154,481,792	1,959,783

There were 27,961,414 broker non-votes as to Proposal V.

Proposal V, having failed to receive the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was not approved.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: May 16, 2012

By: _____

/s/ Robert E. Smith

Robert E. Smith
Vice President and
Assistant Corporate Secretary

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/15/12 for the Period Ending 05/15/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 15, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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Item 7.01 Regulation FD Disclosure

On May 15, 2012, the NiSource Inc. (the "Company") issued a press release announcing that the Board of Directors of the Company had approved an increase in the Company's quarterly cash dividend that will be declared in the second quarter of 2012. The Company's press release announcing the dividend increase is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
99.1	NiSource Inc. press release dated May 15, 2012

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: May 15, 2012

By: /s/ Robert E. Smith
Robert E. Smith
Vice President and Assistant Corporate Secretary

EXHIBIT INDEX

Exhibit
Number
99.1

Description
NiSource Inc. press release dated May 15, 2012

NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

May 15, 2012

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nsource.com

Investors

Randy Hulen
Managing Director, Investor Relations
(219) 647-5688
rghulen@nsource.com

NiSource Announces 4.3 Percent Dividend Increase

MERRILLVILLE, Ind. — The Board of Directors of NiSource Inc. (NYSE: NI) today approved a 4.3 percent increase in the company's dividend, resulting in an increase of the annualized dividend from \$0.92 to \$0.96 per share on NiSource common stock.

In accordance with the dividend increase, the NiSource Board declared a quarterly common dividend payment of 24 cents per share, payable Aug. 20, 2012, to stockholders of record at the close of business July 31, 2012.

"NiSource's dividend action today is a testament to the significant progress we have made in executing on our investment-driven growth strategy," NiSource President & CEO Robert C. Skaggs Jr. said. "By delivering on our robust combination of infrastructure-focused growth, modernization and regulatory initiatives, we are in a position to provide increased value for our shareholders while meeting the needs of our customers and stakeholders."

Skaggs noted that the NiSource Board has developed a general policy targeting a dividend payout in the range of 60 to 70 percent of net operating earnings per share (non-GAAP).

"With the full support of our Board of Directors, we believe NiSource has a compelling plan and the resources and capabilities to deliver on our core financial commitments, including stable investment grade credit ratings, annual earnings growth of at least 5 percent, and an attractive, secure and growing dividend" Skaggs said.

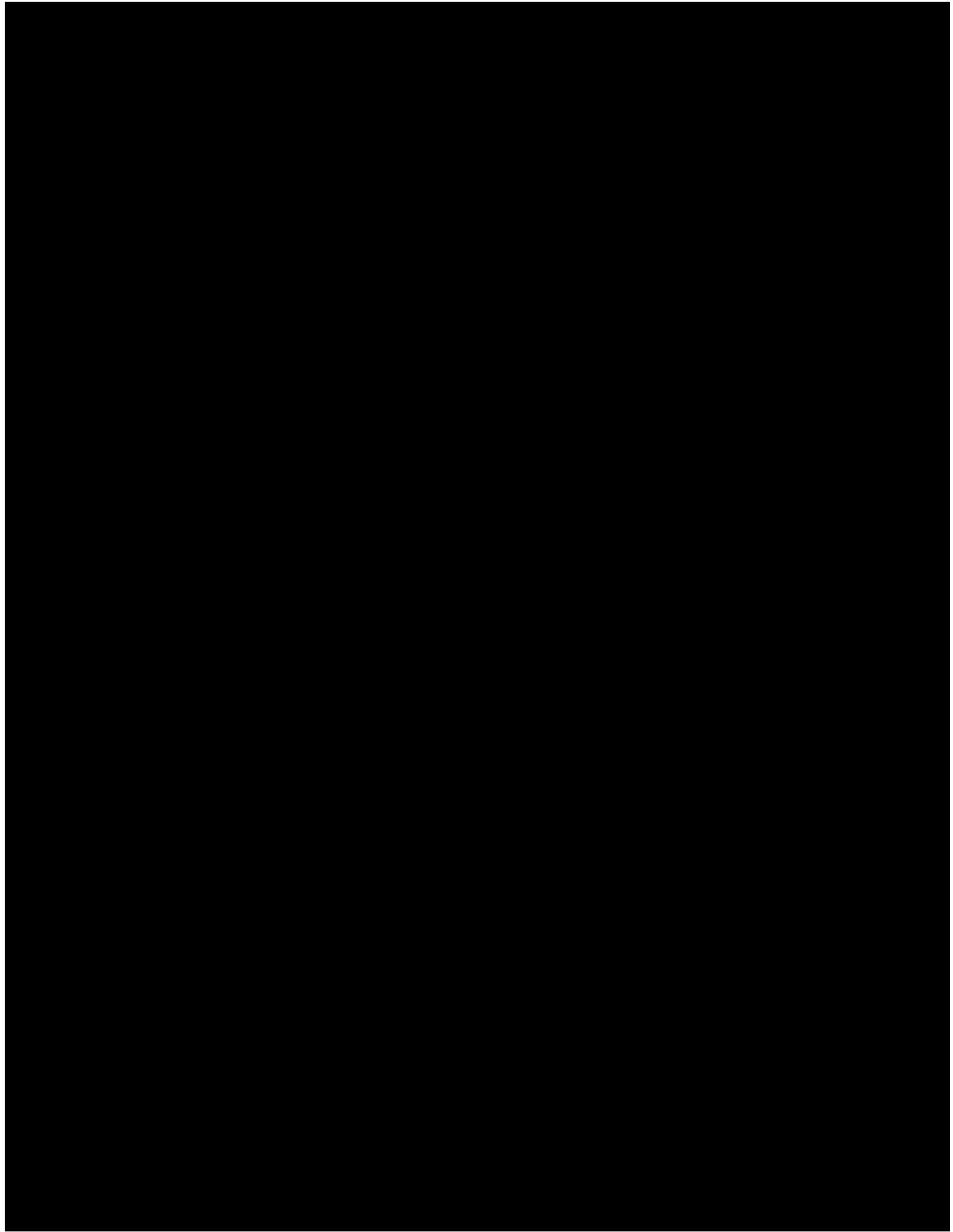
About NiSource

NiSource Inc., based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nsource.com. NI-F

Forward Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, plans, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this release are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the matters set forth in the "Risk Factors" Section and the Note regarding forward-looking statements in NiSource's 2011 Form 10-K and subsequent filings on Form 10-Q, many of which are risks beyond the control of NiSource. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

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NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/01/12 for the Period Ending 05/01/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
(State or other jurisdiction of
incorporation or organization)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

35-2108964
(I.R.S. Employer
Identification No.)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 1, 2012, NiSource Inc. (the "Company") reported its financial results for the quarter ended March 31, 2012. The Company's press release, dated May 1, 2012, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated May 1, 2012, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: May 1, 2012

By: _____ /s/ Jon D. Veurink
Jon D. Veurink
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit
Number

Description

99.1	Press Release, dated May 1, 2012, issued by NiSource Inc.
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NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

May 1, 2012

FOR ADDITIONAL INFORMATION

Media

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NiSource Reports First Quarter 2012 Earnings

- Results squarely in line with 2012 earnings guidance
- Positive growth from regulatory, modernization and growth initiatives
- Record \$1.4 billion capital investment program on track

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$214.5 million, or \$0.76 cents per share for the three months ended March 31, 2012, compared to \$206.6 million, or \$0.74 cents per share for the first quarter of 2011. Operating earnings for the quarter (non-GAAP) were \$435.5 million compared to \$402.1 million for the same period in 2011.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended March 31, 2012, of \$193.5 million, or \$0.68 cents per share, compared with \$209.1 million, or \$0.75 cents per share in the same period a year ago. Operating income was \$399.4 million for the first quarter of 2012, compared with \$406.4 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

“Following a successful 2011, NiSource teams are continuing to execute on a robust combination of investment-driven growth, modernization and regulatory initiatives,” President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. “This well-established and customer-focused business strategy generated first quarter results squarely in line with our expectations, as well as our 2012 earnings outlook.”

Progress on midstream and pipeline investment opportunities

NiSource Gas Transmission & Storage (NGT&S) continues to develop and execute investment opportunities in emerging and existing markets. The company is active in midstream, mineral leasing and traditional pipeline projects, particularly in areas within the company’s strategic footprint in the Utica and Marcellus shale production areas.

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- Work is progressing on NiSource Midstream Services' (NMS) Big Pine Gathering System. Anchored by a long-term agreement with XTO Energy Inc., the 70-mile, \$150 million project is located in the hydrocarbon-rich area of western Pennsylvania. It will offer an initial capacity of approximately 425 million cubic feet per day with interconnections to multiple interstate pipeline markets. The project's targeted in-service date is December 2012.
 - NMS also is pursuing opportunities in the liquids-rich portion of the Utica play in eastern Ohio, including proposals to provide gathering services, as well as cryogenic natural gas liquids processing. In addition, NMS is in advanced discussions with a producer counterparty regarding a potential joint venture that would optimize NMS' minerals position in this area, which could include significant downstream infrastructure investment opportunities.
 - NGT&S also is successfully pursuing growth opportunities through expansion of its existing pipeline system. For example, NGT&S recently completed open seasons on two supply- and market-driven expansions of its **Columbia Gas Transmission** and **Columbia Gulf Transmission** systems. Both projects have projected in-service dates of late-2014.
 - The approximately \$220 million West Side Expansion will transport approximately 500,000 dekatherms per day of Marcellus production originating in southwest Pennsylvania and north-central West Virginia to Gulf Coast markets. Binding long-term precedent agreements have been signed with two shippers.
 - The East Side Expansion Project would connect about 500,000 dekatherms per day of northern Pennsylvania Marcellus production with growing mid-Atlantic markets. Negotiations with customers for binding transportation agreements are currently underway.
 - Another Columbia Gas Transmission project took a step forward on March 20, when the company received approval from the Federal Energy Regulatory Commission to construct facilities to serve Virginia Electric and Power Company's 1,329-megawatt, gas-fired generation facility under construction in Warren County, Va. The approximately \$35 million project will provide up to nearly 250,000 dekatherms per day of long-term, firm transportation starting in mid-2014.
 - Also during the first quarter, Columbia Gas Transmission continued discussions with customers regarding a long-term infrastructure modernization program. Similar to the modernization programs in place at NiSource's gas utilities, this effort will enhance the reliability and flexibility of the company's core pipeline system, ensuring continued safe and reliable service while positioning the company to meet anticipated regulatory requirements. The plan is estimated to involve an investment of about \$4 billion over a 10- to 15-year period.

"The NGT&S Team has hit the ground running in the first quarter," Skaggs said. "With a diverse mix of new and ongoing projects, we remain focused on enhancing the long-term value of our assets by executing on exciting growth opportunities taking shape in both supply and demand markets. The team also is actively pursuing a collaborative, long-term commitment to system modernization that offers numerous customer benefits, while at the same time supporting ongoing rate base and earnings growth."

Customer service and reliability initiatives in Indiana

Northern Indiana Public Service Company (NIPSCO) continues to advance initiatives designed to improve customer services and reliability, as well as enhance the region's environmental and economic sustainability.

- Significant environmental investments at NIPSCO's coal-fired electric generation facilities remain on track and on budget, including construction of flue gas desulfurization equipment on two units at the company's Schahfer generating station. An investment of more than \$500 million at Schahfer, the improvements are part of a nearly \$850 million environmental investment program over the next six to eight years.
- NIPSCO also continued to strengthen its management ranks by appointing **Kathleen O'Leary** to the new role of president. Reporting to NIPSCO CEO Jimmy Staton, O'Leary will lead regulatory and governmental strategies, economic development and other key stakeholder engagement efforts. O'Leary was previously senior vice president of communications and compliance at NIPSCO.
- As part of an ongoing process to identify additional ways to improve customer service, all of NiSource's utilities, including NIPSCO, introduced new mobile websites, which offer convenient, on-the-go transaction, safety and customer service access through mobile phones and other devices.
- On April 5, NIPSCO introduced its IN-Charge Electric Vehicle Program. The pilot program provides a credit for residential electric customers to offset the cost of installing a home-based electric vehicle charging system. The program also offers customers overnight charging for their vehicles at home.

"Our NIPSCO team remains keenly focused on continuously improving customer service and reliability, while investing in long-term economic and environmental sustainability across our Indiana service territory," said Skaggs. "The team made significant strides in 2011, and I'm confident NIPSCO is positioned to deliver even greater customer, community and shareholder value this year."

Modernizing natural gas distribution infrastructure and services

NiSource Gas Distribution (NGD) companies continue to deliver strong results from their strategy of aligning long-term infrastructure replacement and enhancement programs with a variety of complementary customer programs and rate-design initiatives.

- On the leadership front, **Joe Hamrock** was named executive vice president and group CEO of the NGD business unit, effective this month. Hamrock brings strong senior leadership experience to the unit's already solid management team, having most recently served as president and chief operating officer of American Electric Power Ohio.
- Infrastructure projects across much of the NGD territory, combined with complementary customer programs and regulatory treatment, continue to generate sustainable earnings growth. These initiatives, part of a more than \$4 billion long-term investment program, along with the new rates in effect during 2011, contributed more than \$11 million in additional operating earnings during the first quarter compared to the same period last year.

-
- On the regulatory front, **Columbia Gas of Massachusetts (CMA)** filed a base rate case on April 13, 2012, with the Massachusetts Department of Public Utilities. The case, which seeks increased revenues of approximately \$29 million, is designed to support the company's expanded infrastructure modernization and replacement plans with timely investment recovery. A decision is expected in late October 2012.
 - At **Columbia Gas of Pennsylvania (CPA)**, the state's General Assembly approved HB1294 on February 7. The law supports the company's infrastructure modernization initiatives by authorizing the Pennsylvania Public Utility Commission to approve a distribution system improvement charge. In addition, it allows Pennsylvania utilities to base their rates on a forecasted test year, which will allow recovery of infrastructure investments as they are made.

"Our portfolio of gas distribution companies continues to deliver innovative programs to customers and solid financial performance for shareholders," Skaggs said. "Through a combination of regulatory and infrastructure strategies, we have positioned this business to deliver long-term earnings growth, while providing our customers with safe, reliable and high-quality service."

Affirming earnings guidance, capital investment and dividend growth consideration

Skaggs noted that NiSource remains on track to deliver net operating earnings in line with its full-year outlook, which for 2012 is \$1.40 to \$1.50 per share (non-GAAP*). The company also is proceeding with a robust 2012 capital investment program of approximately \$1.4 billion.

NiSource also continues to maintain its core financial commitments, including stable, investment grade credit ratings and a secure, attractive dividend.

During the first quarter, Standard & Poor's reaffirmed NiSource's BBB- /stable credit rating. Comparable ratings for the company were reaffirmed by Moody's Investors Services and Fitch Ratings in the fourth quarter of 2011.

First Quarter 2012 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the quarter ended March 31, 2012, were \$435.5 million, compared to \$402.1 million in the first quarter of 2011. Refer to Schedule 2 for the items included in 2012 and 2011 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the quarter ended March 31, 2012, are discussed below.

NiSource Gas Distribution reported operating earnings for the current quarter of \$246.5 million compared to \$237.0 million in the first quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$11.4 million primarily attributable to increases in regulatory and service programs, including the impact of the CPA rate case and the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program.

Operating expenses, excluding trackers, were \$1.9 million higher than the comparable 2011 period as a result of an increase in depreciation costs due to an increase in capital expenditures. This increase was partially offset by a decrease in employee and administrative expenses, primarily pension costs.

As reflected in the Segment Volumes and Statistical Data schedule, deliveries to residential and commercial customers during the quarter were reduced due to unseasonably mild weather, which was 23 percent warmer than normal. By contrast, industrial deliveries increased by approximately 10 percent compared to the first quarter of 2011, reflecting the impact of low natural gas prices on industrial usage in our markets.

NiSource Gas Transmission and Storage reported operating earnings for the current quarter of \$138.6 million compared to \$118.4 million in the first quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$16.5 million, primarily attributable to an increase in demand margin revenue as a result of growth projects and the impact of the rate case at Columbia Gulf, partially offset by a decrease in commodity margin revenue due to decreased throughput as a result of warmer weather.

Operating expenses, excluding the impact of trackers, increased \$1.0 million from the comparable 2011 period primarily due to increased other taxes, partially offset by lower outside service costs and decreased employee and administrative expenses, largely pension costs.

Equity earnings increased \$4.7 million primarily from increased earnings at Millennium.

NiSource Electric reported operating earnings for the current quarter of \$48.5 million compared to \$49.3 million in the first quarter of 2011. Net revenues, excluding the impact of trackers, increased by \$29.1 million primarily due to increased industrial, commercial and residential margins mainly as a result of the implementation of the electric rate case. Additionally, there were lower revenue credits in the current period as a result of the electric rate case. These increases were partially offset by a decrease in environmental cost recovery due to the plant investment eligible for recovery being reset to zero as a result of the electric rate case.

Operating expenses increased by \$29.9 million, excluding trackers, primarily attributable to an increase in employee and administrative expenses, higher electric generation costs, and an increase in Midwest Independent Transmission System Operator (MISO) fees. Additionally, there was an increase in depreciation costs primarily related to the Sugar Creek facility that is no longer being deferred as a result of the electric rate case.

Corporate and Other reported operating earnings of \$1.9 million for the current quarter compared to a loss of \$2.6 million in the first quarter of 2011.

Other Items

Interest expense increased by \$13.5 million due to the issuance of long-term debt in November 2011 and June 2011, the expiration of deferred interest costs related to Sugar Creek as a result of the electric rate case, and higher short-term borrowings and rates. These increases were partially offset by the repurchase of long-term debt in December 2011.

Other-net income of \$1.0 million was recorded in 2012 compared to \$3.3 million in 2011.

The effective tax rate of net operating earnings was 35.6 percent compared to 34.5 percent for the same period last year.

Income from Continuing Operations (GAAP)

On a GAAP basis, NiSource reported income from continuing operations for the three months ended March 31, 2012, of \$193.5 million, or \$0.68 per share, compared with \$209.1 million, or \$0.75 per share for the comparable period in 2011.

The NiSource GAAP results reflect certain non-material corrections to its consolidated financial statements for the three months ended March 31, 2011. The effect of these non-material corrections was an increase in income from continuing operations of \$4.3 million or \$0.02 per share for the three months ended March 31, 2011.

Operating earnings and net operating earnings from continuing operations are non-GAAP measures. NiSource management believes that these performance measures provide a more meaningful representation of the company's earnings from ongoing operations than GAAP measures alone. NiSource uses these measures internally to manage the business and to track financial performance against budget. Refer to Schedule I for a complete list of the items included in 2012 and 2011 GAAP income from Continuing Operations but excluded from net operating earnings.

**There will likely be differences between net operating earnings and GAAP earnings, but, due to the unpredictability of weather and other factors, NiSource does not provide GAAP earnings guidance.*

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

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NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

	Three Months Ended March 31.	
	<u>2012</u>	<u>2011</u>
<i>(in millions, except per share amounts)</i>		
Net Revenues		
Gas Distribution	\$ 908.2	\$1,367.6
Gas Transportation and Storage	409.2	402.9
Electric	358.0	345.2
Other	24.8	23.9
Gross Revenues	<u>1,700.2</u>	<u>2,139.6</u>
Cost of Sales (excluding depreciation and amortization)	633.0	1,085.8
Total Net Revenues	<u>1,067.2</u>	<u>1,053.8</u>
Operating Expenses		
Operation and maintenance	355.0	342.5
Operation and maintenance — trackers	51.7	85.4
Depreciation and amortization	143.2	130.9
Depreciation and amortization — trackers	2.9	3.4
Other taxes	60.8	57.0
Other taxes — trackers	25.8	35.5
Total Operating Expenses	<u>639.4</u>	<u>654.7</u>
Equity Earnings in Unconsolidated Affiliates	<u>7.7</u>	<u>3.0</u>
Operating Earnings	<u>435.5</u>	<u>402.1</u>
Other Income (Deductions)		
Interest expense, net	(103.3)	(89.8)
Other, net	1.0	3.3
Total Other Deductions	<u>(102.3)</u>	<u>(86.5)</u>
Operating Earnings From Continuing Operations		
Before Income Taxes	333.2	315.6
Income Taxes	118.7	109.0
Net Operating Earnings from Continuing Operations	<u>214.5</u>	<u>206.6</u>
GAAP Adjustment	<u>(21.0)</u>	<u>2.5</u>
GAAP Income from Continuing Operations	<u>\$ 193.5</u>	<u>\$ 209.1</u>
Basic Net Operating Earnings Per Share from Continuing Operations	<u>\$ 0.76</u>	<u>\$ 0.74</u>
GAAP Basic Earnings Per Share from Continuing Operations	<u>\$ 0.68</u>	<u>\$ 0.75</u>
Basic Average Common Shares Outstanding	<u>282.9</u>	<u>279.3</u>

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

	Three Months Ended March 31,	
	2012	2011
Gas Distribution Operations		
<i>(in millions)</i>		
Net Revenues		
Sales Revenues	\$1,103.8	\$1,581.1
Less: Cost of gas sold	<u>555.6</u>	<u>997.9</u>
Net Revenues	<u>548.2</u>	<u>583.2</u>
Operating Expenses		
Operation and maintenance	172.1	173.5
Operation and maintenance — trackers	32.1	68.8
Depreciation and amortization	46.7	43.0
Other taxes	25.0	25.4
Other taxes — trackers	<u>25.8</u>	<u>35.5</u>
Total Operating Expenses	<u>301.7</u>	<u>346.2</u>
Operating Earnings	<u>\$ 246.5</u>	<u>\$ 237.0</u>
GAAP Adjustment	<u>(34.5)</u>	<u>4.5</u>
GAAP Operating Income	<u>\$ 212.0</u>	<u>\$ 241.5</u>
Gas Transmission and Storage Operations		
<i>(in millions)</i>		
Net Revenues		
Transportation revenues	\$ 218.1	\$ 199.7
Storage revenues	49.3	50.5
Other revenues	8.0	5.2
Total Operating Revenues	<u>275.4</u>	<u>255.4</u>
Less: Cost of Sales	<u>0.9</u>	<u>—</u>
Net Operating Revenues	<u>274.5</u>	<u>255.4</u>
Operating Expenses		
Operation and maintenance	78.0	80.5
Operation and maintenance - trackers	16.7	14.1
Depreciation and amortization	33.0	32.7
Other taxes	<u>15.9</u>	<u>12.7</u>
Total Operating Expenses	<u>143.6</u>	<u>140.0</u>
Equity Earnings in Unconsolidated Affiliates	<u>7.7</u>	<u>3.0</u>
Operating Earnings	<u>\$ 138.6</u>	<u>\$ 118.4</u>
GAAP Adjustment	<u>—</u>	<u>—</u>
GAAP Operating Income	<u>\$ 138.6</u>	<u>\$ 118.4</u>

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

	Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
Electric Operations		
<i>(in millions)</i>		
Net Revenues		
Sales revenues	\$360.0	\$347.0
Less: Cost of sales	<u>117.2</u>	<u>133.2</u>
Net Revenues	<u>242.8</u>	<u>213.8</u>
Operating Expenses		
Operation and maintenance	114.3	91.3
Operation and maintenance — trackers	2.9	2.5
Depreciation and amortization	58.0	51.0
Depreciation and amortization — trackers	2.9	3.4
Other taxes	<u>16.2</u>	<u>16.3</u>
Total Operating Expenses	<u>194.3</u>	<u>164.5</u>
Operating Earnings	<u>\$ 48.5</u>	<u>\$ 49.3</u>
GAAP Adjustment	<u>(2.3)</u>	<u>1.3</u>
GAAP Operating Income	<u>\$ 46.2</u>	<u>\$ 50.6</u>
Corporate and Other Operations		
<i>(in millions)</i>		
Operating Income (Loss)	<u>\$ 1.9</u>	<u>\$ (2.6)</u>
GAAP Adjustment	<u>0.7</u>	<u>(1.5)</u>
GAAP Operating Income (Loss)	<u>\$ 2.6</u>	<u>\$ (4.1)</u>

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
<u>Gas Distribution Operations</u>		
Sales and Transportation (MMDth)		
Residential	102.9	134.5
Commercial	61.2	77.6
Industrial	131.3	118.9
Off System	13.5	17.5
Other	0.1	0.3
Total	<u>309.0</u>	<u>348.8</u>
Weather Adjustment	<u>45.4</u>	<u>(7.3)</u>
Sales and Transportation Volumes—Excluding Weather	<u>354.4</u>	<u>341.5</u>
Heating Degree Days	2,262	3,014
Normal Heating Degree Days	2,931	2,900
% (Warmer) Colder than Normal	(23%)	4%
Customers		
Residential	3,050,576	3,047,157
Commercial	281,539	282,044
Industrial	7,859	7,705
Other	18	65
Total	<u>3,339,992</u>	<u>3,336,971</u>
	Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
<u>Gas Transmission and Storage Operations</u>		
Throughput (MMDth)		
Columbia Transmission	379.4	426.6
Columbia Gulf	227.5	244.0
Crossroads Gas Pipeline	4.3	5.1
Intrasegment eliminations	<u>(105.7)</u>	<u>(152.6)</u>
Total	<u>505.5</u>	<u>523.1</u>

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
Electric Operations		
Sales (Gigawatt Hours)		
Residential	781.2	855.8
Commercial	907.8	924.9
Industrial	2,385.0	2,442.4
Wholesale	19.1	67.1
Other	32.5	44.5
Total	<u>4,125.6</u>	<u>4,334.7</u>
Weather Adjustment	<u>81.8</u>	<u>(17.5)</u>
Sales Volumes—Excluding Weather impacts	<u>4,207.4</u>	<u>4,317.2</u>
Electric Customers		
Residential	400,348	400,169
Commercial	53,928	53,826
Industrial	2,457	2,424
Wholesale	16	15
Other	717	739
Total	<u>457,466</u>	<u>457,173</u>

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2012	2011
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$214.5	\$206.6
Items excluded from operating earnings:		
Net Revenues:		
Weather—compared to normal	(39.9)	5.8
Unregulated natural gas marketing business	1.0	1.1
Operating Expenses:		
Legal reserve adjustment	3.1	—
Unregulated natural gas marketing business	(1.9)	(2.0)
Gain/Loss on sale of assets and asset impairments	1.6	(0.6)
Total items excluded from operating earnings	(36.1)	4.3
Other Income (Deductions):		
Investment impairment	(0.7)	—
Tax effect of above items	15.8	(1.8)
Total items excluded from net operating earnings	(21.0)	2.5
Reported Income from Continuing Operations—GAAP	\$193.5	\$209.1
Basic Average Common Shares Outstanding	282.9	279.3
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.76	\$ 0.74
Items excluded from net operating earnings (after-tax)	(0.08)	0.01
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.68	\$ 0.75

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP For Quarter ended March 31,

	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate & Other</u>	<u>Total</u>
2012 (in millions)					
Operating Earnings	\$ 246.5	\$ 138.6	\$ 48.5	\$ 1.9	\$435.5
Net Revenues:					
Weather (compared to normal)	(34.5)	—	(5.4)	—	(39.9)
Unregulated natural gas marketing business	—	—	—	1.0	1.0
Total Impact—Net Revenues	(34.5)	—	(5.4)	1.0	(38.9)
Operating Expenses					
Legal reserve adjustment	—	—	3.1	—	3.1
Unregulated natural gas marketing business	—	—	—	(1.9)	(1.9)
Gain (Loss) on sale of assets and asset impairments	—	—	—	1.6	1.6
Total Impact—Operating Expenses	—	—	3.1	(0.3)	2.8
Total Impact—Operating (Loss) Income	\$ (34.5)	\$ —	\$ (2.3)	\$ 0.7	\$ (36.1)
Operating Income—GAAP	\$ 212.0	\$ 138.6	\$ 46.2	\$ 2.6	\$399.4
	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate</u>	<u>Total</u>
2011 (in millions)					
Operating Earnings (Loss)	\$ 237.0	\$ 118.4	\$ 49.3	\$ (2.6)	\$402.1
Net Revenues:					
Weather (compared to normal)	4.5	—	1.3	—	5.8
Unregulated natural gas marketing business	—	—	—	1.1	1.1
Total Impact—Net Revenues	4.5	—	1.3	1.1	6.9
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(2.0)	(2.0)
Loss on sale of assets and asset impairments	—	—	—	(0.6)	(0.6)
Total Impact—Operating Expenses	—	—	—	(2.6)	(2.6)
Total Impact—Operating Income (Loss)	\$ 4.5	\$ —	\$ 1.3	\$ (1.5)	\$ 4.3
Operating Income (Loss)—GAAP	\$ 241.5	\$ 118.4	\$ 50.6	\$ (4.1)	\$406.4

NiSource Inc.
Consolidated Income Statement (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
Net Revenues		
Gas Distribution	\$ 873.7	\$1,372.0
Gas Transportation and Storage	409.2	403.0
Electric	352.6	346.5
Other	<u>23.2</u>	<u>110.1</u>
Gross Revenues	1,658.7	2,231.6
Cost of Sales (excluding depreciation and amortization)	<u>630.3</u>	<u>1,170.9</u>
Total Net Revenues	<u>1,028.4</u>	<u>1,060.7</u>
Operating Expenses		
Operation and maintenance	405.4	429.3
Depreciation and amortization	146.1	134.3
Impairment and (gain)/loss on sale of assets, net	(1.6)	0.7
Other taxes	<u>86.8</u>	<u>93.0</u>
Total Operating Expenses	<u>636.7</u>	<u>657.3</u>
Equity Earnings in Unconsolidated Affiliates	<u>7.7</u>	<u>3.0</u>
Operating Income	<u>399.4</u>	<u>406.4</u>
Other Income (Deductions)		
Interest expense, net	(103.3)	(89.8)
Other, net	<u>0.3</u>	<u>3.3</u>
Total Other Deductions	<u>(103.0)</u>	<u>(86.5)</u>
Income from Continuing Operations before Income Taxes	296.4	319.9
Income Taxes	<u>102.9</u>	<u>110.8</u>
Income from Continuing Operations	<u>193.5</u>	<u>209.1</u>
(Loss)/Income from Discontinued Operations—net of taxes	<u>(0.1)</u>	<u>0.4</u>
Net Income	<u>\$ 193.4</u>	<u>\$ 209.5</u>
Basic Earnings Per Share		
Continuing operations	\$ 0.68	\$ 0.75
Discontinued operations	—	—
Basic Earnings Per Share	<u>\$ 0.68</u>	<u>\$ 0.75</u>
Diluted Earnings Per Share		
Continuing operations	\$ 0.66	\$ 0.73
Discontinued operations	—	—
Diluted Earnings Per Share	<u>\$ 0.66</u>	<u>\$ 0.73</u>
Dividends Declared Per Common Share	<u>\$ 0.46</u>	<u>\$ 0.46</u>
Basic Average Common Shares Outstanding	282.9	279.3
Diluted Average Common Shares	<u>293.1</u>	<u>285.0</u>

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$20,571.1	\$ 20,337.8
Accumulated depreciation and amortization	<u>(8,805.9)</u>	<u>(8,670.2)</u>
Net utility plant	<u>11,765.2</u>	<u>11,667.6</u>
Other property, at cost, less accumulated depreciation	<u>136.8</u>	<u>132.5</u>
Net Property, Plant and Equipment	<u>11,902.0</u>	<u>11,800.1</u>
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	0.2	0.2
Unconsolidated affiliates	204.8	204.7
Total Investments and Other Assets	<u>156.5</u>	<u>150.9</u>
Total Investments and Other Assets	<u>361.5</u>	<u>355.8</u>
Current Assets		
Cash and cash equivalents	38.5	11.5
Restricted cash	149.7	160.6
Accounts receivable (less reserve of \$45.6 and \$30.5, respectively)	730.3	854.8
Income tax receivable	0.7	0.9
Gas inventory	181.1	427.6
Underrecovered gas and fuel costs	15.0	20.7
Materials and supplies, at average cost	89.8	87.6
Electric production fuel, at average cost	83.3	50.9
Price risk management assets	141.9	137.2
Exchange gas receivable	76.4	64.9
Regulatory assets	186.2	169.7
Prepayments and other	<u>277.4</u>	<u>261.8</u>
Total Current Assets	<u>1,970.3</u>	<u>2,248.2</u>
Other Assets		
Price risk management assets	114.7	188.7
Regulatory assets	1,940.1	1,978.2
Goodwill	3,677.3	3,677.3
Intangible assets	294.9	297.6
Postretirement and postemployment benefits assets	34.9	31.5
Deferred charges and other	<u>150.2</u>	<u>130.9</u>
Total Other Assets	<u>6,212.1</u>	<u>6,304.2</u>
Total Assets	<u>\$20,445.9</u>	<u>\$ 20,708.3</u>

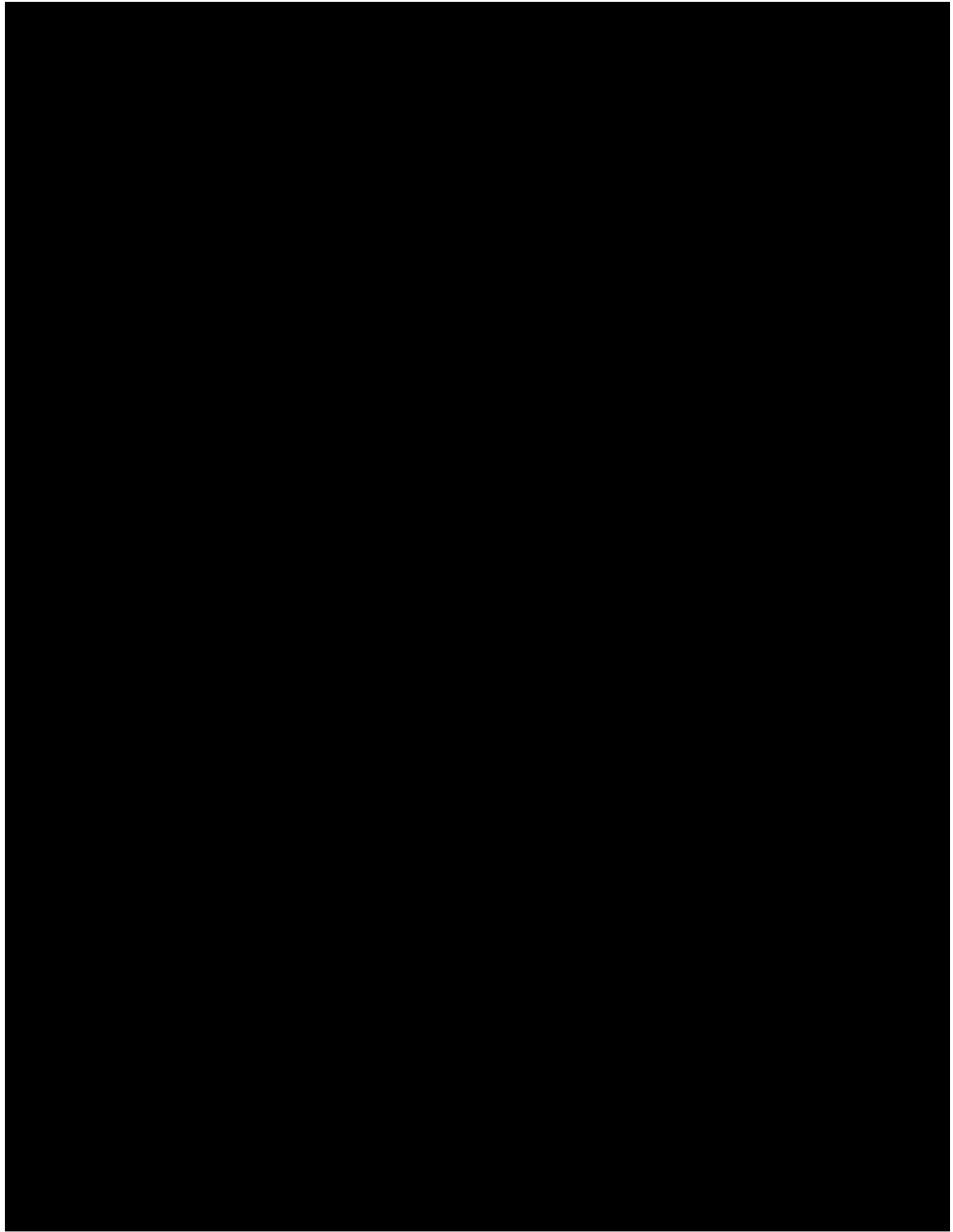
NiSource Inc.
Consolidated Balance Sheets (continued) (GAAP)
(unaudited)

<u>(in millions, except share amounts)</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock — \$0.01 par value, 400,000,000 shares authorized; 283,890,607 and 281,853,571 shares issued and outstanding, respectively	\$ 2.9	\$ 2.8
Additional paid-in capital	4,198.9	4,167.7
Retained earnings	980.0	917.0
Accumulated other comprehensive loss	(60.9)	(59.7)
Treasury stock	(40.4)	(30.5)
Total Common Stockholders' Equity	5,080.5	4,997.3
Long-term debt, excluding amounts due within one year	5,834.4	6,267.1
Total Capitalization	10,914.9	11,264.4
Current Liabilities		
Current portion of long-term debt	750.8	327.3
Short-term borrowings	1,264.2	1,359.4
Accounts payable	380.7	434.8
Dividends payable	65.3	—
Customer deposits and credits	215.1	313.6
Taxes accrued	237.3	220.9
Interest accrued	70.2	111.9
Overrecovered gas and fuel costs	74.3	48.9
Price risk management liabilities	180.4	167.8
Exchange gas payable	66.3	168.2
Deferred revenue	10.6	10.1
Regulatory liabilities	99.9	112.0
Accrued liability for postretirement and postemployment benefits	26.6	26.6
Legal and environmental reserves	37.0	43.9
Other accruals	239.7	301.0
Total Current Liabilities	3,718.4	3,646.4
Other Liabilities and Deferred Credits		
Price risk management liabilities	94.9	138.9
Deferred income taxes	2,650.7	2,541.9
Deferred investment tax credits	27.9	29.0
Deferred credits	80.7	78.9
Accrued liability for postretirement and postemployment benefits	946.0	953.8
Regulatory liabilities and other removal costs	1,616.2	1,663.9
Asset retirement obligations	148.4	146.4
Other noncurrent liabilities	247.8	244.7
Total Other Liabilities and Deferred Credits	5,812.6	5,797.5
Total Capitalization and Liabilities	\$20,445.9	\$ 20,708.3

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Three Months Ended March 31, *(in millions)*

	<u>2012</u>	<u>2011</u>
Operating Activities		
Net Income	\$ 193.4	\$ 209.5
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	146.1	134.3
Net changes in price risk management assets and liabilities	24.9	14.3
Deferred income taxes and investment tax credits	92.2	102.3
Deferred revenue	0.5	0.7
Stock compensation expense and 401(k) profit sharing contribution	8.9	7.8
Gain on sale of assets	(1.6)	—
Loss on impairment of assets	—	0.7
Income from unconsolidated affiliates	(6.6)	(3.1)
Loss (Gain) from discontinued operations - net of taxes	0.1	(0.4)
Amortization of debt related costs	2.3	2.1
AFUDC equity	(1.0)	(1.4)
Distributions of earnings received from equity investees	12.9	1.8
Changes in Assets and Liabilities:		
Accounts receivable	127.9	16.0
Income tax receivable	0.2	78.6
Inventories	211.2	208.5
Accounts payable	(41.3)	(119.9)
Customer deposits and credits	(98.5)	(136.5)
Taxes accrued	16.6	24.1
Interest accrued	(41.7)	(53.0)
Overrecovered gas and fuel costs	31.1	191.0
Exchange gas receivable/payable	(113.4)	(129.6)
Other accruals	(54.3)	(34.0)
Prepayments and other current assets	(4.7)	1.3
Regulatory assets/liabilities	(1.2)	15.2
Postretirement and postemployment benefits	(6.9)	(94.4)
Deferred credits	2.6	3.5
Deferred charges and other noncurrent assets	(23.3)	(3.6)
Other noncurrent liabilities	4.0	1.0
Net Operating Activities from Continuing Operations	<u>480.4</u>	<u>436.8</u>
Net Operating Activities used for Discontinued Operations	<u>(0.4)</u>	<u>(14.7)</u>
Net Cash Flows from Operating Activities	<u>480.0</u>	<u>422.1</u>
Investing Activities		
Capital expenditures	(292.6)	(209.4)
Proceeds from disposition of assets	2.1	5.5
Restricted cash withdrawals	11.5	38.0
Contributions to equity investees	(5.3)	—
Other investing activities	(10.4)	(9.2)
Net Cash Flow used for Investing Activities	<u>(294.7)</u>	<u>(175.1)</u>
Financing Activities		
Retirement of long-term debt	(5.9)	(2.8)
Premiums and other debt related costs	—	(8.2)
Change in short-term borrowings, net	(94.8)	(119.5)
Issuance of common stock	17.4	3.7
Acquisition of treasury stock	(9.9)	(2.7)
Dividends paid - common stock	(65.1)	(64.2)
Net Cash Flow used for Financing Activities	<u>(158.3)</u>	<u>(193.7)</u>
Change in cash and cash equivalents from continuing operations	27.4	68.0
Cash contributions to discontinued operations	(0.4)	(14.7)
Cash and cash equivalents at beginning of period	11.5	9.2
Cash and Cash Equivalents at End of Period	<u>\$ 38.5</u>	<u>\$ 62.5</u>



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 02/01/12 for the Period Ending 02/01/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 1, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of
incorporation or organization)**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 1, 2012, NiSource Inc. (the "Company") reported its financial results for the year ended December 31, 2011. The Company's press release, dated February 1, 2012, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated February 1, 2012, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: February 1, 2012

By: /s/ Jon D. Veurink
Jon D. Veurink
Vice President and Chief Accounting Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated February 1, 2012, issued by NiSource Inc.

NEWS

NiSource[®]

801 E. 86th Avenue
Merrillville, IN 46410

February 1, 2012

FOR ADDITIONAL INFORMATION

Media

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Managing Director, Investor Relations
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NiSource Reports 2011 Earnings

- Results at the top of 2011 earnings guidance range
- Infrastructure-investment-driven growth opportunities advance
- Record \$1.4 billion capital investment program in 2012
- 2012 earnings outlook of \$1.40 to \$1.50 per share reflects ongoing growth

MERRILLVILLE, Ind.—NiSource Inc. (NYSE: NI) today announced net operating earnings (non-GAAP) of \$377.8 million, or \$1.35 per share, for the twelve months ended Dec. 31, 2011, compared to net operating earnings of \$338.2 million, or \$1.22 per share for 2010 – an increase of about 10.7 percent. NiSource’s consolidated operating earnings (non-GAAP) for the twelve months ended Dec. 31, 2011, were \$961.3 million compared to \$915.3 million in 2010.

On a GAAP basis, NiSource reported income from continuing operations for the twelve months ended Dec. 31, 2011, of \$303.8 million, or \$1.08 per share, compared with \$285.2 million, or \$1.03 per share in 2010. Operating income was \$905.1 million for 2011 versus \$905.7 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

For the three months ended Dec. 31, 2011, net operating earnings (non-GAAP) were \$91.2 million, or \$0.32 per share, compared with \$93.6 million, or \$0.33 per share, for the same period in 2010. On a GAAP basis, income from continuing operations for the three months ended Dec. 31, 2011, was \$17.6 million, or \$0.06 per share, compared with \$34.2 million, or \$0.12 per share for the fourth quarter of 2010.

“2011 was a year of significant achievement, groundbreaking performance and industry-leading growth in shareholder value,” NiSource President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. “Across the board, NiSource teams delivered on our well-established, infrastructure-investment-driven business strategy. This strategy generated earnings growth in line with our guidance range for the fifth consecutive year, and positioned the company to deliver total shareholder return of approximately 40 percent in 2011, significantly outperforming broader market and utility indices for the third consecutive year.”

In announcing NiSource's 2011 results, Skaggs highlighted key business accomplishments and ongoing initiatives expected to drive continued earnings growth for the company during 2012.

Financial strength to fund \$1.4 billion in 2012 capital investments

NiSource continued to build on its financial strength and discipline during 2011, positioning the company to take advantage of a deep and expanding inventory of identified investment opportunities across all its business units.

"Building on NiSource's disciplined, well-executed financial strategy, and the range of investment opportunities available to the company, we are pleased to announce a capital investment program of approximately \$1.4 billion in 2012," Skaggs said. "This represents an increase of nearly 25 percent over our \$1.13 billion 2011 program."

Skaggs noted that the increase will primarily fund attractive and accretive investment opportunities at its **NiSource Gas Transmission and Storage (NGT&S)** unit, as well as at **Northern Indiana Public Service Company (NIPSCO)**. In addition, the company expects to invest \$533 million at its **NiSource Gas Distribution (NGD)** business unit.

The company's solid financial profile was further strengthened as a result of a number of key initiatives taken during 2011. These initiatives, which will serve to reduce financing costs, extend the company's debt maturity profile and help manage its liabilities, included:

- Successful issuance of a total of \$900 million of long-term notes, of which \$250 million was used to make an accelerated contribution to the company's pension plans;
- Completion of a \$250 million tender offer to repurchase high-interest long-term debt in December;
- Launch of a \$500 million commercial paper program in June; and
- Renewal of the company's \$1.5 billion revolving credit facility for an additional four years in March.

Skaggs noted that, given NiSource's strong cash position, the company does not plan to draw upon its Sept. 2010 forward equity sale until the third quarter of 2012. NiSource closed the year with \$364 million in net available liquidity.

NIPSCO electric positioned for continued long-term investment and growth

NIPSCO's electric business made significant strides during 2011 to advance its strategy of enhancing customer service and reliability, modernizing rate design and building a foundation for long-term, investment-driven growth.

- In December, NIPSCO's landmark electric rate case settlement was approved without modification by the Indiana Utility Regulatory Commission (IURC). The collaborative settlement represents a balanced agreement that supports NIPSCO's ability to provide Indiana families, businesses and industries with the affordable, reliable and environmentally sustainable power they need now and in the future.
- As part of a multi-state effort to strengthen the electric transmission system serving the Midwest, NIPSCO will make an approximately \$270 million investment in a new, 100-mile, 345-kilovolt transmission project in northern Indiana. The project, one of 17 major new transmission system improvements reviewed and authorized by the Midwest Independent Transmission System Operator (MISO), is scheduled to be in service during the latter part of the decade.

- Significant environmental investments at NIPSCO's coal-fired electric generation facilities remain on schedule, including construction of Flue Gas Desulfurization equipment on two units at the company's Schahfer generating station. The improvements, part of a nearly \$850 million environmental investment program over the next six to eight years, will position NIPSCO to comply with emission standards recently issued by the U.S. Environmental Protection Agency.

"From the successful completion of the electric rate case, to ongoing customer, environmental and economic development programs, NIPSCO is well positioned for significant, sustainable investment and growth in northern Indiana," Skaggs noted. "Taken together, these efforts will strengthen system reliability, customer service and responsiveness, environmental and community quality, while providing stable ongoing earnings growth."

Leveraging gas transmission and storage and midstream growth opportunities

NGT&S also continues to advance key strategies to enhance system reliability, develop new growth projects, and leverage the company's strategic footprint in emerging shale gas production areas.

- During 2011, NGT&S placed into service a number of strategic growth projects, primarily serving the Marcellus shale production area. These and other projects placed into service in previous years contributed over \$30 million in additional demand revenues in 2011.
- On the regulatory front, in November, the Federal Energy Regulatory Commission (FERC) approved the settlement of **Columbia Gulf Transmission's** Oct 2010 base rate case. The settlement—effective as of May 2011—reflects updated costs and operating conditions, and will position the company to meet customer needs and earn a reasonable return on its investment.
- NGT&S continues to develop a range of additional supply-driven growth initiatives, including mineral leasing, midstream projects and traditional pipeline expansion opportunities. One project in the later stages of development involves an approximately \$145 million investment in 90 miles of pipeline facilities in western Pennsylvania supporting increased shale production. A major Marcellus shale producer will anchor the project, which is expected to have an initial capacity of approximately 300,000 dekatherms per day with interconnects with multiple interstate pipelines. A definitive agreement is anticipated by the end of the first quarter and the project is expected to be placed in service in late 2012.
- **Millennium Pipeline** also is progressing on plans to add more than 12,000 horsepower of compression to its system in Orange County, NY, driven by increased shale production. Pending FERC approval, the new compressor station represents an investment of approximately \$43 million. The project is anticipated to be in-service in Nov. 2012 and increase Millennium's delivery capabilities at its interconnection with Algonquin Gas Transmission to 675,000 dekatherms per day. NiSource owns a 47.5 percent interest in Millennium.
- Looking forward, NGT&S also is considering the possibility of a long-term system modernization program designed to enhance the reliability and flexibility of its infrastructure; respond to changing supply and market dynamics; and comply with developing pipeline safety and integrity requirements. In addition to numerous customer, environmental and economic development benefits, the multi-billion dollar program—which is in the early stages of development—would also support ongoing rate base and earnings growth.

“On the heels of solid progress and the addition of experienced, energized leadership in 2011, our NGT&S team is fully engaged with customers to develop and execute on a broad array of infrastructure enhancement and new growth opportunities,” Skaggs said. “Our NGT&S capital investment program for 2012 is approximately \$430 million—an increase of 43 percent over 2011—reflecting a significant increase in accretive expansion projects capitalizing on the attractive opportunities available to NGT&S in the developing shale supply regions. These and other projects will serve to enhance the long-term value of our assets for the benefit of our customers, shareholders and other key stakeholders.”

Executing gas distribution infrastructure, customer and regulatory programs

Combining long-term infrastructure modernization programs with complementary customer programs and regulatory initiatives continues to be the focus at NGD.

- Infrastructure modernization and replacement projects continued across NGD as part of its \$4 billion plus modernization program. In total during 2011, nearly \$320 million was invested in modernization and replacement programs at NGD.
- In November, **Columbia Gas of Virginia** received regulatory approval of its application for accelerated recovery of its infrastructure projects. Part of Virginia’s SAVE Act (Steps To Advance Virginia’s Energy Plan), the company plans to invest \$100 million over the next five years on its infrastructure modernization program.
- On the customer front, in December, **Columbia Gas of Ohio** received approval from the Public Utilities Commission of Ohio to extend and expand its energy efficiency programs for an additional five years, starting in 2012. Over the life of the proposed programs, COH estimates customers will save up to \$300 million through reduced energy usage. Also in December, NIPSCO’s gas business received IURC approval of various existing and new customer energy efficiency programs through Nov. 2012.
- As previously announced, the Pennsylvania Public Utility Commission issued a final order in **Columbia Gas of Pennsylvania’s** base rate case on Oct. 14, which authorized an annual revenue increase of \$17 million. The Commission also authorized a new residential rate design with a higher minimum monthly charge, including a fixed customer charge and usage allowance.

“Our focus on infrastructure modernization at our utilities continues to benefit our customers and communities, as well as NiSource shareholders,” Skaggs said. “Our proactive, collaborative approach, combined with appropriate regulatory treatment, has served us well as we execute on this long-term core strategy.”

Earnings growth outlook continues with 2012 guidance of \$1.40 to \$1.50 per share

Based on the continued success of NiSource’s balanced business strategy and a deep inventory of investment opportunities across each of its business units, NiSource expects to deliver 2012 net operating earnings (non-GAAP) within a range of \$1.40 to \$1.50 per share, representing solid growth over 2011 results.

There will likely be differences between net operating earnings and GAAP earnings, but, due to the unpredictability of weather and other factors, NiSource is not providing GAAP earnings guidance.

Skaggs noted that the company's outlook continues to be driven by execution of its infrastructure-investment programs and is premised on a relatively modest and gradual economic recovery across the markets served by its utilities.

"With a growing inventory of infrastructure investment opportunities and a strong financial foundation to support a \$1.4 billion capital investment program, NiSource is well-positioned to continue growing earnings and increasing shareholder value in 2012 and beyond," Skaggs concluded. "Leveraging the momentum we have built over the past few years will enable NiSource to continue delivering on our financial commitments—a strong and secure dividend, stable investment-grade credit ratings and long-term, sustainable earnings growth."

Full-Year 2011 Operating Earnings—Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the year ended Dec. 31, 2011, were \$961.3 million, compared to \$915.3 million in 2010. Refer to Schedule 2 for the items included in 2011 and 2010 GAAP operating income but excluded from operating earnings. Operating earnings for NiSource's business segments for the full-year ended Dec. 31, 2011, are discussed below.

NiSource Gas Distribution reported operating earnings of \$438.8 million compared to \$342.6 million reported for the year ended Dec. 31, 2010. Net revenues, excluding the impact of regulatory trackers, increased \$31.2 million primarily attributable to new rates under Columbia Gas of Ohio's approved infrastructure replacement program and rate cases at other utilities. Additionally, there was an increase in residential and commercial margins. These increases were partially offset by a decrease in off-system sales and lower industrial margins.

Operating expenses, excluding the impact of trackers, were \$65.0 million lower than the comparable period in the prior year primarily due to a reduction of approximately \$75 million in depreciation costs as a result of reduced depreciation rates at NIPSCO. These decreases were partially offset by an increase in employee and administrative costs for the business segment.

NiSource Gas Transmission and Storage reported operating earnings of \$360.1 million versus operating earnings of \$376.8 million for the year ended Dec. 31, 2010. Net revenues, excluding trackers, increased \$50.5 million primarily attributable to an increase in demand margin revenue as a result of growth projects placed into service in 2011 and throughout 2010, the impact of new Columbia Gulf rates placed into effect on May 1, 2011, and an increase in mineral rights royalty revenue. These increases were partially offset by the recognition of revenue in the prior year related to a previously deferred gain for native gas.

Operating expenses, excluding trackers, increased by \$66.8 million primarily due to higher employee and administrative expenses, driven largely by pension contributions, increased environmental costs, higher software and separation costs. These increases were partially offset by a decrease in outside service costs.

Equity earnings decreased by \$0.4 million for 2011 compared to 2010.

NiSource Electric reported operating earnings of \$203.0 million for the year ended Dec. 31, 2011, compared with operating earnings of \$217.0 million for the prior year period. Net revenues, excluding trackers, decreased by \$0.6 million primarily due to decreased residential and commercial margins and lower environmental cost recovery rates partially offset by increased industrial usage and margins and lower revenue credits.

Operating expenses, excluding trackers, increased by \$13.4 million due primarily to an increase in employee and administrative expenses, higher outside service and rate case costs. These increases were partially offset by the costs incurred in the prior year related to an inventory write-off.

Corporate and Other Operations reported an operating earnings loss of \$40.6 million for the year ended Dec. 31, 2011, compared to an operating earnings loss of \$21.1 million for the year ended Dec. 31, 2010 due to a reserve on certain assets related to the wind down of the unregulated natural gas marketing business.

Other Items

Interest expense decreased by \$15.5 million due to the repurchase of long-term debt in Nov. 2011 and Dec. 2010 and a long-term debt maturity in Nov. 2010. The benefits were partially offset by incremental interest expense associated with a swap maturity in Nov. 2010, the issuance of long-term debt in Nov. 2011, June 2011 and Dec. 2010, and higher average short-term borrowings and rates.

Other-net reflected expense of \$7.3 million in 2011 compared to income of \$3.8 million in 2010. The increase in expense is the result of additional charitable contributions in the current year.

The effective tax rate of net operating earnings was 34.5 percent compared to 35.8 percent for the same period last year.

Fourth Quarter 2011 Operating Earnings—Segment Results (non-GAAP)

NiSource's consolidated fourth quarter 2011 operating earnings (non-GAAP) were \$252.9 million, compared to \$247.8 million for the same period in 2010. Refer to Schedule 2 for the items included in the fourth quarter 2011 and 2010 GAAP operating income but excluded from operating earnings. Operating earnings for NiSource's business segments for the fourth quarter ended Dec. 31, 2011, are discussed below.

NiSource Gas Distribution reported operating earnings of \$144.9 million versus operating earnings of \$112.9 million in the fourth quarter of 2010. Net revenues, excluding the impact of regulatory and tax trackers, increased \$15.0 million, primarily attributable to new rates under Columbia Gas of Ohio's approved infrastructure replacement program and rate cases at other utilities. Additionally, there was an increase in residential and commercial margins.

Operating expenses, excluding trackers, were \$17.0 million lower than the comparable period due to decreases in environmental costs and depreciation expenses. These decreases were partially offset by an increase in uncollectibles.

NiSource Gas Transmission and Storage reported operating earnings of \$89.0 million versus operating earnings of \$99.9 million in the fourth quarter of 2010. Net revenues, excluding the impact of regulatory trackers, increased \$24.9 million, primarily attributable to an increase in demand margin revenue as a result of growth projects placed into service in 2011 and throughout 2010 and the impact of new Columbia Gulf rates placed into effect on May 1, 2011.

Operating expenses, excluding trackers, increased by \$37.9 million primarily due to an increase in employee and administrative expenses, driven largely by pension contributions, and an increase in software costs. These increases were partially offset by a decrease in outside service costs and lower depreciation.

Equity earnings increased by \$2.1 million primarily the result of an increase in earnings at Millennium Pipeline.

NiSource Electric reported operating earnings of \$43.0 million versus operating earnings of \$43.4 million from the same quarter last year. Net revenues, excluding regulatory trackers, decreased \$4.7 million compared to the prior year. The decrease was primarily the result of lower environmental cost recovery due primarily to a decrease in environmental spend.

Operating expenses decreased by \$4.3 million, excluding trackers, due primarily to lower electric generation costs which were partially offset by increased outside service costs.

Corporate and Other Operations reported an operating earnings loss of \$24.0 million in the fourth quarter of 2011 compared to an operating earnings loss of \$8.4 million in 2010 due to a reserve on certain assets related to the wind down of the unregulated natural gas marketing business.

Other Items

Interest expense decreased by \$0.6 million in 2011 compared to 2010 due to the change in long-term debt noted above.

Other-net reflected an expense of \$12.8 million compared to \$3.5 million in 2010. The change in expense was the result of an increase in charitable contributions in the current year.

The effective tax rate of net operating earnings was 36.3 percent compared to 36.2 percent for the same period last year.

Income from Continuing Operations (GAAP)

On a GAAP basis, NiSource reported income from continuing operations for the twelve months ended Dec. 31, 2011, of \$303.8 million, or \$1.08 per share, compared with \$285.2 million, or \$1.03 per share in 2010.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended Dec. 31, 2011, of \$17.6 million, or \$0.06 per share, compared with \$34.2 million, or \$0.12 per share for the fourth quarter of 2010.

The NiSource GAAP results reflect certain non-material corrections to its consolidated financial statements as of Dec. 31, 2010 and for the three and twelve months ended Dec. 31, 2010. The effect of these non-material corrections was a decrease in income from continuing operations of \$9.4 million or \$0.03 per share for the year ended Dec. 31, 2010 and a decrease in income from continuing operations of \$1.6 million or \$0.01 per share for the three months ended Dec. 31, 2010.

On November 14, 2011, NiSource commenced a cash tender offer to repurchase up to \$250.0 million aggregate principal amount of its outstanding 10.75% notes due 2016 and 6.15% notes due 2013. A condition of the offering was that all validly tendered 2016 notes would be accepted for purchase before any 2013 notes were accepted. On December 13, 2011, NiSource announced that approximately \$125.3 million of the aggregate principal amount of its outstanding 10.75% notes due 2016 were validly tendered. Based upon the principal amount of the 2016 notes tendered, NiSource also repurchased \$124.7 million of the 2013 notes. As a result of this tender offer, NiSource incurred \$53.9 million in early redemption fees, primarily attributable to early redemption premiums and unamortized discounts and fees, which are recorded as a loss on the early extinguishment of long-term debt.

During the fourth quarter of 2011, NiSource reviewed its current estimates for future environmental remediation costs related to the company's manufactured gas plant (MGP) sites. Following the review, NiSource revised its estimates based on expected remediation activities and experience with similar facilities and recorded \$35.5 million of expense at subsidiaries for which environmental expense is not probable of recovery from customers.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's restructured outsourcing agreement; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counterparty credit risk and the matters set forth in the "Risk Factors" Section in NiSource's 2010 Form 10-K and 2011 Forms 10-Q, many of which are risks beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net Revenues				
Gas Distribution	\$ 730.9	\$ 973.6	\$2,927.6	\$3,097.4
Gas Transportation and Storage	361.0	355.9	1,354.6	1,261.4
Electric	329.6	316.7	1,420.2	1,367.5
Other	29.2	21.4	92.5	92.0
Gross Revenues	<u>1,450.7</u>	<u>1,667.6</u>	<u>5,794.9</u>	<u>5,818.3</u>
Cost of Sales (excluding depreciation and amortization)	<u>545.6</u>	<u>752.3</u>	<u>2,334.0</u>	<u>2,379.2</u>
Total Net Revenues	<u>905.1</u>	<u>915.3</u>	<u>3,460.9</u>	<u>3,439.1</u>
Operating Expenses				
Operation and maintenance	406.0	393.5	1,488.5	1,417.6
Operation and maintenance—trackers	43.3	62.6	194.3	239.7
Depreciation and amortization	131.1	138.8	524.1	584.7
Depreciation and amortization—trackers	3.4	3.2	14.1	12.4
Other taxes	54.0	48.5	212.6	207.1
Other taxes—trackers	20.2	24.6	80.6	77.3
Total Operating Expenses	<u>658.0</u>	<u>671.2</u>	<u>2,514.2</u>	<u>2,538.8</u>
Equity Earnings in Unconsolidated Affiliates	<u>5.8</u>	<u>3.7</u>	<u>14.6</u>	<u>15.0</u>
Operating Earnings	<u>252.9</u>	<u>247.8</u>	<u>961.3</u>	<u>915.3</u>
Other Income (Deductions)				
Interest expense, net	(96.9)	(97.5)	(376.8)	(392.3)
Other, net	(12.8)	(3.5)	(7.3)	3.8
Total Other Deductions	<u>(109.7)</u>	<u>(101.0)</u>	<u>(384.1)</u>	<u>(388.5)</u>
Operating Earnings From Continuing Operations				
Before Income Taxes	143.2	146.8	577.2	526.8
Income Taxes	52.0	53.2	199.4	188.6
Net Operating Earnings from Continuing Operations	<u>91.2</u>	<u>93.6</u>	<u>377.8</u>	<u>338.2</u>
GAAP Adjustment	<u>(73.6)</u>	<u>(59.4)</u>	<u>(74.0)</u>	<u>(53.0)</u>
GAAP Income from Continuing Operations	<u>\$ 17.6</u>	<u>\$ 34.2</u>	<u>\$ 303.8</u>	<u>\$ 285.2</u>
Basic Net Operating Earnings Per Share from Continuing Operations	<u>0.32</u>	<u>0.33</u>	<u>1.35</u>	<u>1.22</u>
GAAP Basic Earnings Per Share from Continuing Operations	<u>0.06</u>	<u>0.12</u>	<u>1.08</u>	<u>1.03</u>
Basic Average Common Shares Outstanding	<u>281.4</u>	<u>278.6</u>	<u>280.4</u>	<u>277.8</u>

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net Revenues				
Sales Revenues	\$877.0	\$1,123.4	\$3,508.4	\$3,677.2
Less: Cost of gas sold	443.8	679.8	1,917.4	2,065.6
Net Revenues	<u>433.2</u>	<u>443.6</u>	<u>1,591.0</u>	<u>1,611.6</u>
Operating Expenses				
Operation and maintenance	178.6	192.1	694.5	699.1
Operation and maintenance—trackers	23.6	44.6	115.7	170.8
Depreciation and amortization	43.6	49.5	174.0	239.3
Other taxes	22.3	19.9	87.4	82.5
Other taxes—trackers	20.2	24.6	80.6	77.3
Total Operating Expenses	<u>288.3</u>	<u>330.7</u>	<u>1,152.2</u>	<u>1,269.0</u>
Operating Earnings	<u>\$144.9</u>	<u>\$ 112.9</u>	<u>\$ 438.8</u>	<u>\$ 342.6</u>
GAAP Adjustment	<u>(48.2)</u>	<u>8.6</u>	<u>(46.0)</u>	<u>(10.3)</u>
GAAP Operating Income	<u>\$ 96.7</u>	<u>\$ 121.5</u>	<u>\$ 392.8</u>	<u>\$ 332.3</u>
Gas Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net Revenues				
Transportation revenues	\$222.6	\$205.8	\$ 776.7	\$728.4
Storage revenues	48.1	49.7	196.1	198.7
Other revenues	12.6	2.3	32.8	22.1
Net Operating Revenues	<u>283.3</u>	<u>257.8</u>	<u>1,005.6</u>	<u>949.2</u>
Operating Expenses				
Operation and maintenance	137.1	96.5	407.7	339.4
Operation and maintenance—trackers	16.3	15.7	65.8	59.9
Depreciation and amortization	31.9	35.8	130.0	130.7
Other taxes	14.8	13.6	56.6	57.4
Total Operating Expenses	<u>200.1</u>	<u>161.6</u>	<u>660.1</u>	<u>587.4</u>
Equity Earnings in Unconsolidated Affiliates	<u>5.8</u>	<u>3.7</u>	<u>14.6</u>	<u>15.0</u>
Operating Earnings	<u>\$ 89.0</u>	<u>\$ 99.9</u>	<u>\$ 360.1</u>	<u>\$376.8</u>
GAAP Adjustment	<u>(0.1)</u>	<u>0.1</u>	<u>(0.1)</u>	<u>(0.2)</u>
GAAP Operating Income	<u>\$ 88.9</u>	<u>\$100.0</u>	<u>\$ 360.0</u>	<u>\$376.6</u>

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net Revenues				
Sales revenues	\$332.1	\$331.5	\$1,428.4	\$1,383.0
Less: Cost of sales	<u>122.5</u>	<u>118.4</u>	<u>548.8</u>	<u>508.3</u>
Net Revenues	<u>209.6</u>	<u>213.1</u>	<u>879.6</u>	<u>874.7</u>
Operating Expenses				
Operation and maintenance	96.1	101.3	392.6	378.3
Operation and maintenance—trackers	3.3	2.3	12.8	9.0
Depreciation and amortization	49.9	49.0	200.6	199.4
Depreciation and amortization—trackers	3.4	3.2	14.1	12.4
Other taxes	<u>13.9</u>	<u>13.9</u>	<u>56.5</u>	<u>58.6</u>
Total Operating Expenses	<u>166.6</u>	<u>169.7</u>	<u>676.6</u>	<u>657.7</u>
Operating Earnings	<u>\$ 43.0</u>	<u>\$ 43.4</u>	<u>\$ 203.0</u>	<u>\$ 217.0</u>
GAAP Adjustment	<u>(3.2)</u>	<u>(0.9)</u>	<u>6.5</u>	<u>3.8</u>
GAAP Operating Income	<u>\$ 39.8</u>	<u>\$ 42.5</u>	<u>\$ 209.5</u>	<u>\$ 220.8</u>
Corporate and Other Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Operating Loss	<u>\$ (24.0)</u>	<u>\$ (8.4)</u>	<u>\$ (40.6)</u>	<u>\$ (21.1)</u>
GAAP Adjustment	<u>(15.6)</u>	<u>(2.9)</u>	<u>(16.6)</u>	<u>(2.9)</u>
GAAP Operating Loss	<u>\$ (39.6)</u>	<u>\$ (11.3)</u>	<u>\$ (57.2)</u>	<u>\$ (24.0)</u>

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	72.6	87.8	254.5	258.0
Commercial	46.7	51.7	168.6	166.8
Industrial	109.5	101.7	431.8	385.9
Off System	10.2	15.1	62.4	71.9
Other	0.1	0.1	0.6	1.0
Total	239.1	256.4	917.9	883.6
Weather Adjustment	18.1	(9.4)	12.7	5.1
Sales and Transportation Volumes—Excluding Weather	257.2	247.0	930.6	888.7
Heating Degree Days	1,742	2,177	5,434	5,547
Normal Heating Degree Days	2,037	2,037	5,633	5,633
% Colder (Warmer) than Normal	(14%)	7%	(4%)	(2%)
Customers				
Residential			3,039,579	3,039,874
Commercial			280,521	281,473
Industrial			7,861	7,668
Other			19	65
Total			3,327,980	3,329,080
Gas Transmission and Storage Operations				
Throughput (MMDth)				
Columbia Transmission	301.4	342.3	1,117.5	1,092.4
Columbia Gulf	270.6	223.4	1,048.0	848.4
Crossroads Gas Pipeline	4.0	5.2	18.7	25.4
Intrasegment eliminations	(124.0)	(145.5)	(548.5)	(568.7)
Total	452.0	425.4	1,635.7	1,397.5

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Electric Operations				
Sales (Gigawatt Hours)				
Residential	765.6	792.4	3,526.5	3,625.6
Commercial	931.3	928.8	3,886.5	3,919.9
Industrial	2,247.5	2,137.2	9,257.6	8,459.0
Wholesale	144.4	181.4	651.6	817.1
Other	44.2	58.2	165.5	186.4
Total	<u>4,133.0</u>	<u>4,098.0</u>	<u>17,487.7</u>	<u>17,008.0</u>
Weather Adjustment	31.1	(15.8)	(101.1)	(174.1)
Sales Volumes—Excluding Weather impacts	<u>4,164.1</u>	<u>4,082.2</u>	<u>17,386.6</u>	<u>16,833.9</u>
Cooling Degree Days			907	977
Normal Cooling Degree Days			808	808
% Warmer (Colder) than Normal			12%	21%
Electric Customers				
Residential			400,567	400,522
Commercial			54,029	53,877
Industrial			2,405	2,432
Wholesale			17	15
Other			737	740
Total			<u>457,755</u>	<u>457,586</u>

NiSource Inc.
Schedule I—Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 91.2	\$ 93.6	\$377.8	\$338.2
Items excluded from operating earnings:				
Net Revenues:				
Weather—compared to normal	(14.4)	9.7	(2.1)	8.4
Revenue adjustment	(0.6)	(2.1)	(0.6)	(13.1)
Unregulated natural gas marketing business	0.5	0.4	4.5	6.2
Operating Expenses:				
Restructuring	—	—	—	(0.7)
Environmental MGP remediation review	(35.5)	—	(35.5)	—
Unregulated natural gas marketing business	(1.2)	(2.6)	(5.6)	(8.5)
Loss on sale of assets and asset impairments	(15.9)	(0.5)	(16.9)	(1.9)
Total items excluded from operating earnings	(67.1)	4.9	(56.2)	(9.6)
Loss on early extinguishment of debt	(53.9)	(96.7)	(53.9)	(96.7)
Tax effect of above items	47.4	36.3	42.9	42.0
Income Taxes—Tax method / rate changes	—	(3.9)	(6.8)	(3.9)
Income Taxes—Rate settlement flow-through	—	—	—	15.2
Total items excluded from net operating earnings	(73.6)	(59.4)	(74.0)	(53.0)
Reported Income from Continuing Operations—GAAP	\$ 17.6	\$ 34.2	\$303.8	\$285.2
Basic Average Common Shares Outstanding	281.4	278.6	280.4	277.8
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.32	\$ 0.33	\$ 1.35	\$ 1.22
Items excluded from net operating earnings (after-tax)	(0.26)	(0.21)	(0.27)	(0.19)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.06	\$ 0.12	\$ 1.08	\$ 1.03

NiSource Inc.
Schedule 2—Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended December 31,

2011 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 144.9	\$ 89.0	\$ 43.0	\$ (24.0)	\$ 252.9
Net Revenues:					
Weather (compared to normal)	(12.1)	—	(2.3)	—	(14.4)
Revenue sales adjustment	—	—	(0.6)	—	(0.6)
Unregulated natural gas marketing business	—	—	—	0.5	0.5
Total Impact—Net Revenues	(12.1)	—	(2.9)	0.5	(14.5)
Operating Expenses					
Environmental MGP remediation review	(35.5)	—	—	—	(35.5)
Unregulated natural gas marketing business	—	—	—	(1.2)	(1.2)
Loss on sale of assets and asset impairments	(0.6)	(0.1)	(0.3)	(14.9)	(15.9)
Total Impact—Operating Expenses	(36.1)	(0.1)	(0.3)	(16.1)	(52.6)
Total Impact—Operating Income (Loss)	\$ (48.2)	\$ (0.1)	\$ (3.2)	\$ (15.6)	\$ (67.1)
Operating Income (Loss)—GAAP	\$ 96.7	\$ 88.9	\$ 39.8	\$ (39.6)	\$ 185.8

2010 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 112.9	\$ 99.9	\$ 43.4	\$ (8.4)	\$ 247.8
Net Revenues:					
Weather (compared to normal)	8.6	—	1.1	—	9.7
Revenue adjustment	—	—	(2.1)	—	(2.1)
Unregulated natural gas marketing business	—	—	—	0.4	0.4
Total Impact—Net Revenues	8.6	—	(1.0)	0.4	8.0
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(2.6)	(2.6)
Gain/(Loss) on sale of assets and asset impairments	—	0.1	0.1	(0.7)	(0.5)
Total Impact—Operating Expenses	—	0.1	0.1	(3.3)	(3.1)
Total Impact—Operating Income (Loss)	\$ 8.6	\$ 0.1	\$ (0.9)	\$ (2.9)	\$ 4.9
Operating Income (Loss)—GAAP	\$ 121.5	\$ 100.0	\$ 42.5	\$ (11.3)	\$ 252.7

NiSource Inc.
Schedule 2—Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended December 31,

2011 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate and Other	Total
Operating Earnings (Loss)	\$ 438.8	\$ 360.1	\$ 203.0	\$ (40.6)	\$ 961.3
Net Revenues:					
Weather (compared to normal)	(9.7)	—	7.6	—	(2.1)
Revenue sales adjustment	—	—	(0.6)	—	(0.6)
Unregulated natural gas marketing business	—	—	—	4.5	4.5
Total Impact—Net Revenues	(9.7)	—	7.0	4.5	1.8
Operating Expenses					
Environmental MGP remediation review	(35.5)	—	—	—	(35.5)
Unregulated natural gas marketing business	—	—	—	(5.6)	(5.6)
Loss on sale of assets and asset impairments	(0.8)	(0.1)	(0.5)	(15.5)	(16.9)
Total Impact—Operating Expenses	(36.3)	(0.1)	(0.5)	(21.1)	(58.0)
Total Impact—Operating (Loss) Income	\$ (46.0)	\$ (0.1)	\$ 6.5	\$ (16.6)	\$ (56.2)
Operating Income (Loss)—GAAP	\$ 392.8	\$ 360.0	\$ 209.5	\$ (57.2)	\$ 905.1

2010 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate and Other	Total
Operating Earnings (Loss)	\$ 342.6	\$ 376.8	\$ 217.0	\$ (21.1)	\$ 915.3
Net Revenues:					
Weather (compared to normal)	(3.4)	—	11.8	—	8.4
Revenue adjustment	(5.7)	—	(7.4)	—	(13.1)
Unregulated natural gas marketing business	—	—	—	6.2	6.2
Total Impact—Net Revenues	(9.1)	—	4.4	6.2	1.5
Operating Expenses					
Restructuring	(0.2)	—	(0.5)	—	(0.7)
Unregulated natural gas marketing business	—	—	—	(8.5)	(8.5)
Loss on sale of assets and asset impairments	(1.0)	(0.2)	(0.1)	(0.6)	(1.9)
Total Impact—Operating Expenses	(1.2)	(0.2)	(0.6)	(9.1)	(11.1)
Total Impact—Operating (Loss) Income	\$ (10.3)	\$ (0.2)	\$ 3.8	\$ (2.9)	\$ (9.6)
Operating Income (Loss)—GAAP	\$ 332.3	\$ 376.6	\$ 220.8	\$ (24.0)	\$ 905.7

NiSource Inc.
Consolidated Income Statements (GAAP) (unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net Revenues				
Gas Distribution	\$ 718.8	\$ 971.6	\$2,917.9	\$3,094.0
Gas Transmission and Storage	361.0	355.9	1,354.6	1,261.4
Electric	327.3	328.5	1,427.7	1,379.3
Other	<u>83.4</u>	<u>96.0</u>	<u>318.9</u>	<u>679.9</u>
Gross Revenues	1,490.5	1,752.0	6,019.1	6,414.6
Cost of Sales (excluding depreciation and amortization)	<u>599.9</u>	<u>828.7</u>	<u>2,556.4</u>	<u>2,974.1</u>
Total Net Revenues	<u>890.6</u>	<u>923.3</u>	<u>3,462.7</u>	<u>3,440.5</u>
Operating Expenses				
Operation and maintenance	485.7	457.5	1,722.5	1,663.3
Depreciations and amortization	134.5	142.0	538.2	597.1
Impairment and loss on sale of assets, net	15.7	0.8	16.8	2.0
Other taxes	<u>74.7</u>	<u>74.0</u>	<u>294.7</u>	<u>287.4</u>
Total Operating Expenses	<u>710.6</u>	<u>674.3</u>	<u>2,572.2</u>	<u>2,549.8</u>
Equity Earnings in Unconsolidated Affiliates	<u>5.8</u>	<u>3.7</u>	<u>14.6</u>	<u>15.0</u>
Operating Income	<u>185.8</u>	<u>252.7</u>	<u>905.1</u>	<u>905.7</u>
Other Income (Deductions)				
Interest expense, net	(96.9)	(97.5)	(376.8)	(392.3)
Loss on early extinguishment of long-term debt	(53.9)	(96.7)	(53.9)	(96.7)
Other, net	<u>(12.8)</u>	<u>(3.5)</u>	<u>(7.3)</u>	<u>3.8</u>
Total Other Income (Deductions)	<u>(163.6)</u>	<u>(197.7)</u>	<u>(438.0)</u>	<u>(485.2)</u>
Income From Continuing Operations Before Income Taxes	22.2	55.0	467.1	420.5
Income Taxes	<u>4.6</u>	<u>20.8</u>	<u>163.3</u>	<u>135.3</u>
Income from Continuing Operations	<u>17.6</u>	<u>34.2</u>	<u>303.8</u>	<u>285.2</u>
(Loss) Gain from Discontinued Operations—net of taxes	(2.9)	(2.4)	(4.7)	(2.7)
Gain (Loss) on sale of Discontinued Operations—net of taxes	—	—	—	0.1
Net Income	<u>\$ 14.7</u>	<u>\$ 31.8</u>	<u>\$ 299.1</u>	<u>\$ 282.6</u>
Basic Earnings Per Share				
Continuing Operations	\$ 0.06	\$ 0.12	\$ 1.08	\$ 1.03
Discontinued Operations	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.01)</u>
Basic Earnings Per Share	<u>\$ 0.05</u>	<u>\$ 0.11</u>	<u>\$ 1.06</u>	<u>\$ 1.02</u>
Diluted Earnings Per Share				
Continuing Operations	\$ 0.06	\$ 0.11	\$ 1.05	\$ 1.02
Discontinued Operations	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.01)</u>
Diluted Earnings Per Share	<u>\$ 0.05</u>	<u>\$ 0.10</u>	<u>\$ 1.03</u>	<u>\$ 1.01</u>
Dividends Declared Per Common Share	<u>\$ 0.23</u>	<u>\$ 0.23</u>	<u>\$ 0.92</u>	<u>\$ 0.92</u>
Basic Average Common Shares Outstanding	281.4	278.6	280.4	277.8
Diluted Average Common Shares	<u>291.1</u>	<u>282.6</u>	<u>288.5</u>	<u>280.1</u>

NiSource Inc.
Consolidated Income Statements (GAAP) (unaudited)

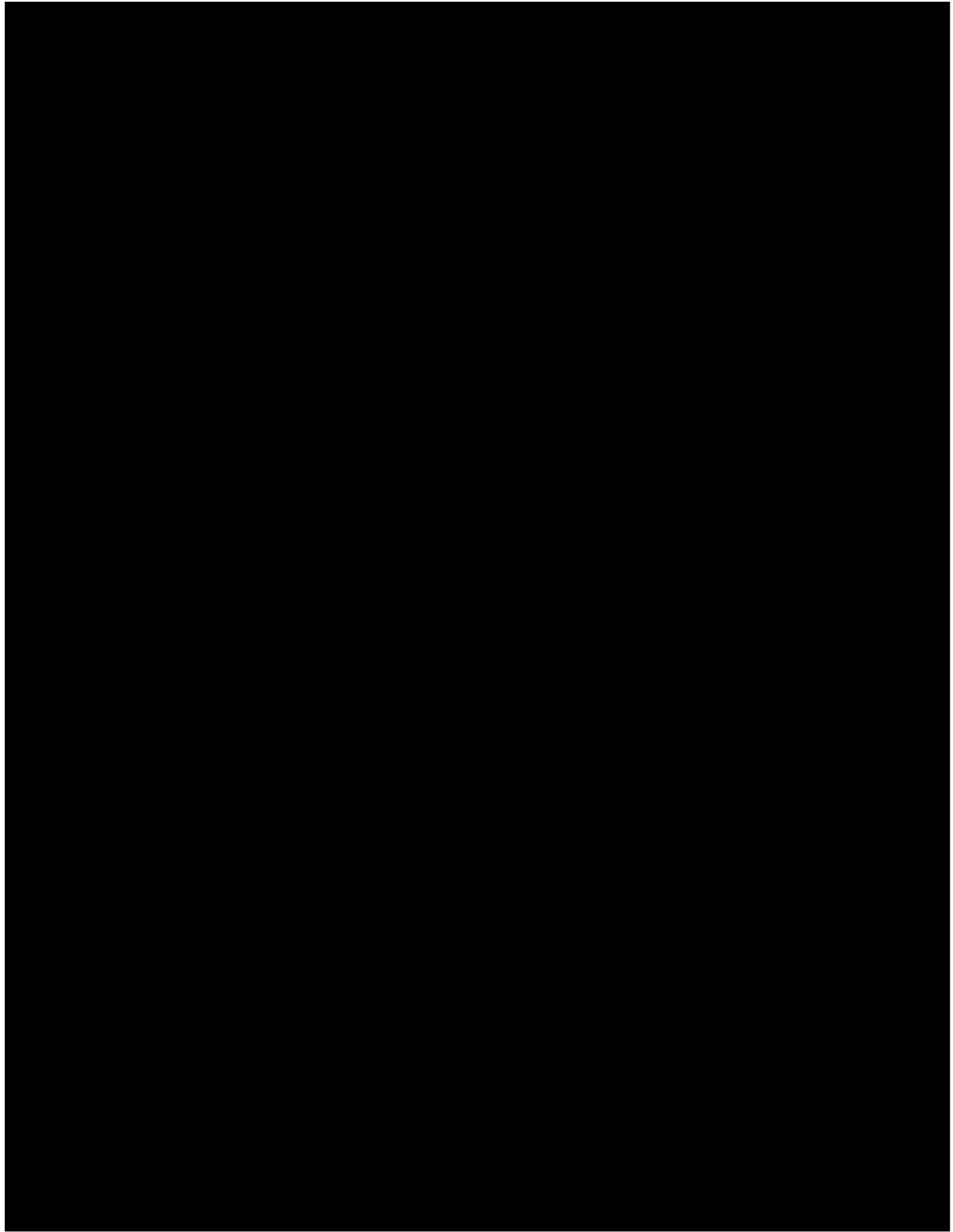
	December 31,	December 31,
<i>(in millions)</i>	<u>2011</u>	<u>2010</u>
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$ 20,337.8	\$ 19,494.9
Accumulated depreciation and amortization	(8,670.2)	(8,492.6)
Net utility plant	<u>11,667.6</u>	<u>11,002.3</u>
Other property, at cost, less accumulated depreciation	<u>132.5</u>	<u>94.7</u>
Net Property, Plant and Equipment	<u>11,800.1</u>	<u>11,097.0</u>
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	0.2	7.9
Unconsolidated affiliates	204.7	200.9
Other investments	<u>150.9</u>	<u>139.7</u>
Total Investments and Other Assets	<u>355.8</u>	<u>348.5</u>
Current Assets		
Cash and cash equivalents	11.5	9.2
Restricted cash	160.6	202.9
Accounts receivable (less reserve of \$30.5 and \$37.4, respectively)	854.8	1,079.3
Income tax receivable	0.9	99.0
Gas inventory	427.6	298.2
Underrecovered gas and fuel costs	20.7	120.7
Materials and supplies, at average cost	87.6	83.8
Electric production fuel, at average cost	50.9	46.0
Price risk management assets	137.2	159.5
Exchange gas receivable	64.9	62.7
Regulatory assets	169.7	143.8
Prepayments and other	<u>261.8</u>	<u>120.8</u>
Total Current Assets	<u>2,248.2</u>	<u>2,425.9</u>
Other Assets		
Price risk management assets	188.7	240.3
Regulatory assets	1,978.2	1,648.0
Goodwill	3,677.3	3,677.3
Intangible assets	297.6	308.6
Postretirement and postemployment benefits assets	31.5	35.1
Deferred charges and other	<u>130.9</u>	<u>132.7</u>
Total Other Assets	<u>6,304.2</u>	<u>6,042.0</u>
Total Assets	<u>\$ 20,708.3</u>	<u>\$ 19,913.4</u>

NiSource Inc.
Consolidated Balance Sheets (GAAP) (unaudited) (continued)

	December 31,	December 31,
<i>(in millions, except share amounts)</i>	2011	2010
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock—\$0.01 par value, 400,000,000 shares authorized; 281,853,571 and 278,855,291 shares issued and outstanding, respectively	\$ 2.8	\$ 2.8
Additional paid-in capital	4,167.7	4,103.9
Retained earnings	917.0	876.1
Accumulated other comprehensive loss	(59.7)	(57.9)
Treasury stock	(30.5)	(27.4)
Total Common Stockholders' Equity	4,997.3	4,897.5
Long-term debt, excluding amounts due within one year	6,267.1	5,936.1
Total Capitalization	11,264.4	10,833.6
Current Liabilities		
Current portion of long-term debt	327.3	34.2
Short-term borrowings	1,359.4	1,382.5
Accounts payable	434.8	581.8
Dividends payable	—	0.1
Customer deposits and credits	313.6	318.1
Taxes accrued	220.9	221.1
Interest accrued	111.9	114.4
Overrecovered gas and fuel costs	48.9	21.4
Price risk management liabilities	167.8	173.9
Exchange gas payable	168.2	266.1
Deferred revenue	10.1	6.8
Regulatory liabilities	112.0	92.9
Accrued liability for postretirement and postemployment benefits	26.6	23.3
Legal and environmental reserves	43.9	86.0
Other accruals	301.0	343.7
Total Current Liabilities	3,646.4	3,666.3
Other Liabilities and Deferred Credits		
Price risk management liabilities	138.9	181.6
Deferred income taxes	2,541.9	2,193.1
Deferred investment tax credits	29.0	33.7
Deferred credits	78.9	68.6
Deferred revenue	—	0.3
Accrued liability for postretirement and postemployment benefits	953.8	1,039.6
Regulatory liabilities and other removal costs	1,663.9	1,595.8
Asset retirement obligations	146.4	138.8
Other noncurrent liabilities	244.7	162.0
Total Other Liabilities and Deferred Credits	5,797.5	5,413.5
Commitments and Contingencies (Refer to Note 20)	—	—
Total Capitalization and Liabilities	\$ 20,708.3	\$ 19,913.4

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP) (unaudited)

Year Ended December 31, <i>(in millions)</i>	<u>2011</u>	<u>2010</u>
Operating Activities		
Net Income	\$ 299.1	\$ 282.6
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	53.9	96.7
Depreciation and amortization	538.2	597.1
Net changes in price risk management assets and liabilities	38.1	(5.5)
Deferred income taxes and investment tax credits	178.4	193.9
Deferred revenue	2.5	(20.4)
Stock compensation expense and 401(k) profit sharing contribution	39.2	30.9
Loss (Gain) on sale of assets	0.1	(0.1)
Loss on impairment of assets	16.7	2.1
Income from unconsolidated affiliates	(13.7)	(14.8)
Gain on disposition of discontinued operations—net of taxes	—	(0.1)
Loss from discontinued operations—net of taxes	4.7	2.7
Amortization of discount/premium on debt	8.9	10.3
AFUDC equity	(2.4)	(6.1)
Distribution Received from Equity Earnings	18.8	12.9
Changes in Assets and Liabilities:		
Accounts receivable	219.6	(243.9)
Income tax receivable	98.1	51.5
Inventories	(141.8)	103.3
Accounts payable	(154.8)	37.7
Customer deposits and credits	(4.5)	(25.0)
Taxes accrued	2.3	(117.0)
Interest accrued	(2.5)	(10.7)
(Under) Overrecovered gas and fuel costs	127.5	(243.0)
Exchange gas receivable/payable	(100.1)	(14.2)
Other accruals	33.2	63.4
Prepayments and other current assets	(10.2)	(11.5)
Regulatory assets/liabilities	(322.9)	164.3
Postretirement and postemployment benefits	(92.7)	(146.6)
Deferred credits	(2.3)	(2.6)
Deferred charges and other noncurrent assets	6.9	7.9
Other noncurrent liabilities	82.0	(13.2)
Net Operating Activities from Continuing Operations	<u>920.3</u>	<u>782.6</u>
Net Operating Activities used for Discontinued Operations	<u>(50.1)</u>	<u>(57.2)</u>
Net Cash Flows from Operating Activities	<u>870.2</u>	<u>725.4</u>
Investing Activities		
Capital expenditures	(1,125.2)	(803.8)
Insurance recoveries	—	5.0
Proceeds from disposition of assets	9.4	0.5
Restricted cash (withdrawals) deposits	42.3	(28.2)
Contributions to equity investees	(6.4)	(87.9)
Distributions from equity investees	—	23.8
Other investing activities	(69.4)	(53.1)
Net Investing Activities used for Continuing Operations	<u>(1,149.3)</u>	<u>(943.7)</u>
Net Investing Activities from Discontinued Operations	<u>—</u>	<u>0.4</u>
Net Cash Flows used for Investing Activities	<u>(1,149.3)</u>	<u>(943.3)</u>
Financing Activities		
Issuance of long-term debt	890.0	244.6
Retirement of long-term debt	(286.9)	(977.7)
Premium and other costs to retire debt	(62.1)	(93.0)
Change in short-term debt, net	(23.1)	1,279.5
Issuance of common stock	24.4	14.4
Acquisition of treasury stock	(3.1)	(1.5)
Dividends paid—common stock	(257.8)	(255.6)
Net Cash Flows from Financing Activities	<u>281.4</u>	<u>210.7</u>
Change in cash and cash equivalents from continuing operations	52.4	49.6
Cash (contributions to) receipts from discontinued operations	(50.1)	(56.8)
Cash and cash equivalents at beginning of period	9.2	16.4
Cash and Cash Equivalents at End of Period	<u>\$ 11.5</u>	<u>\$ 9.2</u>



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 01/27/12 for the Period Ending 01/27/12

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 27, 2012

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of
incorporation or organization)**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers.

On January 27, 2012, Steven C. Beering, who currently serves as a Director of NiSource Inc. (the "Company"), advised the Board of Directors of his intention to retire from the Board of Directors upon expiration of his current term at the 2012 Annual Stockholders' Meeting.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: January 27, 2012

By: **/s/ Robert E. Smith**
Robert E. Smith
Vice President and Assistant Corporate Secretary

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 12/21/11 for the Period Ending 12/21/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 21, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of
incorporation or organization)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

35-2108964
**(I.R.S. Employer
Identification No.)**

46410
(Zip Code)

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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 8.01. Other Events.

On December 21, 2011, the Indiana Utility Regulatory Commission (“IURC”) issued its Order in Northern Indiana Public Service Company’s (“Northern Indiana”) electric rate case (the “Order”). Northern Indiana is a wholly owned subsidiary of NiSource Inc. (“NiSource”). In the Order, the IURC accepted and approved the electric base rate settlement among Northern Indiana, the Indiana Office of Utility Consumer Counselor, Northern Indiana’s industrial customers and a coalition of municipalities. The full text of the Order (Cause No. 43969) is available on the IURC’s Electronic Document System at <https://myweb.in.gov/IURC/eds/>.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

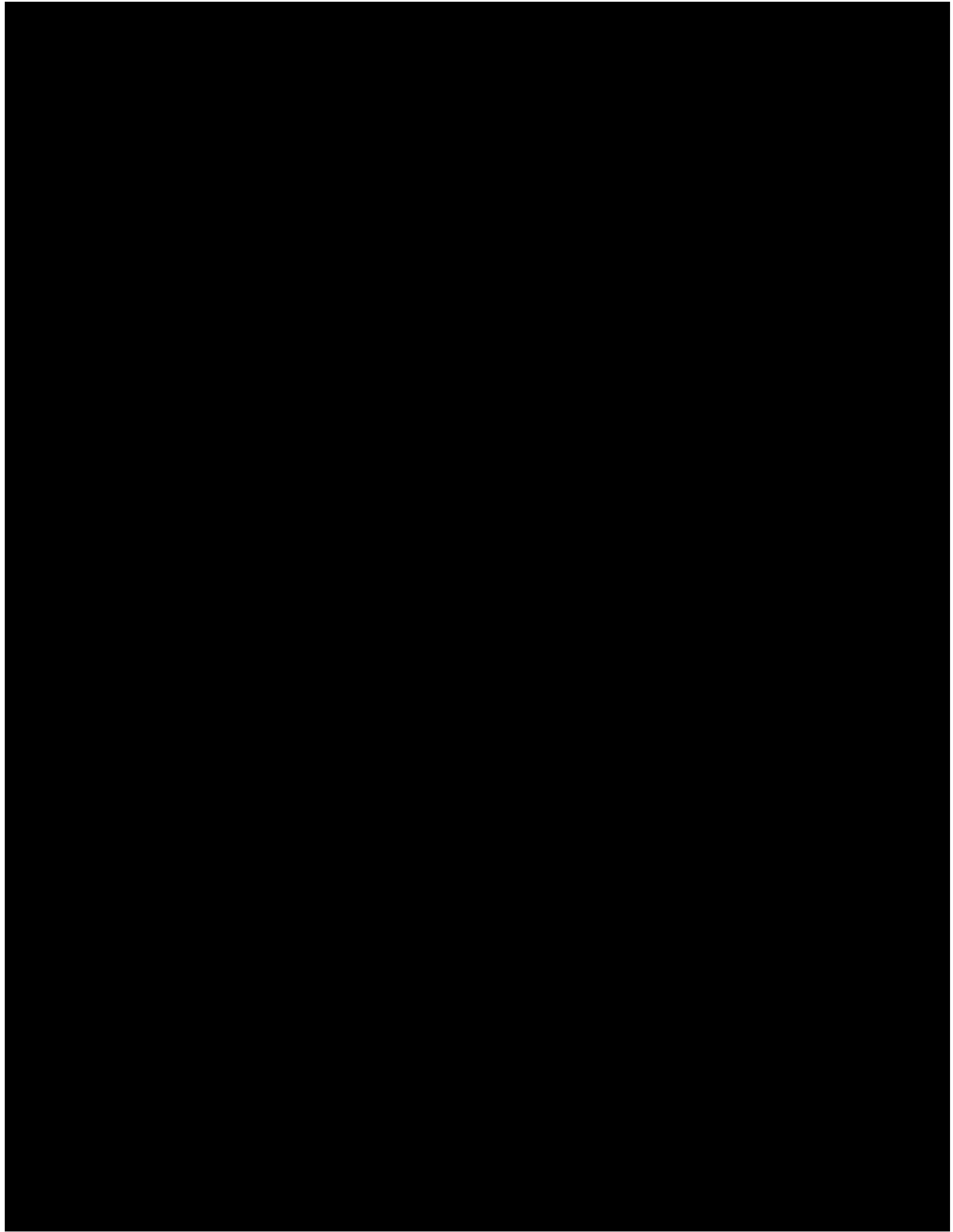
(Registrant)

Date: December 21, 2011

By: _____ /s/ Robert E. Smith

Robert E. Smith

Vice President and Assistant Corporate Secretary



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 11/17/11 for the Period Ending 11/14/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 14, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of
incorporation or organization)**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

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 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 1.01. Entry into a Material Definitive Agreement.

On November 14, 2011, NiSource Inc. (the "Company"), NiSource Finance Corp., an Indiana corporation and a wholly-owned special purpose finance subsidiary of the Company ("NiSource Finance"), and Barclays Capital Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as representatives of the underwriters, entered into a Terms Agreement with respect to the offering and sale of \$250,000,000 aggregate principal amount of NiSource Finance's 4.45% Notes due 2021 (the "Notes due 2021") and \$250,000,000 aggregate principal amount of NiSource Finance's 5.80% Notes due 2042 (the "Notes due 2042" and together with the Notes due 2021, the "Notes") under the Company's and NiSource Finance's Registration Statement on Form S-3 (File Nos. 333-170385 and 333-170385-01). The Notes will be fully and unconditionally guaranteed by the Company. The Terms Agreement incorporates by reference an Underwriting Agreement dated November 5, 2010 of the Company and NiSource Finance (the "Underwriting Agreement"). The sale is expected to close on November 23, 2011. The Notes are being issued pursuant to an Indenture dated as of November 14, 2000 among the Company, NiSource Finance and The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee (as filed with the Securities and Exchange Commission on November 17, 2000).

Copies of the form of the Notes due 2021 and the form of the Notes due 2042 are filed as Exhibits 4.1 and 4.2, respectively, to this Current Report on Form 8-K and are hereby incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

Exhibit Description

- 4.1 Form of 4.45% Notes due 2021
- 4.2 Form of 5.80% Notes due 2042

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: November 17, 2011

By: /s/ David J. Vajda
David J. Vajda
Vice President, Treasurer and Chief Risk Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
4.1	Form of 4.45% Notes due 2021
4.2	Form of 5.80% Notes due 2042

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO NISOURCE FINANCE CORP. AND NISOURCE INC. OR THEIR AGENT OR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No.: []
CUSIP No.: 65473QAY9
ISIN No.: US65473QAY98

\$[]

4.45% Notes due 2021

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of [] Dollars on December 1, 2021.

Interest Payment Dates: June 1 and December 1, commencing June 1, 2012.

Record Dates: May 15 and November 15 (whether or not a Business Day).

Additional provisions of this Note are set forth on the other side of this Note.

Dated: []

NISOURCE FINANCE CORP.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Gary W. Pottorff
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Notes of the series
referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Officer

4.45% Notes due 2021

1. Interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on June 1 and December 1 of each year, commencing June 1, 2012. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from November 23, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the May 15 and November 15 (whether or not a Business Day) next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated November 23, 2011 (the "Officers' Certificate"). The terms of the Notes include those stated in the Indenture and the Officers' Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbbb) as in effect on the date of the Officers' Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

6. Optional Redemption

Prior to September 1, 2021, the Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the Redemption Date and (2) the Make-Whole Amount for the Notes being redeemed.

On or after September 1, 2021, the Company may redeem the Notes at any time in whole or from time to time in part, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the Redemption Date.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.40%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and to provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and

the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued, the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.
801 East 86th Avenue
Merrillville, Indiana 46410

Attention: Corporate Secretary

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

Sign exactly as your name appears on the other side of this Note.

Signature Guarantee:

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 4.45% Notes due 2021 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

By: _____
Name: Vincent V. Rea
Title: Assistant Treasurer

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO NISOURCE FINANCE CORP. AND NISOURCE INC. OR THEIR AGENT OR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No.: [] \$[]
CUSIP No.: 65473QAZ6
ISIN No.: US65473QAZ63

5.80% Notes due 2042

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of [] Dollars on February 1, 2042.

Interest Payment Dates: February 1 and August 1, commencing February 1, 2012.

Record Dates: January 15 and July 15 (whether or not a Business Day).

Additional provisions of this Note are set forth on the other side of this Note.

Dated: []

NISOURCE FINANCE CORP.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief
Risk Officer

By: _____
Name: Gary W. Pottorff
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Notes of the series
referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Officer

1. Interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on February 1 and August 1 of each year, commencing February 1, 2012. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from November 23, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the January 15 and July 15 (whether or not a Business Day) next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated November 23, 2011 (the "Officer's Certificate"). The terms of the Notes include those stated in the Indenture and the Officer's Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbb) as in effect on the date of the Officer's Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

6. Optional Redemption

Prior to August 1, 2041, the Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the Redemption Date and (2) the Make-Whole Amount for the Notes being redeemed.

On or after August 1, 2041, the Company may redeem the Notes at any time in whole or from time to time in part, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the Redemption Date.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.45%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and to provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and

the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued, the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.
801 East 86th Avenue
Merrillville, Indiana 46410

Attention: Corporate Secretary

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

Sign exactly as your name appears on the other side of this Note.

Signature Guarantee:

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 5.80% Notes due 2042 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

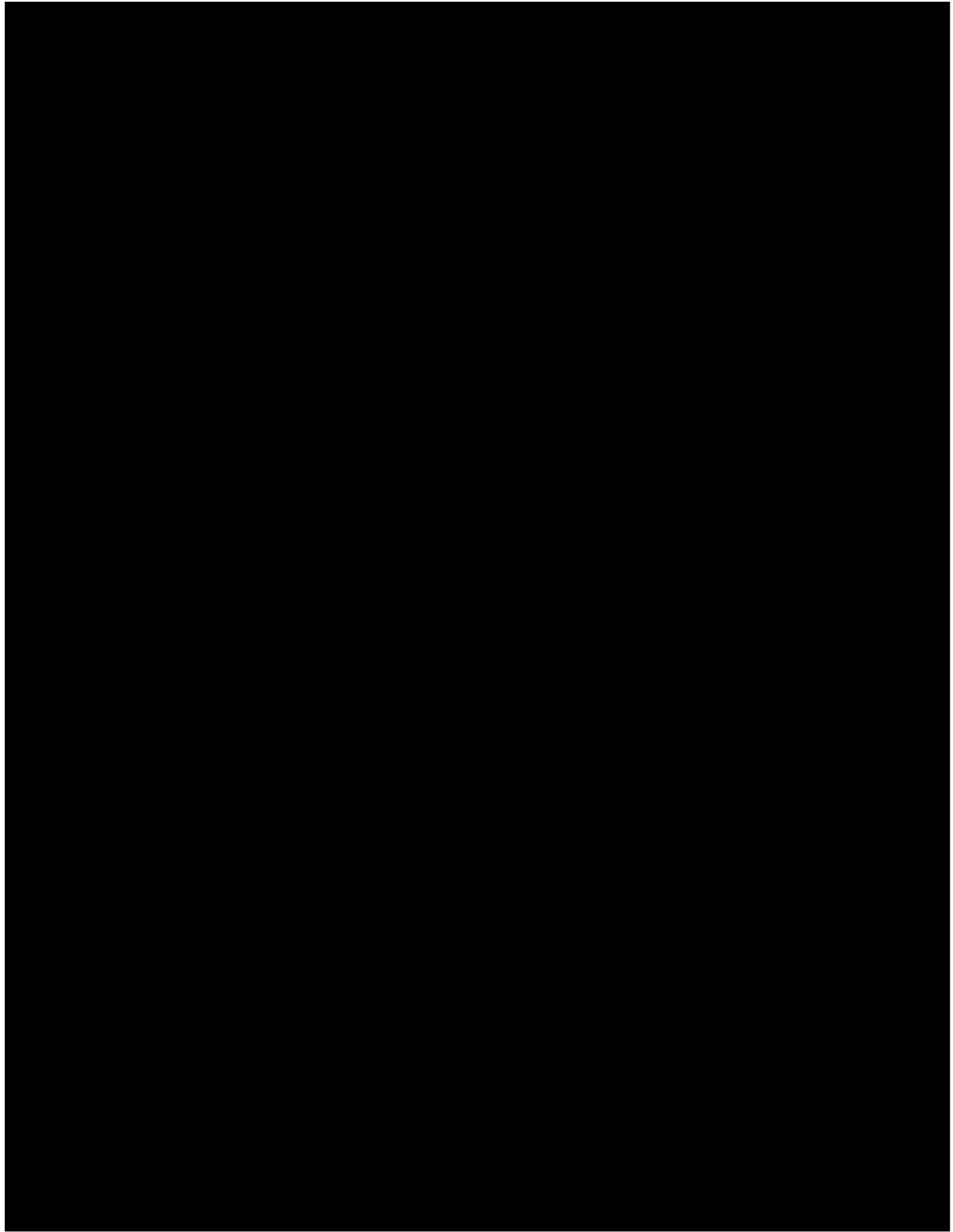
THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer and Chief
Risk Officer

By: _____
Name: Vincent V. Rea
Title: Assistant Treasurer



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 10/28/11 for the Period Ending 10/28/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 28, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
**(State or other jurisdiction of
incorporation or organization)**

35-2108964
**(I.R.S. Employer
Identification No.)**

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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-

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 28, 2011, NiSource Inc. (the "Company") reported its financial results for the quarter ended September 30, 2011. The Company's press release, dated October 28, 2011, is attached as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated October 28, 2011, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: October 28, 2011

By: _____ /s/ Jon D. Veurink

Jon D. Veurink
Vice President and Chief Accounting Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated October 28, 2011, issued by NiSource Inc.

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

October 28, 2011

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulen
Managing Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Reports Third Quarter Results

- Infrastructure investments, regulatory initiatives on track
- Growing portfolio of midstream, supply-driven growth opportunities
- 2011 earnings expected to be in the upper half of guidance range

MERRILLVILLE, Ind. – NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$33.1 million, or \$0.11 per share for the three months ended Sept. 30, 2011, compared to \$10.3 million, or \$0.04 per share for the third quarter of 2010. Operating earnings for the quarter (non-GAAP) were \$142.0 million compared to \$109.9 million for the same period in 2010.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended Sept. 30, 2011, of \$36.3 million, or \$0.13 per share, compared with \$33.4 million, or \$0.12 per share in the same period a year ago. Operating income was \$147.5 million for the third quarter of 2011 compared with \$123.3 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

“NiSource’s balanced, investment-driven business strategy continues to deliver solid results in line with our 2011 earnings outlook and consistent with our long-term growth plan,” NiSource President and Chief Executive Officer **Robert C. Skaggs Jr.** said. “Despite sluggish economic conditions, NiSource teams continue to execute on fundamental initiatives across each segment of our business. These accomplishments are key to our commitments to enhance customer service, modernize our energy infrastructure, drive long-term, sustainable earnings growth and increase shareholder value.”

Based on year-to-date financial and operational performance, Skaggs said that NiSource is on track to achieve net operating earnings from continuing operations at the upper half of its 2011 guidance range of \$1.25 to \$1.35 per share (non-GAAP). NiSource also is on pace to deliver double-digit shareholder returns for the third consecutive year, significantly outperforming the utility indices and broader markets.

Skaggs highlighted several key recent accomplishments in executing the company's business strategy:

Continued NIPSCO environmental, customer service and regulatory achievements

NiSource's *Northern Indiana Public Service Company's* (NIPSCO) electric business continues to advance a broad business agenda designed to deliver exceptional customer service, enhance operational and environmental performance, and establish a robust platform for ongoing earnings growth.

- On July 18, NIPSCO filed a nearly unanimous settlement with the Indiana Utility Regulatory Commission (IURC) to resolve the company's 2010 electric base rate case. Hearings on the settlement were conducted in September and, pending approval by the IURC, the company anticipates new rates could be effective in late 2011 or early 2012.
- NIPSCO also continues to invest in environmental improvements, with construction on schedule for a new Flue Gas Desulfurization unit at the company's Schahfer generating station. The project is part of the company's commitment to invest up to nearly \$850 million in environmental improvements over the next six to eight years.
- In July, NIPSCO received approval from the IURC to significantly broaden its offering of electric energy efficiency programs. The new programs are in addition to the company's natural gas conservation programs, which have helped customers save about 13.1 million therms, equating to about \$12.4 million, over the past four and a half years.

"While the pending electric rate case settlement is unquestionably a watershed event for NIPSCO, its customers and other stakeholders, the NIPSCO team is also making steady progress on a wide array of customer service, environmental, and operational initiatives," Skaggs said. "Taken together, these efforts are helping customers manage energy use, providing long-term environmental and economic development benefits for northern Indiana, and supporting stable and sustainable earnings growth."

Leveraging gas transmission, storage and midstream growth opportunities

NiSource Gas Transmission & Storage (NGT&S) also continued to make progress on key strategies to enhance system reliability, develop new growth projects, and leverage the company's strategic footprint in emerging shale gas production areas.

- Under the leadership of new business unit CEO Jimmy Staton, NGT&S is working closely with customers, natural gas producers and other key stakeholders to develop a comprehensive strategy for meeting customer needs and maximizing the value of NiSource's extensive natural gas pipeline and storage assets overlaying the Marcellus and Utica shale production regions.
- Having successfully completed several growth projects in the Marcellus production area, and with more in progress and on schedule, the company is developing a range of additional supply-driven growth initiatives, including mineral leasing, midstream projects and traditional pipeline expansion opportunities.
- NGT&S also continues to actively develop infrastructure projects to serve new natural gas-fueled electric generation markets, involving both new generation facilities as well as coal conversion opportunities. NGT&S is in active discussions with a number of large power generators to meet their need for new natural gas infrastructure.

“Our NGT&S team is proceeding on a measured, thoughtful path to leverage NiSource’s unique position in the Marcellus and Utica shale production regions,” Skaggs said. “This approach ensures that we pursue complementary projects that capitalize on the near-term potential of this important business opportunity, while also enhancing the long-term value of our pipeline and storage assets for our customers and shareholders.”

Progress also continues on the regulatory front. On Sept. 9, **Columbia Gulf Transmission** filed a settlement with the Federal Energy Regulatory Commission (FERC) to resolve the company’s 2010 base rate case – its first in 14 years. The settlement was certified to the Commission on Oct. 4, and is pending approval.

Executing on gas utility infrastructure, customer and regulatory programs

During the third quarter, *NiSource Gas Distribution* continued to successfully execute on its strategy of combining long-term infrastructure modernization programs with complementary customer programs and regulatory initiatives.

- NiSource’s gas distribution businesses continued to execute on an industry-leading series of long-term infrastructure modernization and replacement programs. NiSource is on track to invest more than \$300 million in gas distribution modernization programs this year designed to ensure safe and reliable service. These investments are part of a more than \$4 billion modernization program put in motion a few years ago.
- The gas distribution companies also continue to introduce or expand programs to help customers reduce energy usage and manage monthly bills. For example, on Sept. 12, **Columbia Gas of Ohio (COH)** filed a proposal with the Public Utilities Commission of Ohio to extend and expand its energy efficiency programs for an additional five years starting in 2012. Over the life of the measures installed through the proposed programs, COH estimates customers will save up to \$300 million.
- On the regulatory front, on Oct. 14, the Pennsylvania Public Utility Commission approved a settlement of **Columbia Gas of Pennsylvania’s (CPA)** base rate case. The order authorizes an annual revenue increase of \$17 million, effective Oct. 18, and includes an additional \$1 million annually for payment assistance programs available to income-eligible customers. Notably, the Commission approved a new rate design incorporating a higher minimum monthly charge, including a fixed customer charge and usage allowance.
- CPA remains actively engaged with elected officials and other key stakeholders in advancing legislation that would streamline the recovery process associated with infrastructure replacement programs.

“The hallmark of our gas distribution strategy is to work collaboratively with all stakeholders to deliver a broad array of core infrastructure, customer and regulatory initiatives, and the team’s execution of that strategy continues to be exceptional,” Skaggs noted. “In addition to enhancing our ability to provide safe, reliable and responsive service to our customers, these efforts continue to produce predictable, long-term earnings growth.”

Capital investments and financial flexibility provide foundation for ongoing growth

A disciplined, well-executed financial strategy is a key element of NiSource's commitment to meet customer needs and deliver long-term, investment-driven earnings growth. NiSource continues to maintain significant financial flexibility to fund its growing capital investment program, which for 2011 is expected to be approximately \$1.1 billion. At the end of the third quarter, NiSource maintained in excess of \$460 million in net available liquidity.

NiSource continues to monitor the historically attractive debt capital market environment for opportunities to reduce financing costs and extend its maturity profile. The company is actively evaluating a number of financing options that could be executed as early as the fourth quarter of this year.

Third Quarter 2011 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the quarter ended Sept. 30, 2011, were \$142.0 million, compared to \$109.9 million in the third quarter of 2010. Refer to Schedule 2 for the items included in 2011 and 2010 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the quarter ended Sept. 30, 2011, are discussed below.

NiSource Gas Distribution reported operating earnings for the current quarter of \$8.0 million compared to an operating earnings loss of \$40.7 million in the third quarter of 2010. Net revenues, excluding the impact of trackers, increased by \$24.0 million, primarily attributable to increased residential and commercial margins due to NIPSCO's change from a volumetric-based rate design to one with a higher fixed charge. The new rate design provides a greater proportion of recovery through the monthly fixed customer charge for certain customer classes. Additionally, there was an increase in other regulatory and service programs largely due to new rates under Columbia Gas of Ohio's approved infrastructure replacement program and rate cases at other utilities.

Operating expenses, excluding trackers, were \$24.7 million lower than the comparable 2010 period primarily as a result of lower depreciation costs due to reduced depreciation rates at NIPSCO.

NiSource Gas Transmission and Storage reported operating earnings for the current quarter of \$68.2 million compared to \$76.4 million in the third quarter of 2010. Net revenues, excluding the impact of trackers, increased by \$10.8 million, primarily attributable to an increase in demand margin revenue as a result of growth projects placed into service since the third quarter of 2010 and the impact of new Columbia Gulf rates placed into effect May 1, 2011, subject to refund.

Operating expenses, excluding the impact of trackers, increased \$19.0 million from the comparable 2010 period primarily due to higher environmental costs, increased employee and administrative expenses and separation costs. The increased environmental costs, which amounted to \$11.2 million, relate to an expense for the portion of certain remediation activities that are not recoverable from customers under the terms of a prior rate settlement.

Equity earnings remained flat due to 2010 hedge ineffectiveness charges for Millennium Pipeline, offset by Millennium's higher current year interest costs resulting from its Aug. 2010 debt refinancing.

NiSource Electric reported operating earnings for the current quarter of \$72.9 million compared to \$80.0 million in the third quarter of 2010. Net revenues, excluding the impact of trackers, decreased by \$4.3 million primarily due to lower environmental cost recovery levels during the quarter. Additionally, there was a decrease in residential and commercial margins as well as lower off-system sales. These decreases were partially offset by increased industrial usage and margins as a result of improved economic conditions.

Operating expenses, excluding the impact of trackers, increased by \$2.8 million, primarily attributable to increased rate case costs and higher employee and administrative expenses. These increases were partially offset by a one-time inventory impairment recorded in the prior period.

Corporate and Other reported an operating earnings loss of \$7.1 million for the current quarter compared to an operating earnings loss of \$5.8 million in the third quarter of 2010.

Other Items

Interest expense decreased by \$1.9 million due to a long-term debt maturity in Nov. 2010 and a Dec. 2010 repurchase of long-term debt. The benefits were partially offset by incremental interest expense associated with a swap maturity in Nov. 2010, the issuance of long-term debt in June 2011 and Dec. 2010, and higher average short-term borrowings and rates.

Other-net reflected income of \$1.6 million in 2011 compared to income of \$2.1 million in 2010.

The effective tax rate of net operating earnings was 30.9 percent compared to 28.5 percent for the same period last year.

Nine-Month Period 2011 Operating Earnings – Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the nine months ended Sept. 30, 2011, were \$699.2 million, compared to \$669.0 million for the same period in 2010. Refer to Schedule 2 for the items included in 2011 and 2010 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the nine months ended Sept. 30, 2011, are discussed below.

NiSource Gas Distribution reported operating earnings of \$293.8 million compared to \$229.9 million reported for the nine months ended Sept. 30, 2010. Net revenues, excluding the impact of regulatory trackers, increased \$16.1 million primarily attributable to an increase in other regulatory and service programs largely due to new rates under Columbia Gas of Ohio's approved infrastructure replacement program and rate cases at other utilities. Additionally, there was an increase in residential and commercial margins due to NIPSCO's change from a volumetric-based rate design to one with a higher fixed charge. The new rate design provides a greater proportion of recovery through the monthly fixed customer charge for certain customer classes. These increases were partially offset by a decrease in off-system sales and lower industrial margins.

Operating expenses, excluding the impact of trackers, were \$47.8 million lower than the comparable period in the prior year primarily due to lower depreciation costs as a result of reduced depreciation rates at NIPSCO and decreased uncollectible accounts. These decreases were partially offset by an increase in employee and administrative costs and higher outside service costs.

NiSource Gas Transmission and Storage reported operating earnings of \$271.3 million versus operating earnings of \$277.2 million for the nine months ended Sept. 30, 2010. Net revenues, excluding trackers, increased \$24.7 million primarily attributable to an increase in demand margin revenue as a result of growth projects placed into service since the third quarter of 2010 and the impact of new Columbia Gulf rates placed into effect on May 1, 2011, subject to refund. These increases were partially offset by the recognition of revenue in the prior year related to a previously deferred gain for native gas and fees received from a contract buyout. Additionally, there was a decrease in short-term transportation and storage services.

Operating expenses, excluding trackers, increased by \$28.1 million primarily due to higher environmental costs, increased employee and administrative expenses, and separation costs.

Equity earnings decreased by \$2.5 million primarily from Millennium Pipeline's higher interest costs resulting from the Aug. 2010 debt refinancing partially offset by the non-recurrence of 2010 hedge ineffectiveness charges at Millennium.

NiSource Electric reported operating earnings of \$152.1 million for the nine months ended Sept. 30, 2011, compared with operating earnings of \$174.5 million for the prior year period. Net revenues, excluding trackers, increased by \$5.0 million primarily due to increased industrial usage and margins as a result of improved economic conditions and lower revenue credits partially offset by decreased residential and commercial margins and lower environmental cost recovery rates.

Operating expenses, excluding trackers, increased by \$27.4 million due primarily to an increase in employee and administrative expenses, higher electric generation costs as a result of an increase in outage duration, a regulatory adjustment, an increase in depreciation and higher rate case costs.

Corporate and Other reported an operating earnings loss of \$18.0 million for the nine months ended Sept. 30, 2011, compared to an operating earnings loss of \$12.6 million for the nine months ended Sept. 30, 2010.

Other Items

Interest expense decreased by \$14.9 million due to a long-term debt maturity in Nov. 2010 and a Dec. 2010 repurchase of long-term debt. The benefits were partially offset by incremental interest expense associated with a swap maturity in Nov. 2010, the issuance of long-term debt in June 2011 and Dec. 2010, and higher average short-term borrowings and rates.

Other-net reflected income of \$5.5 million in 2011 compared to income of \$7.3 million in 2010.

The effective tax rate of net operating earnings was 33.9 percent compared to 35.6 percent for the same period last year.

Income from Continuing Operations (GAAP)

As noted above, on a GAAP basis, NiSource reported net income from continuing operations for the three months ended Sept. 30, 2011, of \$36.3 million, or \$0.13 per share, compared with \$33.4 million, or \$0.12 per share, in the same period a year ago. Operating income was \$147.5 million for the third quarter of 2011, compared with \$123.3 million in the year-ago period.

On a GAAP basis, NiSource reported net income from continuing operations for the nine months ended Sept. 30, 2011, of \$280.6 million, or \$1.00 per share, compared with \$258.8 million, or \$0.93 per share last year. Operating income was \$710.0 million for the nine months ended Sept. 30, 2011 versus \$665.9 million in the year-ago period.

Refer to Schedule 1 for a complete list of the items included in 2011 and 2010 GAAP income from Continuing Operations but excluded from net operating earnings.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this news release are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2010 Form 10-K and subsequent reports on Form 10-Q, many of which risks are beyond the control of NiSource. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Revenues				
Gas Distribution	\$ 326.5	\$ 317.5	\$2,196.7	\$2,129.5
Gas Transportation and Storage	283.3	270.7	993.6	905.5
Electric	398.7	398.5	1,091.1	1,056.1
Other	15.3	17.8	63.5	59.5
Gross Revenues	1,023.8	1,004.5	4,344.9	4,150.6
Cost of Sales (excluding depreciation and amortization)	285.0	296.1	1,788.5	1,626.9
Total Net Revenues	738.8	708.4	2,556.4	2,523.7
Operating Expenses				
Operation and maintenance	374.6	354.4	1,086.6	1,023.1
Operation and maintenance - trackers	31.7	32.9	152.1	177.1
Depreciation and amortization	131.0	149.4	397.5	445.3
Depreciation and amortization - trackers	3.9	3.8	10.7	9.3
Other taxes	50.4	52.4	158.7	158.5
Other taxes - trackers	8.7	9.1	60.4	52.7
Total Operating Expenses	600.3	602.0	1,866.0	1,866.0
Equity Earnings in Unconsolidated Affiliates	3.5	3.5	8.8	11.3
Operating Earnings	142.0	109.9	699.2	669.0
Other Income (Deductions)				
Interest expense, net	(95.7)	(97.6)	(279.9)	(294.8)
Other, net	1.6	2.1	5.5	7.3
Total Other Deductions	(94.1)	(95.5)	(274.4)	(287.5)
Operating Earnings From Continuing Operations				
Before Income Taxes	47.9	14.4	424.8	381.5
Income Taxes	14.8	4.1	143.8	135.8
Net Operating Earnings from Continuing Operations	33.1	10.3	281.0	245.7
GAAP Adjustment	3.2	23.1	(0.4)	13.1
GAAP Income from Continuing Operations	\$ 36.3	\$ 33.4	\$ 280.6	\$ 258.8
Basic Net Operating Earnings Per Share from Continuing Operations	0.11	0.04	1.00	0.89
GAAP Basic Earnings Per Share from Continuing Operations	0.13	0.12	1.00	0.93
Basic Average Common Shares Outstanding	280.8	278.1	280.1	277.5

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
<i>(in millions)</i>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Gas Distribution Operations				
Net Revenues				
Sales Revenues	\$ 418.1	\$ 431.3	\$ 2,631.4	\$ 2,553.8
Less: Cost of gas sold	158.9	188.3	1,473.7	1,385.8
Net Revenues	259.2	243.0	1,157.7	1,168.0
Operating Expenses				
Operation and maintenance	172.0	176.3	516.1	506.9
Operation and maintenance - trackers	6.6	14.1	92.0	126.1
Depreciation and amortization	43.7	63.9	130.3	189.8
Other taxes	20.2	20.4	65.1	62.6
Other taxes - trackers	8.7	9.0	60.4	52.7
Total Operating Expenses	251.2	283.7	863.9	938.1
Operating Earnings (Loss)	\$ 8.0	\$ (40.7)	\$ 293.8	\$ 229.9
GAAP Adjustment	(0.1)	(1.8)	2.1	(18.8)
GAAP Operating Income (Loss)	\$ 7.9	\$ (42.5)	\$ 295.9	\$ 211.1
Gas Transmission and Storage Operations				
<i>(in millions)</i>				
Net Revenues				
Transportation revenues	\$ 179.7	\$ 163.7	\$ 554.1	\$ 522.6
Storage revenues	48.0	49.9	148.0	149.0
Other revenues	5.7	3.9	20.3	19.8
Net Operating Revenues	233.4	217.5	722.4	691.4
Operating Expenses				
Operation and maintenance	100.8	82.6	269.2	242.5
Operation and maintenance - trackers	21.3	16.1	50.6	44.3
Depreciation and amortization	32.6	31.8	98.2	94.9
Other taxes	14.0	14.0	41.9	43.8
Total Operating Expenses	168.7	144.5	459.9	425.5
Equity Earnings in Unconsolidated Affiliates	3.5	3.4	8.8	11.3
Operating Earnings	\$ 68.2	\$ 76.4	\$ 271.3	\$ 277.2
GAAP Adjustment	—	(0.2)	0.1	(0.2)
GAAP Operating Income	\$ 68.2	\$ 76.2	\$ 271.4	\$ 277.0

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Electric Operations <i>(in millions)</i>	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net Revenues				
Sales revenues	\$ 400.7	\$ 389.8	\$ 1,097.0	\$ 1,051.4
Less: Cost of sales	<u>156.4</u>	<u>142.5</u>	<u>426.3</u>	<u>389.9</u>
Net Revenues	<u>244.3</u>	<u>247.3</u>	<u>670.7</u>	<u>661.5</u>
Operating Expenses				
Operation and maintenance	100.8	95.2	300.5	276.6
Operation and maintenance - trackers	3.8	2.7	9.5	6.7
Depreciation and amortization	49.8	50.0	155.3	149.7
Depreciation and amortization - trackers	3.9	3.7	10.7	9.3
Other taxes	<u>13.1</u>	<u>15.7</u>	<u>42.6</u>	<u>44.7</u>
Total Operating Expenses	<u>171.4</u>	<u>167.3</u>	<u>518.6</u>	<u>487.0</u>
Operating Earnings	<u>\$ 72.9</u>	<u>\$ 80.0</u>	<u>\$ 152.1</u>	<u>\$ 174.5</u>
GAAP Adjustment	<u>5.9</u>	<u>15.9</u>	<u>9.7</u>	<u>16.1</u>
GAAP Operating Income	<u>\$ 78.8</u>	<u>\$ 95.9</u>	<u>\$ 161.8</u>	<u>\$ 190.6</u>
Corporate and Other Operations <i>(in millions)</i>	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating Loss	<u>\$ (7.1)</u>	<u>\$ (5.8)</u>	<u>\$ (18.0)</u>	<u>\$ (12.6)</u>
GAAP Adjustment	<u>(0.3)</u>	<u>(0.5)</u>	<u>(1.1)</u>	<u>(0.2)</u>
GAAP Operating Loss	<u>\$ (7.4)</u>	<u>\$ (6.3)</u>	<u>\$ (19.1)</u>	<u>\$ (12.8)</u>

NiSource Inc.
Segment Volumes and Statistical Data

Gas Distribution Operations	Three Months Ended September 30.		Nine Months Ended September 30.	
	2011	2010	2011	2010
Sales and Transportation (MMDth)				
Residential	13.8	15.0	181.9	170.2
Commercial	17.6	19.1	121.9	115.1
Industrial	102.5	98.3	322.2	284.3
Off System	14.4	13.7	52.3	56.8
Other	—	0.1	0.5	0.8
Total	<u>148.3</u>	<u>146.2</u>	<u>678.8</u>	<u>627.2</u>
Weather Adjustment	<u>(0.3)</u>	<u>1.1</u>	<u>(5.3)</u>	<u>14.6</u>
Sales and Transportation Volumes - Excluding Weather	<u>148.0</u>	<u>147.3</u>	<u>673.5</u>	<u>641.8</u>
Heating Degree Days	112	72	3,692	3,370
Normal Heating Degree Days	88	88	3,596	3,596
% Colder (Warmer) than Normal	27%	(18%)	3%	(6%)
Customers				
Residential			2,987,202	2,980,557
Commercial			275,677	273,371
Industrial			7,724	7,686
Other			18	81
Total			<u>3,270,621</u>	<u>3,261,695</u>
Gas Transmission and Storage Operations				
Throughput (MMDth)				
Columbia Transmission	184.6	191.1	816.1	750.1
Columbia Gulf	270.3	225.0	777.4	625.0
Crossroads Gas Pipeline	4.0	6.5	14.7	20.2
Intrasegment eliminations	<u>(124.2)</u>	<u>(141.6)</u>	<u>(424.5)</u>	<u>(423.2)</u>
Total	<u>334.7</u>	<u>281.0</u>	<u>1,183.7</u>	<u>972.1</u>

NiSource Inc.
Segment Volumes and Statistical Data

Electric Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Sales (Gigawatt Hours)				
Residential	1,120.7	1,175.7	2,760.9	2,833.2
Commercial	1,083.7	1,103.8	2,955.2	2,991.1
Industrial	2,242.0	2,180.0	7,010.1	6,321.8
Wholesale	239.9	330.0	507.2	635.7
Other	39.7	47.0	121.3	128.2
Total	<u>4,726.0</u>	<u>4,836.5</u>	<u>13,354.7</u>	<u>12,910.0</u>
Weather Adjustment	(81.2)	(470.0)	(132.2)	(501.7)
Sales Volumes - Excluding Weather impacts	<u>4,644.8</u>	<u>4,366.5</u>	<u>13,222.5</u>	<u>12,408.3</u>
Cooling Degree Days	649	700	907	977
Normal Cooling Degree Days	578	578	808	808
% Warmer (Colder) than Normal	12%	21%	12%	21%
Electric Customers				
Residential			399,525	399,556
Commercial			53,879	53,696
Industrial			2,411	2,435
Wholesale			16	15
Other			737	741
Total			<u>456,568</u>	<u>456,443</u>

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30.		Nine Months Ended September 30.	
	2011	2010	2011	2010
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 33.1	\$ 10.3	\$281.0	\$245.7
Items excluded from operating earnings:				
Net Revenues:				
Weather - compared to normal	6.3	8.8	12.3	(1.3)
Revenue adjustment	—	—	—	(5.7)
Unregulated natural gas marketing business	0.6	0.9	4.0	5.8
Operating Expenses:				
Restructuring	—	0.2	—	(0.7)
Environmental reserve adjustment	—	6.0	—	6.0
Unregulated natural gas marketing business	(1.0)	(1.3)	(4.4)	(5.9)
Gain/Loss on sale of assets and asset impairments	(0.6)	(1.2)	(1.1)	(1.3)
Total items excluded from operating earnings	5.3	13.4	10.8	(3.1)
Tax effect of above items	(2.1)	(5.5)	(4.4)	1.0
Indiana tax law change	—	—	(6.8)	—
Rate settlement flow-through	—	15.2	—	15.2
Total items excluded from net operating earnings	3.2	23.1	(0.4)	13.1
Reported Income from Continuing Operations - GAAP	\$ 36.3	\$ 33.4	\$280.6	\$258.8
Basic Average Common Shares Outstanding	280.8	278.1	280.1	277.5
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.11	\$ 0.04	\$ 1.00	\$ 0.89
Items excluded from net operating earnings (after-tax)	0.02	0.08	—	0.04
GAAP Basic Earnings (Loss) Per Share from Continuing Operations	\$ 0.13	\$ 0.12	\$ 1.00	\$ 0.93

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended September 30,

2011 (in millions)

	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate & Other</u>	<u>Total</u>
Operating Earnings (Loss)	\$ 8.0	\$ 68.2	\$ 72.9	\$ (7.1)	\$142.0
Net Revenues:					
Weather (compared to normal)	0.2	—	6.1	—	6.3
Unregulated natural gas marketing business	—	—	—	0.6	0.6
Total Impact - Net Revenues	<u>0.2</u>	<u>—</u>	<u>6.1</u>	<u>0.6</u>	<u>6.9</u>
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(0.9)	(0.9)
Loss on sale of assets and asset impairments	(0.3)	—	(0.2)	—	(0.5)
Total Impact - Operating Expenses	<u>(0.3)</u>	<u>—</u>	<u>(0.2)</u>	<u>(0.9)</u>	<u>(1.4)</u>
Total Impact - Operating (Loss) Income	<u>\$ (0.1)</u>	<u>\$ —</u>	<u>\$ 5.9</u>	<u>\$ (0.3)</u>	<u>\$ 5.5</u>
Operating Income (Loss) - GAAP	<u>\$ 7.9</u>	<u>\$ 68.2</u>	<u>\$ 78.8</u>	<u>\$ (7.4)</u>	<u>\$147.5</u>

2010 (in millions)

	<u>Gas Distribution</u>	<u>Gas Transmission and Storage</u>	<u>Electric</u>	<u>Corporate</u>	<u>Total</u>
Operating Earnings (Loss)	\$ (40.7)	\$ 76.4	\$ 80.0	\$ (5.8)	\$109.9
Net Revenues:					
Weather (compared to normal)	(1.1)	—	9.9	—	8.8
Unregulated natural gas marketing business	—	—	—	0.9	0.9
Total Impact - Net Revenues	<u>(1.1)</u>	<u>—</u>	<u>9.9</u>	<u>0.9</u>	<u>9.7</u>
Operating Expenses					
Restructuring	0.1	—	0.1	—	0.2
Environmental reserve	—	—	6.0	—	6.0
Unregulated natural gas marketing business	—	—	—	(1.3)	(1.3)
Loss on sale of assets and asset impairments	(0.8)	(0.2)	(0.1)	(0.1)	(1.2)
Total Impact - Operating Expenses	<u>(0.7)</u>	<u>(0.2)</u>	<u>6.0</u>	<u>(1.4)</u>	<u>3.7</u>
Total Impact - Operating (Loss) Income	<u>\$ (1.8)</u>	<u>\$ (0.2)</u>	<u>\$ 15.9</u>	<u>\$ (0.5)</u>	<u>\$ 13.4</u>
Operating (Loss) Income - GAAP	<u>\$ (42.5)</u>	<u>\$ 76.2</u>	<u>\$ 95.9</u>	<u>\$ (6.3)</u>	<u>\$123.3</u>

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Nine Months ended September 30,

2011 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate and Other	Total
Operating Earnings (Loss)	\$ 293.8	\$ 271.3	\$152.1	\$ (18.0)	\$699.2
Net Revenues:					
Weather (compared to normal)	2.4	—	9.9	—	12.3
Unregulated natural gas marketing business	—	—	—	4.0	4.0
Total Impact - Net Revenues	2.4	—	9.9	4.0	16.3
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(4.4)	(4.4)
Loss on sale of assets and asset impairments	(0.3)	0.1	(0.2)	(0.7)	(1.1)
Total Impact - Operating Expenses	(0.3)	0.1	(0.2)	(5.1)	(5.5)
Total Impact - Operating Income (Loss)	\$ 2.1	\$ 0.1	\$ 9.7	\$ (1.1)	\$ 10.8
Operating Income (Loss) - GAAP	\$ 295.9	\$ 271.4	\$161.8	\$ (19.1)	\$710.0

2010 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate	Total
Operating Earnings (Loss)	\$ 229.9	\$ 277.2	\$174.5	\$ (12.6)	\$669.0
Net Revenues:					
Weather (compared to normal)	(12.0)	—	10.7	—	(1.3)
Revenue adjustment	(5.7)	—	—	—	(5.7)
Unregulated natural gas marketing business	—	—	—	5.8	5.8
Total Impact - Net Revenues	(17.7)	—	10.7	5.8	(1.2)
Operating Expenses					
Restructuring	(0.2)	—	(0.5)	—	(0.7)
Environmental reserve	—	—	6.0	—	6.0
Unregulated natural gas marketing business	—	—	—	(5.9)	(5.9)
Loss on sale of assets and asset impairments	(0.9)	(0.2)	(0.1)	(0.1)	(1.3)
Total Impact - Operating Expenses	(1.1)	(0.2)	5.4	(6.0)	(1.9)
Total Impact - Operating Income (Loss)	\$ (18.8)	\$ (0.2)	\$ 16.1	\$ (0.2)	\$ (3.1)
Operating Income (Loss) - GAAP	\$ 211.1	\$ 277.0	\$190.6	\$ (12.8)	\$665.9

NiSource Inc.
Consolidated Income Statement (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Revenues				
Gas Distribution	\$ 326.7	\$ 327.0	\$2,199.1	\$2,122.4
Gas Transportation and Storage	283.3	270.7	993.6	905.5
Electric	404.7	397.7	1,101.0	1,056.1
Other	54.0	142.7	235.5	583.9
Gross Revenues	1,068.7	1,138.1	4,529.2	4,667.9
Cost of Sales (excluding depreciation and amortization)	323.1	420.0	1,956.5	2,145.4
Total Net Revenues	745.6	718.1	2,572.7	2,522.5
Operating Expenses				
Operation and maintenance	407.1	382.1	1,242.1	1,198.8
Depreciation and amortization	134.9	153.1	408.3	454.5
Impairment and loss on sale of assets, net	0.4	1.1	1.1	1.2
Other taxes	59.2	62.0	220.0	213.4
Total Operating Expenses	601.6	598.3	1,871.5	1,867.9
Equity Earnings in Unconsolidated Affiliates	3.5	3.5	8.8	11.3
Operating Income	147.5	123.3	710.0	665.9
Other Income (Deductions)				
Interest expense, net	(95.7)	(97.6)	(279.9)	(294.8)
Other, net	1.6	2.1	5.5	7.3
Total Other Deductions	(94.1)	(95.5)	(274.4)	(287.5)
Income from Continuing Operations before Income Taxes	53.4	27.8	435.6	378.4
Income Tax Expense (Benefit)	17.1	(5.6)	155.0	119.6
Income from Continuing Operations	36.3	33.4	280.6	258.8
Loss from Discontinued Operations - net of taxes	(1.6)	(0.2)	(1.8)	(0.3)
Gain on Disposition of Discontinued Operations - net of taxes	—	—	—	0.1
Net Income	\$ 34.7	\$ 33.2	\$ 278.8	\$ 258.6
Basic Earnings Per Share				
Continuing operations	\$ 0.13	\$ 0.12	\$ 1.00	\$ 0.93
Discontinued operations	(0.01)	—	(0.01)	—
Basic Earnings Per Share	\$ 0.12	\$ 0.12	\$ 0.99	\$ 0.93
Diluted Earnings Per Share				
Continuing operations	\$ 0.13	\$ 0.12	\$ 0.98	\$ 0.93
Discontinued operations	(0.01)	—	(0.01)	—
Diluted Earnings Per Share	\$ 0.12	\$ 0.12	\$ 0.97	\$ 0.93
Dividends Declared Per Common Share	\$ 0.23	\$ 0.23	\$ 0.92	\$ 0.92
Basic Average Common Shares Outstanding	280.8	278.1	280.1	277.5
Diluted Average Common Shares	289.0	279.9	287.4	278.9

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

	September 30,	December 31,
<i>(in millions)</i>	<u>2011</u>	<u>2010</u>
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$ 20,095.5	\$ 19,494.9
Accumulated depreciation and amortization	<u>(8,672.3)</u>	<u>(8,492.6)</u>
Net utility plant	<u>11,423.2</u>	<u>11,002.3</u>
Other property, at cost, less accumulated depreciation	<u>125.5</u>	<u>94.7</u>
Net Property, Plant and Equipment	<u>11,548.7</u>	<u>11,097.0</u>
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	2.3	7.9
Unconsolidated affiliates	200.2	200.9
Total Investments and Other Assets	<u>164.3</u>	<u>139.7</u>
Total Investments and Other Assets	<u>366.8</u>	<u>348.5</u>
Current Assets		
Cash and cash equivalents	22.2	9.2
Restricted cash	180.1	202.9
Accounts receivable (less reserve of \$29.7 and \$37.4, respectively)	512.5	1,079.3
Income tax receivable	1.2	99.0
Gas inventory	467.0	298.2
Underrecovered gas and fuel costs	57.7	135.7
Materials and supplies, at average cost	87.0	83.8
Electric production fuel, at average cost	41.3	46.0
Price risk management assets	136.7	159.5
Exchange gas receivable	92.7	62.7
Regulatory assets	142.4	151.8
Prepayments and other	<u>119.7</u>	<u>120.8</u>
Total Current Assets	<u>1,860.5</u>	<u>2,448.9</u>
Other Assets		
Price risk management assets	191.4	240.3
Regulatory assets	1,618.8	1,650.4
Goodwill	3,677.3	3,677.3
Intangible assets	300.4	308.6
Postretirement and postemployment benefits assets	43.6	35.1
Deferred charges and other	<u>134.6</u>	<u>132.7</u>
Total Other Assets	<u>5,966.1</u>	<u>6,044.4</u>
Total Assets	<u>\$ 19,742.1</u>	<u>\$ 19,938.8</u>

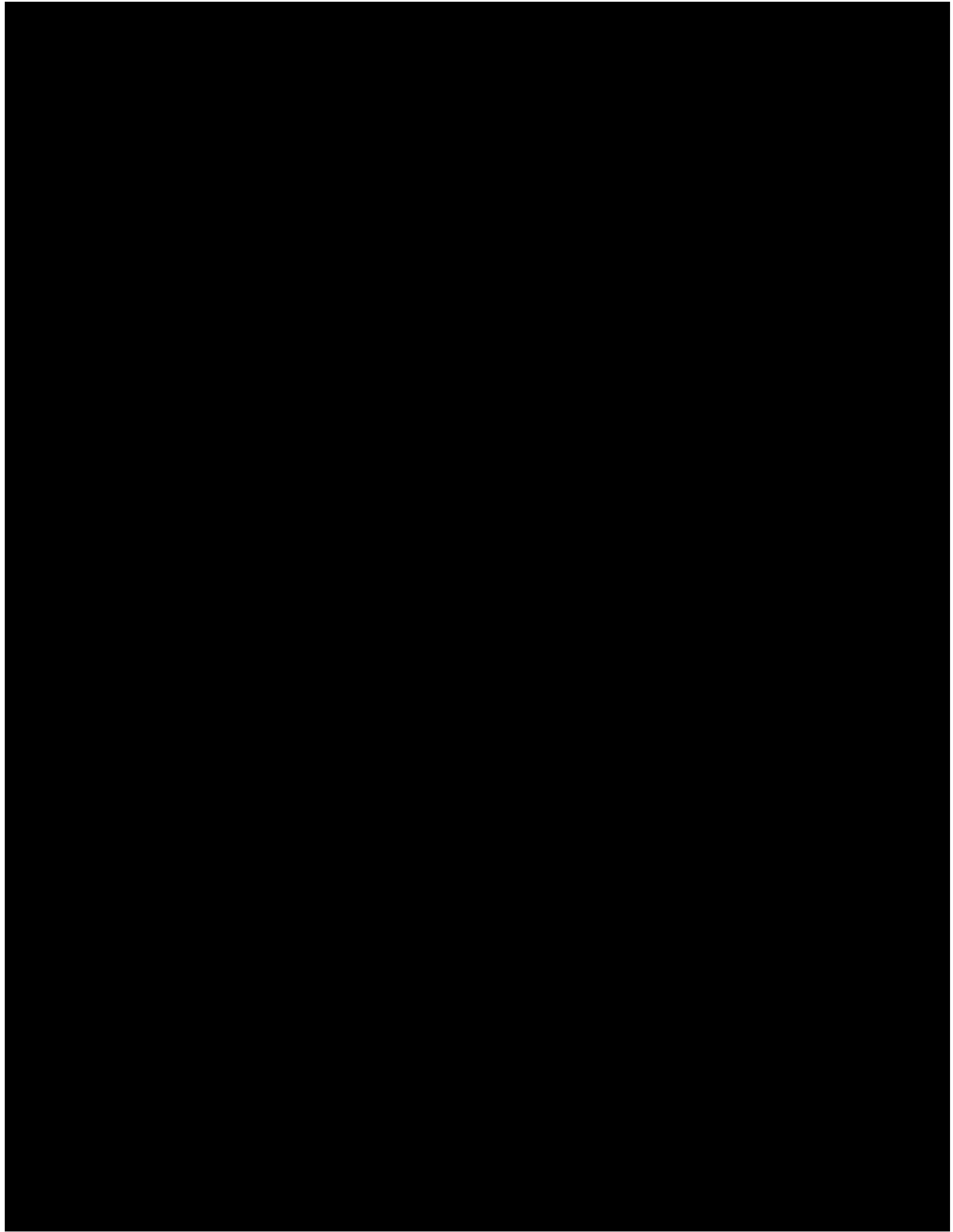
NiSource Inc.
Consolidated Balance Sheets (continued) (GAAP)
(unaudited)

	September 30,	December 31,
<i>(in millions, except share amounts)</i>	<u>2011</u>	<u>2010</u>
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 281,111,006 and 278,855,291 shares issued and outstanding, respectively	\$ 2.8	\$ 2.8
Additional paid-in capital	4,149.4	4,103.9
Retained earnings	922.6	901.8
Accumulated other comprehensive loss	(54.4)	(57.9)
Treasury stock	(30.4)	(27.4)
Total Common Stockholders' Equity	4,990.0	4,923.2
Long-term debt, excluding amounts due within one year	6,337.3	5,936.1
Total Capitalization	11,327.3	10,859.3
Current Liabilities		
Current portion of long-term debt	8.2	34.2
Short-term borrowings	1,234.0	1,382.5
Accounts payable	244.4	581.8
Dividends payable	64.7	0.1
Customer deposits and credits	281.3	318.1
Taxes accrued	157.8	221.1
Interest accrued	67.7	114.4
Overrecovered gas and fuel costs	80.2	11.8
Price risk management liabilities	171.6	173.9
Exchange gas payable	178.3	266.1
Deferred revenue	3.5	6.8
Regulatory liabilities	88.8	92.9
Accrued liability for postretirement and postemployment benefits	23.3	23.3
Legal and environmental reserves	28.9	86.0
Other accruals	254.5	336.4
Total Current Liabilities	2,887.2	3,649.4
Other Liabilities and Deferred Credits		
Price risk management liabilities	136.6	181.6
Deferred income taxes	2,430.2	2,209.7
Deferred investment tax credits	30.1	33.7
Deferred credits	79.0	68.6
Deferred revenue	—	0.3
Accrued liability for postretirement and postemployment benefits	874.4	1,039.6
Regulatory liabilities and other removal costs	1,643.7	1,595.8
Asset retirement obligations	140.5	138.8
Other noncurrent liabilities	193.1	162.0
Total Other Liabilities and Deferred Credits	5,527.6	5,430.1
Total Capitalization and Liabilities	\$ 19,742.1	\$ 19,938.8

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Nine Months Ended September 30, *(in millions)*

	<u>2011</u>	<u>2010</u>
Operating Activities		
Net Income	\$ 278.8	\$ 258.6
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	408.3	454.5
Net changes in price risk management assets and liabilities	14.1	(4.2)
Deferred income taxes and investment tax credits	165.2	130.6
Deferred revenue	(4.2)	(22.7)
Stock compensation expense and 401(k) profit sharing contribution	27.4	23.2
Gain on sale of assets	(0.1)	(0.1)
Loss on impairment of assets	1.2	1.1
Income from unconsolidated affiliates	(8.0)	(11.1)
Gain on disposition of discontinued operations - net of taxes	—	(0.1)
Loss from discontinued operations - net of taxes	1.8	0.3
Amortization of debt related costs	6.6	8.1
AFUDC equity	(3.2)	(4.9)
Distributions of earnings received from equity investee	10.9	7.9
Changes in Assets and Liabilities:		
Accounts receivable	561.4	299.2
Income tax receivable	97.8	24.9
Inventories	(171.4)	(32.8)
Accounts payable	(325.1)	(266.8)
Customer deposits and credits	(36.8)	(10.7)
Taxes accrued	(62.8)	(96.1)
Interest accrued	(46.6)	(40.0)
Over (Under) recovered gas and fuel costs	146.4	(289.9)
Exchange gas receivable/payable	(117.9)	(12.9)
Other accruals	(32.2)	(22.7)
Prepayments and other current assets	31.1	32.4
Regulatory assets/liabilities	39.2	103.9
Postretirement and postemployment benefits	(163.5)	(142.3)
Deferred credits	(2.0)	(0.2)
Deferred charges and other noncurrent assets	(6.3)	9.9
Other noncurrent liabilities	32.6	(9.7)
Net Operating Activities from Continuing Operations	842.7	387.4
Net Operating Activities used for Discontinued Operations	(48.6)	(54.9)
Net Cash Flows from Operating Activities	<u>794.1</u>	<u>332.5</u>
Investing Activities		
Capital expenditures	(774.2)	(553.7)
Insurance recoveries	—	3.5
Proceeds from disposition of assets	9.4	0.3
Restricted cash withdrawals (deposits)	22.8	(101.8)
Contributions to equity investees	(0.2)	(87.7)
Distributions from equity investees	—	23.8
Other investing activities	(59.7)	(45.9)
Net Investing Activities used for Continuing Operations	(801.9)	(761.5)
Net Investing Activities from Discontinued Operations	—	0.4
Net Cash Flow used for Investing Activities	<u>(801.9)</u>	<u>(761.1)</u>
Financing Activities		
Issuance of long-term debt	395.3	—
Retirement of long-term debt	(36.5)	(16.3)
Premiums and other debt related costs	(8.2)	—
Change in short-term borrowings, net	(148.5)	621.6
Issuance of common stock	15.1	10.6
Acquisition of treasury stock	(3.1)	(1.4)
Dividends paid - common stock	(193.3)	(191.4)
Net Cash Flows from Financing Activities	<u>20.8</u>	<u>423.1</u>
Change in cash and cash equivalents from continuing operations	61.6	49.0
Cash contributions to discontinued operations	(48.6)	(54.5)
Cash and cash equivalents at beginning of period	9.2	16.4
Cash and Cash Equivalents at End of Period	<u>\$ 22.2</u>	<u>\$ 10.9</u>



NISOURCE INC/DE

FORM 8-K (Current report filing)

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CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 1, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

35-2108964

(I.R.S. Employer
Identification No.)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
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ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS

On September 1, 2011, NiSource Inc. (the "Company") announced that effective August 31, 2011, Christopher A. Helms retired from his position as Executive Vice President and Group CEO of the NiSource Gas Transmission and Storage Group, as well as any other offices or directorships with the Company or any affiliate. In connection with his retirement from the Company, the Company and Mr. Helms entered into a letter agreement on August 30, 2011 (the "Agreement"), the material terms of which are described below.

The Agreement provides that Mr. Helms will continue to serve as a full-time, active employee of the Company until October 31, 2011, or his earlier resignation or termination (the "Employment Period"). During the Employment Period, he will continue to receive his current annual base salary and will remain eligible to participate in the Company's benefit plans. The Agreement provides for Mr. Helms to receive a separation payment of \$4,838,408 plus a lump sum payment equivalent to 130% of 104 weeks of COBRA continuation coverage payments in lieu of any continued medical, dental, vision and other welfare benefits. Mr. Helms will remain entitled to indemnification by the Company pursuant to its by-laws, as well as coverage under the Company's directors and officers liability insurance policies to the same extent as other former officers of the Company. Mr. Helms has agreed to adhere to confidentiality and non-disparagement covenants. Mr. Helms also has agreed not to compete against NiSource with specified companies through December 31, 2012. The Agreement includes a customary release of claims arising prior to the signing of the release.

For additional information, see the press release furnished hereto as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated September 1, 2011, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: September 1, 2011

By: _____
/s/ Robert E. Smith

Robert E. Smith

Vice President and Assistant Corporate Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated September 1, 2011, issued by NiSource Inc.

NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

September 1, 2011

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulen
Managing Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

Leadership change announced
at NiSource Gas Transmission & Storage

Helms retiring; Staton to advance growth agenda

MERRILLVILLE, Ind. —NiSource Inc. (NYSE: NI) President & CEO **Robert C. Skaggs Jr.** today announced a leadership change at NiSource Gas Transmission and Storage (NGT&S) following the announcement by Executive Vice President and Group CEO **Christopher A. Helms** that he has decided to retire from the company.

Skaggs said that, effective immediately, **Jimmy D. Staton**, a NiSource executive with an extensive background in the natural gas business, will assume responsibility for leading the company's NGT&S units, which include Columbia Gas Transmission LLC, Columbia Gulf Transmission Co. and Crossroads Pipeline Co. Staton also will be responsible for NiSource Energy Ventures, which includes the company's midstream business, as well as the company's partnership interests, Millennium Pipeline and Hardy Storage Co.

Staton currently serves as executive vice president and group CEO of NiSource's Indiana gas and electric utility business, which includes Northern Indiana Public Service Company (NIPSCO), as well as the company's Gas Distribution business unit. With this change, Staton continues to have responsibility for NiSource's Indiana utility business, while Skaggs assumes responsibility for NiSource's gas distribution business.

Helms has led NGT&S since 2005, helping position the company to pursue an array of growth and expansion investment opportunities.

"Chris brought a strong, market-driven focus to our pipeline and storage business, helping better position our company to pursue a wide array of attractive, investment-driven growth initiatives," Skaggs said. "I join our entire team in thanking Chris for his contributions and wishing him well."

(more)

"I am tremendously proud of our team's accomplishments at NGT&S, and deeply appreciative of the opportunity to work with such a talented and dedicated group of people," Helms said. "Although my work is done, I know NGT&S is poised to deliver even more outstanding results for our shareholders, customers and the communities we serve."

Commenting on Staton's appointment, Skaggs noted that, "Jimmy brings to this role a strong track record of advancing key commercial, regulatory and infrastructure enhancement strategies. I'm confident that he and the NGT&S team will continue to develop collaborative and creative solutions that benefit our customers, our team and NiSource as a whole."

Focus on NGT&S Growth Agenda

In his new role, Staton will focus on advancing the NGT&S strategy to:

- Deliver customer value and earnings growth by leveraging NiSource's strategic asset base, including the company's strong footprint in shale production areas
- Enhance system reliability and integrity
- Improve customer focus and overall stakeholder engagement
- Strengthen organizational capability

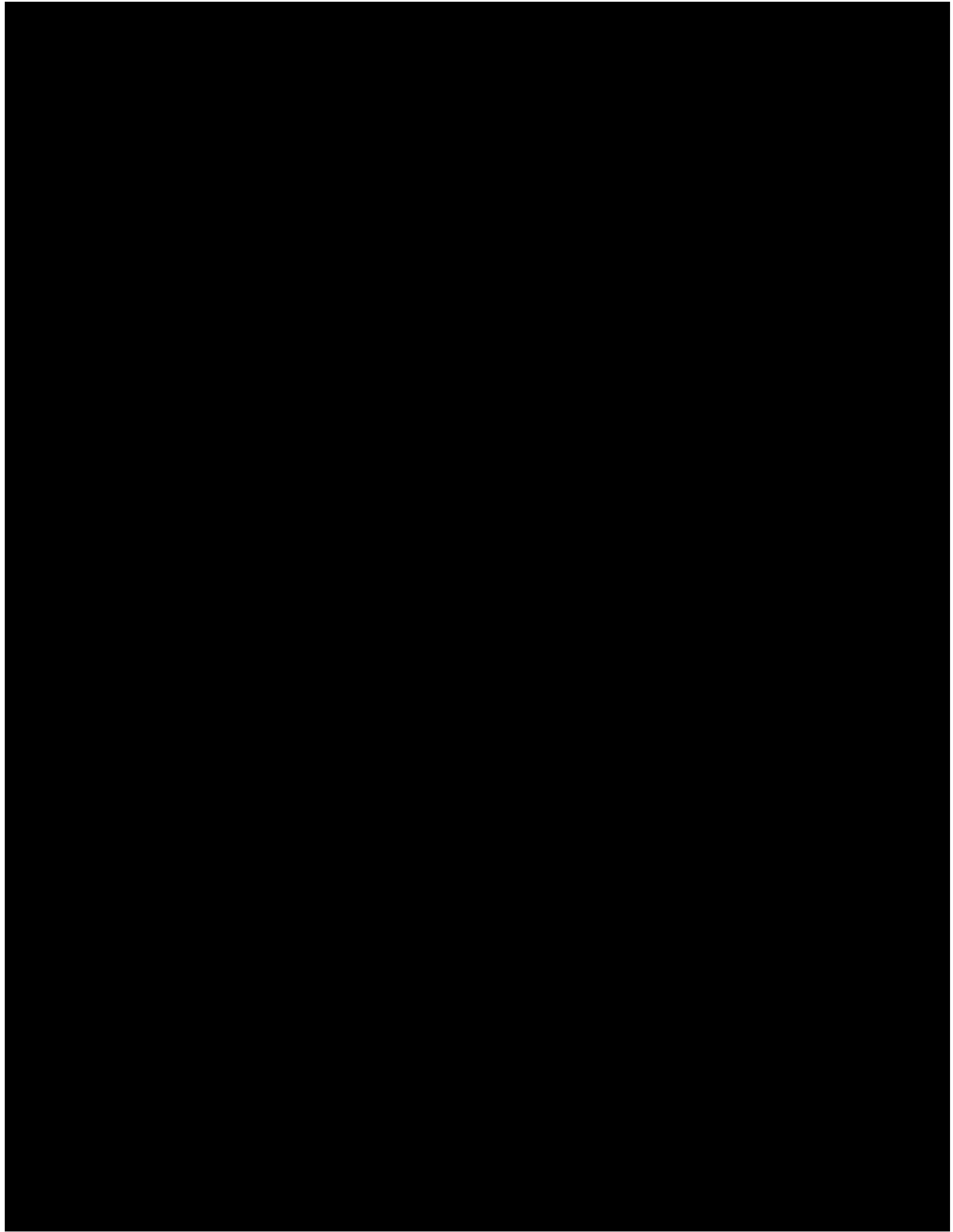
Staton reports to Skaggs and serves as a member of NiSource's executive council. He began his energy industry career as a petroleum engineer at the Federal Energy Regulatory Commission. After leaving the public sector, Staton held several rate, regulatory and strategic planning positions with Arkla Energy Resources and Consolidated Natural Gas Company. In 2000, Staton was named Senior Vice President, Electric Delivery for Dominion Resources Inc., and later became Senior Vice President, Delivery Operations.

Staton joined NiSource in 2008 as Executive Vice President and Group CEO for the company's Gas Distribution business, and assumed responsibility for the company's Indiana gas and electric operations in 2010. He holds professional memberships with a number of associations, including the American Gas Association and the Southern Gas Association. He earned a B.S. degree in Petroleum Engineering from Louisiana State University in 1983.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.7 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Together, NiSource's gas transmission and storage companies operate a 15,000-mile network of natural gas pipelines, 37 storage fields and serve some of the nation's largest and fastest-growing energy markets in the Northeast, Midwest and Mid-Atlantic regions. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

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NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 08/02/11 for the Period Ending 08/02/11

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Telephone	2196475200
CIK	0001111711
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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 2, 2011, NiSource Inc. (the "Company") reported its financial results for the quarter ended June 30, 2011. The Company's press release, dated August 2, 2011, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated August 2, 2011, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: August 2, 2011

By: _____ /s/ Jon D. Veurink
Jon D. Veurink
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated August 2, 2011, issued by NiSource Inc.

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

August 2, 2011

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
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mbanas@nisource.com

Investors

Randy Hulen
Managing Director, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Reports Second Quarter 2011 Results

- Earnings in line with 2011 guidance
- Settlement filed in Indiana electric rate case
- Infrastructure enhancements, growth investments on track

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$45.6 million, or \$0.17 per share for the three months ended June 30, 2011, compared to \$37.0 million, or \$0.13 per share for the second quarter of 2010. Operating earnings for the quarter (non-GAAP) were \$162.2 million compared to \$154.0 million for the same period in 2010.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended June 30, 2011, of \$39.5 million, or \$0.14 per share, compared with \$28.0 million, or \$0.10 per share in the same period a year ago. Operating income was \$163.3 million for the second quarter of 2011 compared with \$139.2 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

“NiSource delivered another quarter of solid financial and operational performance, punctuated by significant accomplishments involving nearly all aspects of our business plan,” NiSource President and Chief Executive Officer **Robert C. Skaggs Jr.** said. “From the settlement of our electric rate case in Indiana, to the achievement of key regulatory, commercial and infrastructure milestones across each of our businesses, our team continues to create innovative energy solutions for our customers and sustainable value for shareholders.”

Skaggs noted that NiSource remains on track to deliver net operating earnings from continuing operations in line with its 2011 outlook of \$1.25 to \$1.35 per share (non-GAAP). He also highlighted a series of recent business accomplishments across the company, including:

Indiana electric rate case settlement

On July 18, NiSource's **Northern Indiana Public Service Company (NIPSCO)** filed a broad-based settlement agreement which, if approved by the Indiana Utility Regulatory Commission (IURC), would resolve the company's Nov. 2010 electric base rate case. A product of months of extensive discussions with its customers and key regulatory stakeholders, the settlement provides NIPSCO with the foundation to make ongoing investments in northern Indiana's energy infrastructure to help fuel job creation and economic growth and to earn a reasonable return on its investment for shareholders on a sustainable basis.

"Working collaboratively with stakeholders, the settlement represents a balanced agreement that supports NIPSCO's ability to provide Indiana families, businesses and industries with the affordable, reliable and environmentally sustainable power they need now and for the future," Skaggs said.

Pending IURC approval, NIPSCO anticipates that new rates could be effective in late 2011 or early 2012.

NIPSCO's electric operations also continue to make progress on a variety of new customer programs and environmental initiatives.

- On July 13, the company received approval from the IURC to significantly improve NIPSCO's ability to purchase customer-generated electricity from renewable energy projects. The program, supported by consumer and environmental groups, also allows customers to generate more of their own electricity using renewable energy to reduce their utility costs.
- On July 27, the IURC also approved NIPSCO's request for new electric energy efficiency programs for its electric customers. Programs include appliance recycling, commercial and industrial efficiency project incentives and expanded energy education.
- Construction also remains on schedule for a Flue Gas Desulfurization unit at NIPSCO's Schahfer generating station. This clean-air project is part of the company's significant environmental improvements at its electric generating stations — an investment of between \$570 million and \$840 million planned over the next eight years.

Pipeline and storage growth initiatives

NiSource Gas Transmission & Storage (NGT&S) continues to leverage its strategic asset base and geographic footprint in the natural gas-rich Marcellus Shale production area to position itself for ongoing growth.

In the Marcellus region, NGT&S completed its Southern Appalachian and Clendenin projects during the second quarter, providing more than 180,000 dekatherms per day of contracted firm transportation capacity for its customers. Other Marcellus-related projects in progress include the Rimersburg Expansion in central Pennsylvania, the Smithfield project in West Virginia and the Line WB Expansion in Virginia and Kentucky. These producer-driven projects, of which a significant portion are fully subscribed with long-term contracts or binding precedent agreements, will add up to 525,000 dekatherms per day of firm transportation.

As part of its ongoing strategy to exploit its Marcellus area pipeline and storage asset position, NGT&S recently announced the appointment of several key new leaders. They include veteran energy leader **Joe Blount** who will serve as president of **NiSource Energy Ventures**. Blount's responsibilities will include all of NGT&S' midstream activities, its partnership interests in **Millennium Pipeline** and **Hardy Storage Company**, and a number of other related commercial activities. Among those reporting to Blount will be **John Bonn**, recently appointed as president of **NiSource Midstream Services**, which is focused on capitalizing on the company's extensive opportunities in the Marcellus supply region.

"We've deepened our leadership ranks at NGT&S to continue to meet our aggressive targets for project origination, execution and earnings growth from investments across our system and, in particular, in the Marcellus Shale production area," Skaggs said. "The team is aggressively developing and pursuing an inventory of low-risk, accretive infrastructure investments that meet the needs of our customers and provide long-term value for our shareholders."

In addition to its supply-driven Marcellus development activities, NGT&S continues to actively develop infrastructure projects to serve new natural gas-fueled electric generation markets, involving both new generation facilities as well as coal conversion opportunities. For example, in May, **Columbia Gas Transmission** filed an application with the Federal Energy Regulatory Commission (FERC) to construct the pipeline infrastructure to serve Virginia Electric and Power Company's planned 1,329 megawatt gas-fired generation facility in Warren County, Va. The project would provide approximately 250,000 dekatherms per day of long-term, firm transportation with an in-service date of mid-2014.

On the regulatory front, **Columbia Gulf Transmission** placed new rates into effect, subject to refund, on May 1, 2011, as part of its Nov. 2010 rate case filing with the FERC. Columbia Gulf and the parties to the case are actively engaged in settlement discussions to resolve the case.

Gas distribution infrastructure, regulatory programs

NiSource Gas Distribution (NGD) continues to advance its strategy of combining long-term infrastructure replacement and customer programs with complementary regulatory initiatives.

On July 1, **Columbia Gas of Pennsylvania** filed a partial settlement in the company's base rate case filed on Jan. 14, 2011, with the Pennsylvania Public Utility Commission. Two items, including rate design for residential customers, will be resolved through a formal hearing process, and a recommendation is expected this month. If approved, the settlement will authorize a revenue increase of \$17 million annually. A decision is expected, with new rates in effect, during the fourth quarter of this year.

NiSource's gas distribution companies also remain on track with their extensive infrastructure modernization and replacement programs designed to ensure safe and reliable service. These include programs at **Columbia Gas of Ohio**, **Columbia Gas of Pennsylvania**, **Columbia Gas of Massachusetts** and **Columbia Gas of Kentucky**. In addition, **Columbia Gas of Virginia** has filed an application with its state commission to accelerate recovery of its infrastructure projects. All of these investments are part of NGDs more than \$4 billion replacement program scheduled over the next 20 to 25 years.

Liquidity and financial management

In June, NiSource issued \$400 million in 30-year notes as part of the company's ongoing focus on enhancing its long-term financial strength and flexibility. The issuance takes advantage of the attractive interest rate environment and will be used to repay short-term bank borrowings under the company's \$1.5 billion revolving credit facility. Also in June, NiSource introduced a \$500 million commercial paper program, which further diversifies the company's short-term funding sources and is fully supported by the revolving credit facility.

"We remain committed to the principle of thoughtful and disciplined financial management," Skaggs said. "This strategy has enabled us to strengthen our financial foundation and increase our ongoing capital expenditure levels to meet customer needs and deliver value to our shareholders."

The company's overall 2011 capital investment program amounts to approximately \$1.1 billion, a level it expects to maintain or increase in the years ahead.

Second Quarter 2011 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the quarter ended June 30, 2011, were \$162.2 million, compared to \$154.0 million in the second quarter of 2010. Refer to Schedule 2 for the items included in 2011 and 2010 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the quarter ended June 30, 2011 are discussed below.

NiSource Gas Distribution reported operating earnings for the current quarter of \$48.7 million compared to \$35.9 million in the second quarter of 2010. Net revenues, excluding the impact of trackers, increased by \$0.4 million, primarily attributable to increased residential and commercial margins due to NIPSCO's change from a volumetric-based rate design to one with a higher fixed charge. The new rate design provides a greater proportion of recovery through the monthly fixed customer charge for certain customer classes. Additionally, there was an increase in other regulatory and service programs largely due to new rates under Columbia Gas of Ohio's approved infrastructure replacement program and rate cases at various other utilities. These increases in net revenues were partially offset by a decrease in off-system sales.

Operating expenses, excluding trackers, were \$12.4 million lower than the comparable 2010 period primarily as a result of lower depreciation costs due to reduced depreciation rates. This decrease was partially offset by increases in employee and administrative expenses.

NiSource Gas Transmission and Storage reported operating earnings for the current quarter of \$84.7 million compared to \$74.9 million in the second quarter of 2010. Net revenues, excluding the impact of trackers, increased by \$14.3 million, primarily attributable to an increase in demand margin revenue as a result of growth projects placed into service in the second half of 2010 and the impact of new Columbia Gulf rates, subject to refund, put into effect May 1, 2011.

Operating expenses, excluding the impact of trackers, increased \$6.4 million from the comparable 2010 period due to increased employee and administrative expenses and depreciation.

Equity earnings increased \$1.9 million primarily due to non-recurrence of 2010 hedge ineffectiveness charges for Millennium Pipeline, partially offset by Millennium's higher current year interest costs resulting from its Aug. 2010 debt refinancing.

NiSource Electric reported operating earnings for the current quarter of \$37.3 million compared to \$48.3 million in the second quarter of 2010. Net revenues, excluding the impact of trackers, increased by \$0.2 million primarily due to increased industrial usage and margins as a result of improved economic conditions partially offset by decreased residential and commercial margins.

Operating expenses, excluding the impact of trackers, increased by \$11.2 million primarily attributable to higher electric generation costs due to an increase in outage durations and higher employee and administrative expenses.

Corporate and Other reported an operating earnings loss of \$8.5 million for the current quarter compared to an operating earnings loss of \$5.1 million in the second quarter of 2010.

Other Items

Interest expense decreased by \$4.0 million due to the Nov. 2010 long-term debt maturity and the Dec. 2010 tender offer repurchase of long-term debt. The benefits were partially offset by incremental interest expense associated with the swap maturity in Nov. 2010, the issuance of long-term debt in Dec. 2010 and higher average short-term borrowings and rates.

Other-net reflected income of \$0.6 million in 2011 compared to income of \$2.6 million in 2010. The effective tax rate of net operating earnings was 33.3 percent compared to 36.4 percent for the same period last year.

Six-Month Period 2011 Operating Earnings — Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the six months ended June 30, 2011, were \$557.1 million, compared to \$559.1 million for the same period in 2010. Refer to Schedule 2 for the items included in 2011 and 2010 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the six months ended June 30, 2011 are discussed below.

NiSource Gas Distribution reported operating earnings of \$285.8 million compared to \$270.6 million reported for the first six months of 2010. Net revenues, excluding the impact of regulatory trackers, decreased \$8.0 million primarily attributable to a decrease in off-system sales and lower residential and commercial margins due to NIPSCO's change from a volumetric-based rate design to one with a higher fixed charge. The new rate design provides a greater proportion of recovery through the monthly fixed customer charge for certain customer classes. These decreases were partially offset by an increase in other regulatory and service programs largely due to new rates under Columbia Gas of Ohio's approved infrastructure replacement program and rate cases at various other utilities.

Operating expenses, excluding the impact of trackers, were \$23.2 million lower than the comparable period in the prior year primarily due to lower depreciation costs as a result of reduced depreciation rates at NIPSCO and decreased uncollectible accounts. These decreases were partially offset by an increase in employee and administrative costs.

NiSource Gas Transmission and Storage reported operating earnings of \$203.2 million versus operating earnings of \$200.8 million in the first six months of 2010. Net revenues, excluding trackers, increased \$14.0 million primarily attributable to an increase in demand margin revenue as a result of growth projects placed into service in the second half of 2010 and the impact of new Columbia Gulf rates put into effect, subject to refund, on May 1, 2011. These increases were partially offset by the recognition of revenue in the prior year related to a previously deferred gain for native gas and fees received from a contract buyout.

Operating expenses, excluding trackers, increased by \$9.1 million primarily due to higher employee and administration expense, increased maintenance and outside service costs and higher depreciation.

Equity earnings decreased by \$2.5 million primarily from Millennium Pipeline's higher interest costs resulting from the Aug. 2010 debt refinancing partially offset by the non-recurrence of 2010 hedge ineffectiveness charges at Millennium.

NiSource Electric reported operating earnings of \$79.2 million for the first six months of 2011, compared with operating earnings of \$94.5 million for the prior year period. Net revenues, excluding trackers, increased by \$9.1 million primarily due to increased industrial usage and margins as a result of improved economic conditions partially offset by decreased residential and commercial margins.

Operating expenses, excluding trackers, increased by \$24.4 million due primarily to higher electric generation costs as a result of an increase in outage duration, a regulatory adjustment and higher employee and administrative expenses.

Corporate and Other reported an operating earnings loss of \$11.1 million in the first six months of 2011, compared to an operating earnings loss of \$6.8 million in the first six months of 2010.

Other Items

Interest expense decreased by \$13.0 million due to the Nov. 2010 long-term debt maturity and the Dec. 2010 tender offer repurchase of long-term debt. The benefits were partially offset by incremental interest expense associated with the swap maturity in Nov. 2010, the issuance of long-term debt in Dec. 2010 and higher average short-term borrowings and rates.

The effective tax rate of net operating earnings was 34.2 percent compared to 35.9 percent for the same period last year.

Income from Continuing Operations (GAAP)

As noted above, on a GAAP basis, NiSource reported net income from continuing operations for the three months ended June 30, 2011, of \$39.5 million, or \$0.14 per share, compared with \$28.0 million, or \$0.10 per share, in the same period a year ago. Operating income was \$163.3 million for the second quarter of 2011, compared with \$139.2 million in the year-ago period.

On a GAAP basis, NiSource reported net income from continuing operations for the six months ended June 30, 2011, of \$244.3 million, or \$0.87 per share, compared with \$225.4 million, or \$0.81 per share last year. Operating income was \$562.5 million for the first six months of 2011 versus \$542.6 million in the year-ago period.

Refer to Schedule I for a complete list of the items included in 2011 and 2010 GAAP income from Continuing Operations but excluded from net operating earnings.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this news release are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2010 Form 10-K and subsequent reports on Form 10-Q, many of which risks are beyond the control of NiSource. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Revenues				
Gas Distribution	\$ 502.7	\$ 471.7	\$1,870.3	\$1,812.0
Gas Transportation and Storage	307.3	264.3	710.3	634.8
Electric	346.6	339.3	692.4	657.6
Other	24.4	19.8	48.2	41.7
Gross Revenues	1,181.0	1,095.1	3,321.2	3,146.1
Cost of Sales (excluding depreciation and amortization)	417.7	349.8	1,503.5	1,330.8
Total Net Revenues	763.3	745.3	1,817.7	1,815.3
Operating Expenses				
Operation and maintenance	366.5	338.9	712.1	668.7
Operation and maintenance — trackers	34.9	37.2	120.3	144.2
Depreciation and amortization	131.0	148.5	266.5	295.9
Depreciation and amortization — trackers	3.5	3.1	6.9	5.5
Other taxes	51.3	51.3	108.4	106.1
Other taxes — trackers	16.2	12.7	51.7	43.6
Total Operating Expenses	603.4	591.7	1,265.9	1,264.0
Equity Earnings in Unconsolidated Affiliates	2.3	0.4	5.3	7.8
Operating Earnings	162.2	154.0	557.1	559.1
Other Income (Deductions)				
Interest expense, net	(94.4)	(98.4)	(184.2)	(197.2)
Other, net	0.6	2.6	3.9	5.2
Total Other Deductions	(93.8)	(95.8)	(180.3)	(192.0)
Operating Earnings From Continuing Operations				
Before Income Taxes	68.4	58.2	376.8	367.1
Income Taxes	22.8	21.2	128.9	131.7
Net Operating Earnings from Continuing Operations	45.6	37.0	247.9	235.4
GAAP Adjustment	(6.1)	(9.0)	(3.6)	(10.0)
GAAP Income from Continuing Operations	\$ 39.5	\$ 28.0	\$ 244.3	\$ 225.4
Basic Net Operating Earnings Per Share from Continuing Operations	0.17	0.13	0.89	0.85
GAAP Basic Earnings Per Share from Continuing Operations	0.14	0.10	0.87	0.81
Basic Average Common Shares Outstanding	280.2	277.6	279.8	277.3

NiSource Inc.
Segment Operating Earnings (Non GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Revenues				
Sales Revenues	\$ 632.2	\$ 572.1	\$2,213.3	\$2,122.5
Less: Cost of gas sold	316.9	255.5	1,314.8	1,197.5
Net Revenues	315.3	316.6	898.5	925.0
Operating Expenses				
Operation and maintenance	170.7	163.0	344.1	330.6
Operation and maintenance — trackers	16.7	21.8	85.5	112.0
Depreciation and amortization	43.6	63.4	86.6	125.9
Other taxes	19.4	19.7	44.8	42.2
Other taxes — trackers	16.2	12.8	51.7	43.7
Total Operating Expenses	266.6	280.7	612.7	654.4
Operating Earnings	\$ 48.7	\$ 35.9	\$ 285.8	\$ 270.6
GAAP Adjustment	(2.3)	(17.4)	2.2	(17.0)
GAAP Operating Income	\$ 46.4	\$ 18.5	\$ 288.0	\$ 253.6

Gas Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Revenues				
Transportation revenues	\$ 174.7	\$ 161.7	\$ 374.4	\$ 358.9
Storage revenues	49.4	49.7	99.9	99.1
Other revenues	9.4	5.9	14.6	15.9
Net Operating Revenues	233.5	217.3	488.9	473.9
Operating Expenses				
Operation and maintenance	88.1	83.2	168.5	159.9
Operation and maintenance — trackers	15.1	13.2	29.2	28.2
Depreciation and amortization	32.8	31.5	65.5	63.0
Other taxes	15.1	14.9	27.8	29.8
Total Operating Expenses	151.1	142.8	291.0	280.9
Equity Earnings in Unconsolidated Affiliates	2.3	0.4	5.3	7.8
Operating Earnings	\$ 84.7	\$ 74.9	\$ 203.2	\$ 200.8
GAAP Adjustment	—	—	—	—
GAAP Operating Income	\$ 84.7	\$ 74.9	\$ 203.2	\$ 200.8

NiSource Inc.
Segment Operating Earnings (Non GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Revenues				
Sales revenues	\$ 348.6	\$ 341.3	\$ 696.2	\$ 661.7
Less: Cost of sales	136.7	130.9	269.9	247.5
Net Revenues	211.9	210.4	426.3	414.2
Operating Expenses				
Operation and maintenance	105.0	92.6	199.7	181.4
Operation and maintenance — trackers	3.1	2.2	5.6	4.0
Depreciation and amortization	49.9	49.8	105.5	99.7
Depreciation and amortization — trackers	3.5	3.1	6.9	5.5
Other taxes	13.1	14.4	29.4	29.1
Total Operating Expenses	174.6	162.1	347.1	319.7
Operating Earnings	\$ 37.3	\$ 48.3	\$ 79.2	\$ 94.5
GAAP Adjustment	2.5	1.3	3.8	0.2
GAAP Operating Income	\$ 39.8	\$ 49.6	\$ 83.0	\$ 94.7
Corporate and Other Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating Loss	\$ (8.5)	\$ (5.1)	\$ (11.1)	\$ (6.8)
GAAP Adjustment	0.9	1.3	(0.6)	0.3
GAAP Operating Loss	\$ (7.6)	\$ (3.8)	\$ (11.7)	\$ (6.5)

NiSource Inc.
Segment Volumes and Statistical Data (continued)

Electric Operations	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Sales (Gigawatt Hours)				
Residential	784.4	810.5	1,640.2	1,657.5
Commercial	946.6	952.0	1,871.5	1,887.3
Industrial	2,325.7	2,111.0	4,768.1	4,141.8
Wholesale	200.2	172.3	267.3	305.7
Other	37.1	39.8	81.6	81.2
Total	4,294.0	4,085.6	8,628.7	8,073.5
Weather Adjustment	(33.5)	(19.8)	(51.0)	(14.3)
Sales — Volumes Excluding Weather impacts	4,260.5	4,065.8	8,577.7	8,059.2
Cooling Degree Days	258	277	258	277
Normal Cooling Degree Days	230	230	230	230
% Warmer (Colder) than Normal	12%	20%	12%	20%
 Electric Customers				
Residential			399,473	399,856
Commercial			53,861	53,656
Industrial			2,425	2,426
Wholesale			15	15
Other			737	742
Total			456,511	456,695

NiSource Inc.
Schedule I — Reconciliation of Net Operating Earnings to GAAP
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 45.6	\$ 37.0	\$ 247.9	\$ 235.4
Items excluded from operating earnings:				
Net Revenues:				
Weather — compared to normal	0.2	(10.5)	6.0	(10.1)
Revenue adjustment	—	(5.7)	—	(5.7)
Unregulated natural gas marketing business	2.3	2.9	3.4	4.9
Operating Expenses:				
Restructuring	—	0.1	—	(0.9)
Unregulated natural gas marketing business	(1.4)	(1.6)	(3.4)	(4.6)
Gain/Loss on sale of assets and asset impairments	—	—	(0.6)	(0.1)
Total items excluded from operating earnings	1.1	(14.8)	5.4	(16.5)
Tax effect of above items	(0.4)	5.8	(2.2)	6.5
Other income tax adjustments — Indiana House Bill 1004	(6.8)	—	(6.8)	—
Total items excluded from net operating earnings	(6.1)	(9.0)	(3.6)	(10.0)
Reported Income from Continuing Operations — GAAP	\$ 39.5	\$ 28.0	\$ 244.3	\$ 225.4
Basic Average Common Shares Outstanding	280.2	277.6	279.8	277.3
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.17	\$ 0.13	\$ 0.89	\$ 0.85
Items excluded from net operating earnings (after-tax)	(0.03)	(0.03)	(0.02)	(0.04)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.14	\$ 0.10	\$ 0.87	\$ 0.81

NiSource Inc.
Schedule 2 — Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended June 30,
(unaudited)

2011 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 48.7	\$ 84.7	\$ 37.3	\$ (8.5)	\$ 162.2
Net Revenues:					
Weather (compared to normal)	(2.3)	—	2.5	—	0.2
Unregulated natural gas marketing business	—	—	—	2.3	2.3
Total Impact — Net Revenues	(2.3)	—	2.5	2.3	2.5
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(1.4)	(1.4)
Total Impact — Operating Expenses	—	—	—	(1.4)	(1.4)
Total Impact — Operating Income (Loss)	\$ (2.3)	\$ —	\$ 2.5	\$ 0.9	\$ 1.1
Operating Income (Loss) — GAAP	\$ 46.4	\$ 84.7	\$ 39.8	\$ (7.6)	\$ 163.3

2010 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate	Total
Operating Earnings (Loss)	\$ 35.9	\$ 74.9	\$ 48.3	\$ (5.1)	\$ 154.0
Net Revenues:					
Weather (compared to normal)	(11.7)	—	1.2	—	(10.5)
Revenue adjustment	(5.7)	—	—	—	(5.7)
Unregulated natural gas marketing business	—	—	—	2.9	2.9
Total Impact — Net Revenues	(17.4)	—	1.2	2.9	(13.3)
Operating Expenses					
Restructuring	—	—	0.1	—	0.1
Unregulated natural gas marketing business	—	—	—	(1.6)	(1.6)
Total Impact — Operating Income (Loss)	—	—	0.1	(1.6)	(1.5)
Total Impact — Operating Income (Loss)	\$ (17.4)	\$ —	\$ 1.3	\$ 1.3	\$ (14.8)
Operating Income (Loss) — GAAP	\$ 18.5	\$ 74.9	\$ 49.6	\$ (3.8)	\$ 139.2

NiSource Inc.
Schedule 2 — Adjustments by Segment from Operating Earnings to GAAP
For Six Months ended June 30,
(*unaudited*)

2011 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate and Other	Total
Operating Earnings (Loss)	\$ 285.8	\$ 203.2	\$ 79.2	\$ (11.1)	\$ 557.1
Net Revenues:					
Weather (compared to normal)	2.2	—	3.8	—	6.0
Unregulated natural gas marketing business	—	—	—	3.4	3.4
Total Impact — Net Revenues	2.2	—	3.8	3.4	9.4
Operating Expenses					
Unregulated natural gas marketing business	—	—	—	(3.4)	(3.4)
Gain/(Loss) on sale of assets and asset impairments	—	—	—	(0.6)	(0.6)
Total Impact — Operating Expenses	—	—	—	(4.0)	(4.0)
Total Impact — Operating Income (Loss)	\$ 2.2	\$ —	\$ 3.8	\$ (0.6)	\$ 5.4
Operating Income (Loss) — GAAP	\$ 288.0	\$ 203.2	\$ 83.0	\$ (11.7)	\$ 562.5

2010 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate	Total
Operating Earnings (Loss)	\$ 270.6	\$ 200.8	\$ 94.5	\$ (6.8)	\$ 559.1
Net Revenues:					
Weather (compared to normal)	(10.9)	—	0.8	—	(10.1)
Revenue adjustment	(5.7)	—	—	—	(5.7)
Unregulated natural gas marketing business	—	—	—	4.9	4.9
Total Impact — Net Revenues	(16.6)	—	0.8	4.9	(10.9)
Operating Expenses					
Restructuring	(0.3)	—	(0.6)	—	(0.9)
Unregulated natural gas marketing business	—	—	—	(4.6)	(4.6)
Gain/(Loss) on sale of assets and asset impairments	(0.1)	—	—	—	(0.1)
Total Impact — Operating Expenses	(0.4)	—	(0.6)	(4.6)	(5.6)
Total Impact — Operating Income (Loss)	\$ (17.0)	\$ —	\$ 0.2	\$ 0.3	\$ (16.5)
Operating Income (Loss) — GAAP	\$ 253.6	\$ 200.8	\$ 94.7	\$ (6.5)	\$ 542.6

NiSource Inc.
Consolidated Income Statement (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Revenues				
Gas Distribution	\$ 500.4	\$ 454.3	\$1,872.4	\$1,795.4
Gas Transportation and Storage	307.3	264.3	710.3	634.8
Electric	349.2	340.5	696.3	658.4
Other	71.4	112.0	181.5	441.2
Gross Revenues	1,228.3	1,171.1	3,460.5	3,529.8
Cost of Sales (excluding depreciation and amortization)	462.5	439.1	1,633.4	1,725.4
Total Net Revenues	765.8	732.0	1,827.1	1,804.4
Operating Expenses				
Operation and maintenance	402.5	377.1	835.0	816.7
Depreciation and amortization	134.5	151.6	273.4	301.4
Impairment and loss on sale of assets, net	—	—	0.7	0.1
Other taxes	67.8	64.5	160.8	151.4
Total Operating Expenses	604.8	593.2	1,269.9	1,269.6
Equity Earnings in Unconsolidated Affiliates	2.3	0.4	5.3	7.8
Operating Income	163.3	139.2	562.5	542.6
Other Income (Deductions)				
Interest expense, net	(94.4)	(98.4)	(184.2)	(197.2)
Other, net	0.6	2.6	3.9	5.2
Total Other Deductions	(93.8)	(95.8)	(180.3)	(192.0)
Income from Continuing Operations before Income Taxes	69.5	43.4	382.2	350.6
Income Tax Expense	30.0	15.4	137.9	125.2
Income from Continuing Operations	39.5	28.0	244.3	225.4
(Loss)/Income from Discontinued Operations — net of taxes	(0.6)	0.1	(0.2)	(0.1)
Gain on Disposition of Discontinued Operations — net of taxes	—	—	—	0.1
Net Income	\$ 38.9	\$ 28.1	\$ 244.1	\$ 225.4
Basic Earnings Per Share				
Continuing operations	\$ 0.14	\$ 0.10	\$ 0.87	\$ 0.81
Discontinued operations	—	—	—	—
Basic Earnings Per Share	\$ 0.14	\$ 0.10	\$ 0.87	\$ 0.81
Diluted Earnings Per Share				
Continuing operations	\$ 0.14	\$ 0.10	\$ 0.85	\$ 0.81
Discontinued operations	—	—	—	—
Diluted Earnings Per Share	\$ 0.14	\$ 0.10	\$ 0.85	\$ 0.81
Dividends Declared Per Common Share	\$ 0.23	\$ 0.23	\$ 0.69	\$ 0.69
Basic Average Common Shares Outstanding	280.2	277.6	279.8	277.3
Diluted Average Common Shares	287.1	278.4	286.2	278.0

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	June 30, 2011	December 31, 2010
ASSETS		
Property, Plant and Equipment		
Utility Plant	\$19,783.8	\$ 19,494.9
Accumulated depreciation and amortization	(8,602.9)	(8,492.6)
Net utility plant	11,180.9	11,002.3
Other property, at cost, less accumulated depreciation	114.1	94.7
Net Property, Plant and Equipment	11,295.0	11,097.0
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	2.3	7.9
Unconsolidated affiliates	197.2	200.9
Total Investments and Other Assets	150.8	139.7
Total Investments and Other Assets	350.3	348.5
Current Assets		
Cash and cash equivalents	59.9	9.2
Restricted cash	154.6	202.9
Accounts receivable (less reserve of \$42 and \$37.4, respectively)	638.3	1,079.3
Income tax receivable	1.2	99.0
Gas inventory	278.0	298.2
Underrecovered gas and fuel costs	24.7	135.7
Materials and supplies, at average cost	87.0	83.8
Electric production fuel, at average cost	44.9	46.0
Price risk management assets	116.0	159.5
Exchange gas receivable	118.2	62.7
Regulatory assets	121.9	151.8
Prepayments and other	100.4	120.8
Total Current Assets	1,745.1	2,448.9
Other Assets		
Price risk management assets	190.6	240.3
Regulatory assets	1,622.2	1,650.4
Goodwill	3,677.3	3,677.3
Intangible assets	303.1	308.6
Postretirement and postemployment benefits assets	42.0	35.1
Deferred charges and other	120.7	132.7
Total Other Assets	5,955.9	6,044.4
Total Assets	\$19,346.3	\$ 19,938.8

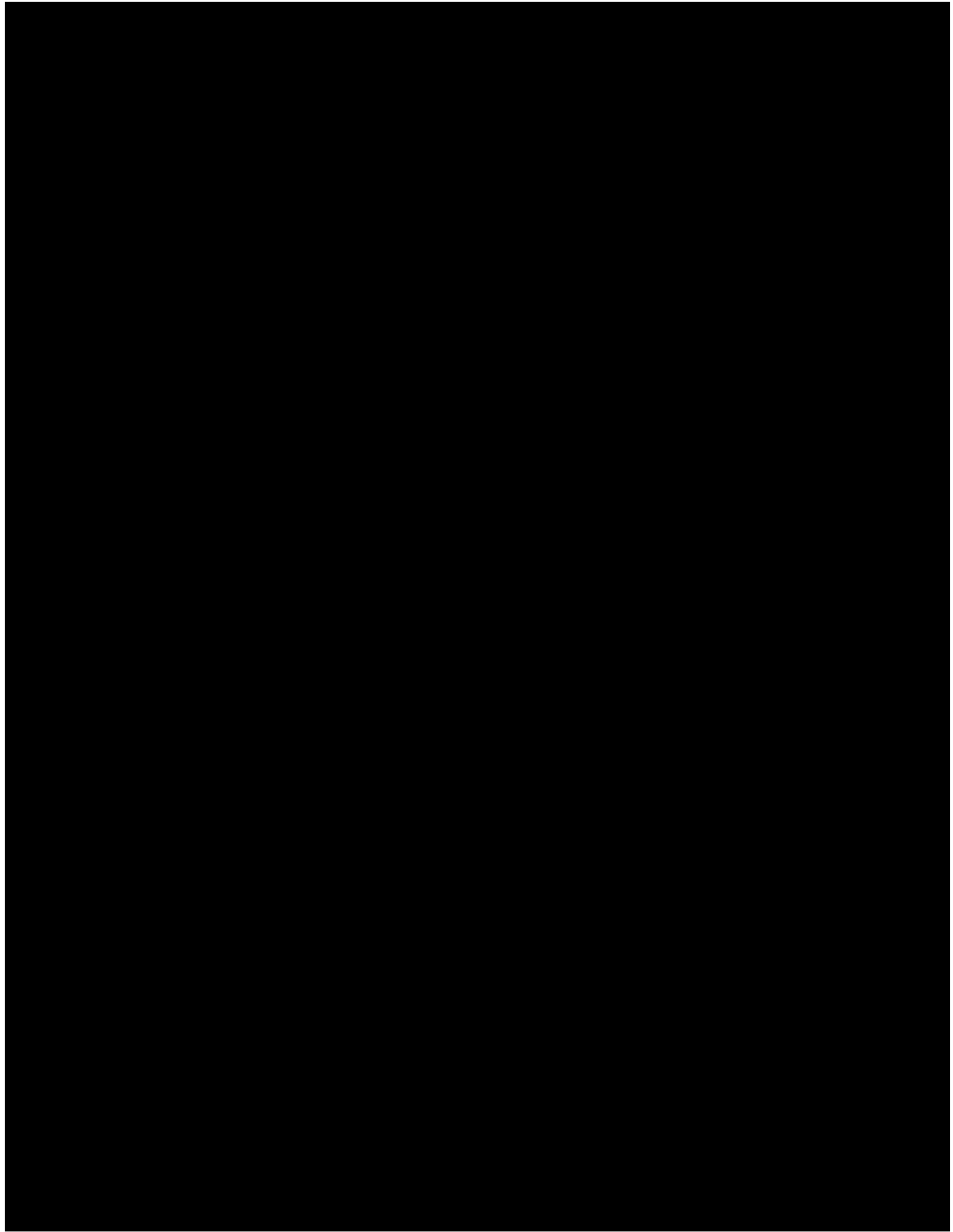
NiSource Inc.
Consolidated Balance Sheets (continued) (GAAP)
(unaudited)

<i>(in millions, except share amounts)</i>	June 30, 2011	December 31, 2010
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock — \$0.01 par value, 400,000,000 shares authorized; 280,472,662 and 278,855,291 shares issued and outstanding, respectively	\$ 2.8	\$ 2.8
Additional paid-in capital	4,132.9	4,103.9
Retained earnings	952.6	901.8
Accumulated other comprehensive loss	(54.5)	(57.9)
Treasury stock	(30.4)	(27.4)
Total Common Stockholders' Equity	5,003.4	4,923.2
Long-term debt, excluding amounts due within one year	6,340.0	5,936.1
Total Capitalization	11,343.4	10,859.3
Current Liabilities		
Current portion of long-term debt	30.0	34.2
Short-term borrowings	870.4	1,382.5
Accounts payable	316.2	581.8
Dividends payable	64.6	0.1
Customer deposits and credits	183.1	318.1
Taxes accrued	179.5	221.1
Interest accrued	114.4	114.4
Overrecovered gas and fuel costs	121.4	11.8
Price risk management liabilities	135.0	173.9
Exchange gas payable	155.4	266.1
Deferred revenue	5.0	6.8
Regulatory liabilities	83.5	92.9
Accrued liability for postretirement and postemployment benefits	23.3	23.3
Temporary LIFO liquidation credit	0.3	—
Legal and environmental reserves	46.0	86.0
Other accruals	230.0	336.4
Total Current Liabilities	2,558.1	3,649.4
Other Liabilities and Deferred Credits		
Price risk management liabilities	127.8	181.6
Deferred income taxes	2,369.1	2,209.7
Deferred investment tax credits	31.3	33.7
Deferred credits	75.5	68.6
Deferred revenue	—	0.3
Accrued liability for postretirement and postemployment benefits	919.6	1,039.6
Regulatory liabilities and other removal costs	1,624.8	1,595.8
Asset retirement obligations	138.9	138.8
Other noncurrent liabilities	157.8	162.0
Total Other Liabilities and Deferred Credits	5,444.8	5,430.1
Total Capitalization and Liabilities	\$19,346.3	\$ 19,938.8

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Six Months Ended June 30, <i>(in millions)</i>	2011	2010
Operating Activities		
Net Income	\$ 244.1	\$ 225.4
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	273.4	301.4
Net changes in price risk management assets and liabilities	15.3	4.4
Deferred income taxes and investment tax credits	132.1	38.6
Deferred revenue	(2.6)	(17.2)
Stock compensation expense and 401(k) profit sharing contribution	17.2	6.0
Loss on sale of assets	—	0.1
Loss on impairment of assets	0.7	—
Income from unconsolidated affiliates	(4.4)	(7.8)
Gain on disposition of discontinued operations — net of taxes	—	(0.1)
Loss from discontinued operations — net of taxes	0.2	0.1
Amortization of debt related costs	4.2	5.4
AFUDC equity	(1.9)	(3.7)
Distributions of earnings received from equity investee	9.9	7.9
Changes in Assets and Liabilities:		
Accounts receivable	434.6	245.1
Income tax receivable	97.8	24.8
Inventories	13.7	147.6
Accounts payable	(250.4)	(235.4)
Customer deposits and credits	(134.9)	(104.7)
Taxes accrued	(40.7)	6.2
Interest accrued	—	5.3
Over (Under) recovered gas and fuel costs	220.7	(252.3)
Exchange gas receivable/payable	(166.2)	(51.3)
Other accruals	(26.3)	(30.5)
Prepayments and other current assets	20.6	28.1
Regulatory assets/liabilities	28.3	98.3
Postretirement and postemployment benefits	(118.9)	1.7
Deferred credits	6.3	(3.6)
Deferred charges and other non-current assets	12.1	4.6
Other non-current liabilities	(4.84)	2.9
Net Operating Activities from Continuing Operations	780.1	447.3
Net Operating Activities used for Discontinued Operations	(44.1)	(44.8)
Net Cash Flows from Operating Activities	736.0	402.5
Investing Activities		
Capital expenditures	(445.0)	(336.9)
Insurance recoveries	—	0.5
Proceeds from disposition of assets	9.4	0.3
Restricted cash withdrawals (deposits)	48.3	(38.0)
Contributions to equity investees	(0.1)	(0.3)
Other investing activities	(36.0)	(19.9)
Net Investing Activities used for Continuing Operations	(423.4)	(394.3)
Net Investing Activities from Discontinued Operations	—	0.4
Net Cash Flow used for Investing Activities	(423.4)	(393.9)
Financing Activities		
Issuance of long-term debt	395.3	—
Retirement of long-term debt	(13.0)	(5.2)
Premiums and other debt related costs	(8.2)	—
Change in short-term borrowings, net	(512.2)	109.8
Issuance of common stock	7.9	6.8
Acquisition of treasury stock	(3.0)	(1.4)
Dividends paid — common stock	(128.7)	(127.6)
Net Cash Flow used for Financing Activities	(261.9)	(17.6)
Change in cash and cash equivalents from continuing operations	94.8	35.4
Cash contributions to discontinued operations	(44.1)	(44.4)

Cash and cash equivalents at beginning of period	9.2	16.4
Cash and Cash Equivalents at End of Period	\$ 59.9	\$ 7.4



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 07/26/11 for the Period Ending 07/26/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 26, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

35-2108964

(I.R.S. Employer
Identification No.)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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-

Item 5.02 . Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective July 26, 2011, the NiSource Inc. (the "Company") Board of Directors appointed Mr. Sigmund L. Cornelius to the Company's Board of Directors. It is expected that Mr. Cornelius will serve on the following Committees: Audit, Corporate Governance, and Finance. Mr. Cornelius will be compensated for his service as a director under the Company's compensation plans for non-employee directors which are set forth generally on pages 12-13 of the Company's 2011 Proxy Statement as filed with the Securities and Exchange Commission on April 1, 2011, including participating in the Company's 2010 Omnibus Incentive Plan, under which he received a pro-rated annual award of restricted stock units upon his appointment. Subject to the specific terms and conditions of the restricted stock unit award agreement, the restricted stock units awarded to Mr. Cornelius will vest and be payable to him, on the last day of his initial term.

A copy of the press release announcing the appointment of Mr. Cornelius and including information regarding his background and experience is attached hereto as exhibit 99.1.

Item 9.01 . Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated July 26, 2011, issued by NiSource, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: July 26, 2011

By: /s/ Robert E. Smith

Robert E. Smith

Vice President and Assistant Corporate Secretary

EXHIBIT INDEX

**Exhibit
Number**

Description

99.1	Press Release, dated July 26, 2011, issued by NiSource, Inc.
------	--

NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

July 26, 2011

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nsource.com

Investors

Randy Hulen
Managing Director, Investor Relations
(219) 647-5688
rghulen@nsource.com

NiSource Elects Sigmund L. Cornelius to Board of Directors

MERRILLVILLE, Ind ., — The NiSource Inc. (NYSE: NI) Board of Directors has elected former ConocoPhillips executive **Sigmund L. Cornelius** to become a member of the NiSource board, effective July 26, 2011.

Cornelius, 56, retired in January 2011 from ConocoPhillips, where he was senior vice president, finance, and chief financial officer from 2008 to 2010. Prior to that, he served as senior vice president, planning, strategy and corporate affairs from 2007 to 2008, having previously served as president, exploration and production-lower 48 from 2006 to 2007 and president, global gas from 2004 to 2006. Cornelius joined ConocoPhillips predecessor Conoco Inc. in 1980. He also serves on the boards of directors of the Parallel Energy Trust, USEC and Carbo Ceramics Inc.

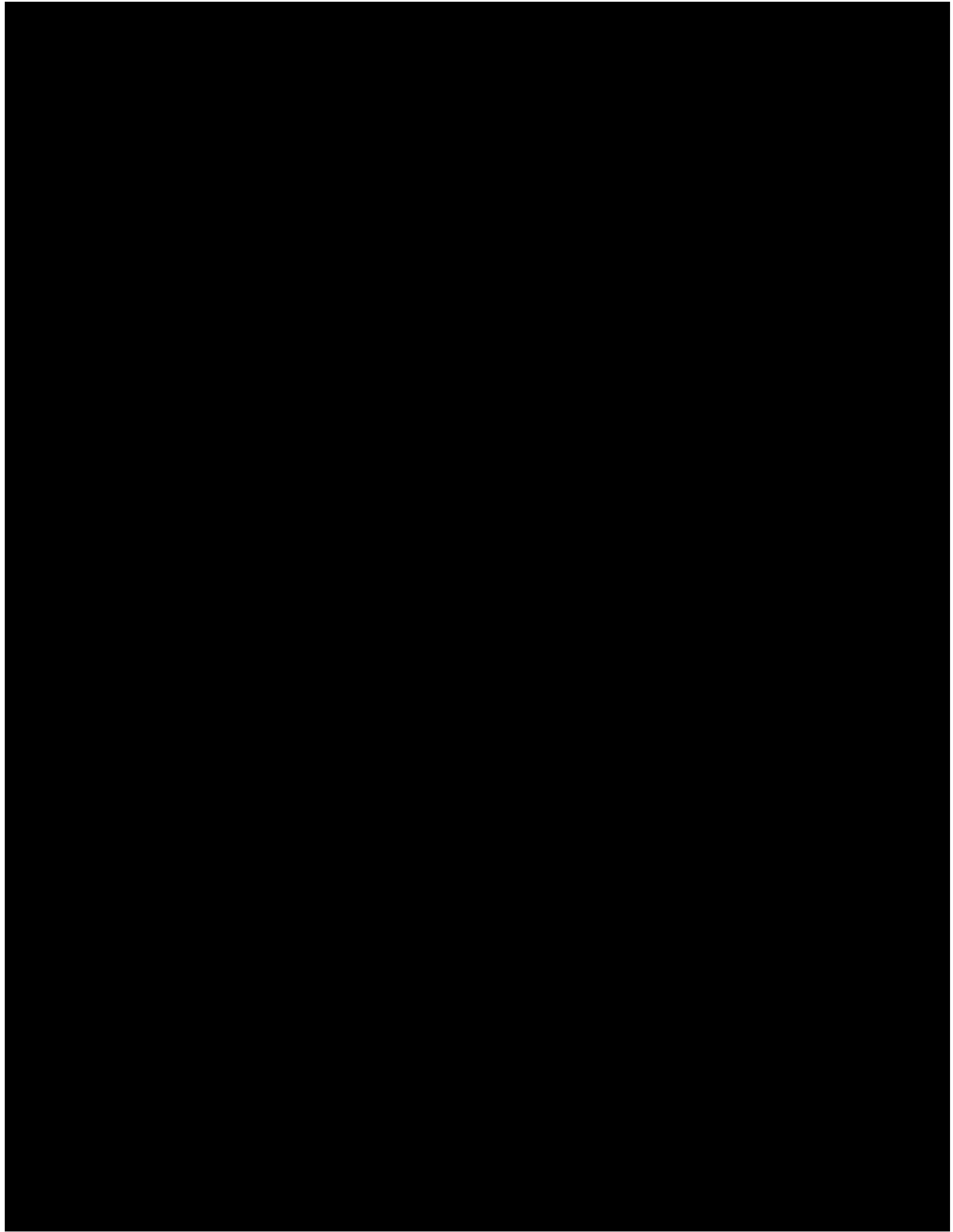
"We are very pleased to welcome Sig to the NiSource board of directors," **Ian M. Rolland**, chairman of the NiSource board of directors, said. "Our board is comprised of an experienced, engaged and diverse group of individuals, and I am confident Sig's addition will help us build on that strength. In particular, as NiSource executes on its long-term, investment-driven growth strategy, I believe we will benefit from Sig's extensive experience at a large, diversified energy company."

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nsource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of federal securities laws. Such statements include those regarding the execution by NiSource of its long-term, investment-driven growth strategy. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include the matters set forth in the " *Note regarding forward-looking statements*" and " *Risk Factors* " sections of NiSource's 2010 Form 10-K and in subsequent reports on Form 10-Q, many of which risks are beyond the control of NiSource.



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 07/12/11 for the Period Ending 07/12/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 12, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 7.01. Regulation FD Disclosure.

On July 12, 2011, Northern Indiana Public Service Company (“Northern Indiana”) reached a settlement in principle with the Indiana Office of Utility Consumer Counselor, NLMK Indiana f/k/a Beta Steel Corporation and the Indiana Municipal Utilities Group resolving all issues pending before the Indiana Utility Regulatory Commission (“IURC”) in Northern Indiana’s electric rate case and filed notice thereof with the IURC. A Stipulation and Settlement Agreement which fully details the agreement of the parties is expected to be filed with the IURC next week. Northern Indiana is a wholly owned subsidiary of NiSource Inc. The full text of today’s filing (Cause No. 43969) will be available on the IURC’s Electronic Document System at <https://myweb.in.gov/IURC/eds/>.

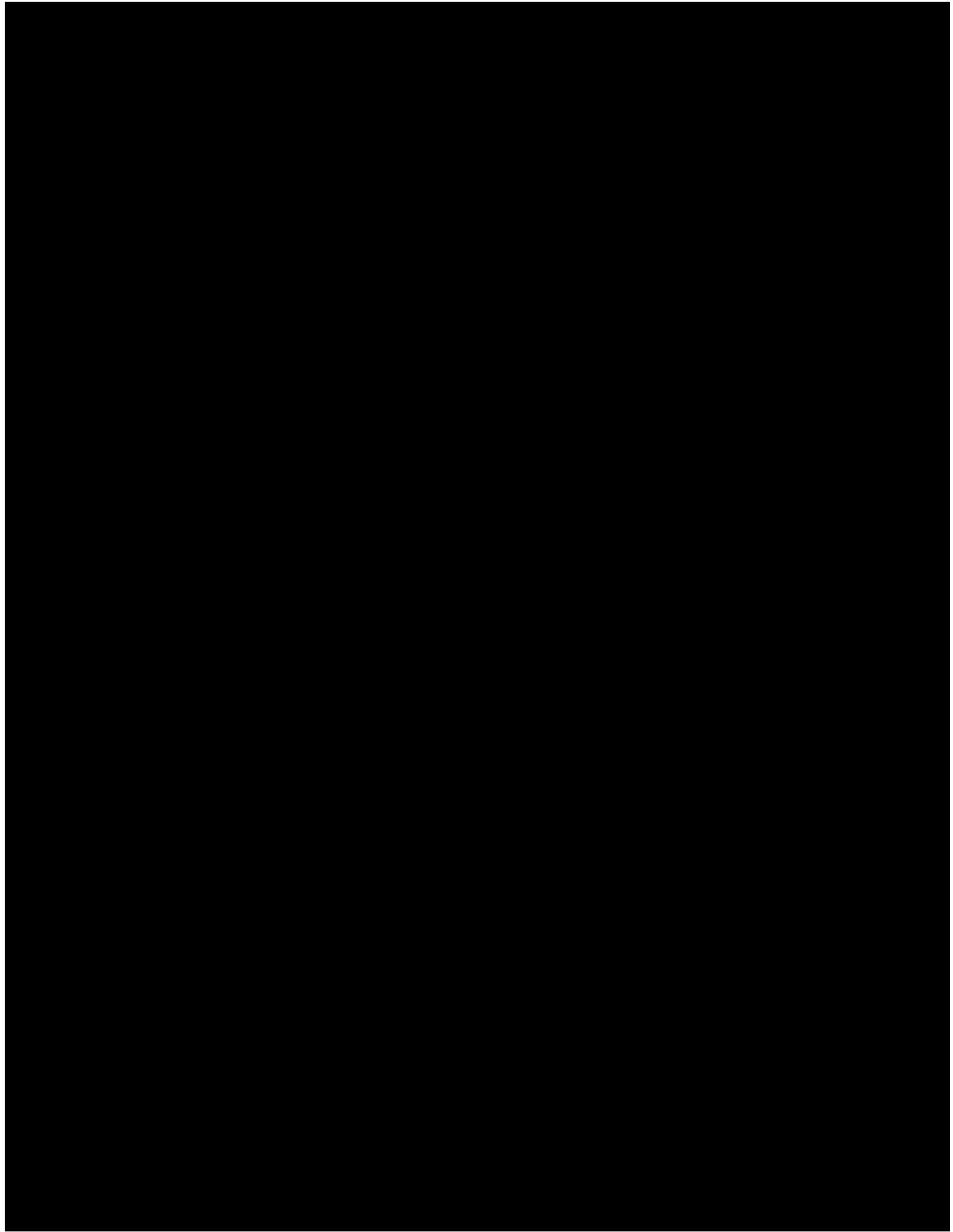
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: July 12, 2011

By: /s/ Robert E. Smith
Robert E. Smith Vice President and Deputy
General Counsel



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 06/10/11 for the Period Ending 06/07/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 7, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

35-2108964

(I.R.S. Employer
Identification No.)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 1.01. Entry into a Material Definitive Agreement.

On June 7, 2011, NiSource Inc. (the "Company"), NiSource Finance Corp., an Indiana corporation and a wholly-owned special purpose finance subsidiary of the Company ("NiSource Finance"), and Scotia Capital (USA) Inc., U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, as representatives of the underwriters, entered into a Terms Agreement with respect to the offering and sale of \$400,000,000 aggregate principal amount of NiSource Finance's 5.95% Notes due 2041 (the "Notes") under the Company's and NiSource Finance's Registration Statement on Form S-3 (File Nos. 333-170385 and 333-170385-01). The Notes are fully and unconditionally guaranteed by the Company. The Terms Agreement incorporates by reference an Underwriting Agreement dated November 5, 2010 of the Company and NiSource Finance (the "Underwriting Agreement"). The sale closed on June 10, 2011. The Notes were issued pursuant to an Indenture dated as of November 14, 2000 among the Company, NiSource Finance and The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee (as filed with the Securities and Exchange Commission on November 17, 2000).

A copy of the form of the Notes is filed as Exhibit 4.1 to this Current Report on Form 8-K and is hereby incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.**Exhibit Description**

4.1 Form of 5.95% Notes due 2041

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.
(Registrant)

Date: June 10, 2011

By: /s/ David J. Vajda
David J. Vajda
Vice President, Treasurer and Chief Risk Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
4.1	Form of 5.95% Notes due 2041

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO NISOURCE FINANCE CORP. AND NISOURCE INC. OR THEIR AGENT OR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No.: 1
CUSIP No.: 65473QAX1
ISIN No.: US65473QAX16

\$400,000,000

5.95% Notes due 2041

NiSource Finance Corp., an Indiana corporation, promises to pay to Cede & Co, or registered assigns, the principal sum of Four Hundred Million Dollars on June 15, 2041.

Interest Payment Dates: June 15 and December 15, commencing December 15, 2011.

Record Dates: June 1 and December 1 (whether or not a Business Day).

Additional provisions of this Note are set forth on the other side of this Note.

Dated: June 10, 2011

NISOURCE FINANCE CORP.

By: _____

Name: David J. Vajda

Title: Vice President, Treasurer and
Chief Risk Officer

By: _____

Name: Gary W. Pottorff

Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

This is one of the Notes of the series
referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Officer

5.95% Notes due 2041

1. Interest

NiSource Finance Corp., an Indiana corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. The Company will pay interest semiannually on June 15 and December 15 of each year, commencing December 15, 2011. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from June 10, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal and premium at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful.

2. Method of Payment

The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the June 1 and December 1 (whether or not a Business Day) next preceding the Interest Payment Date even if Notes are canceled after the Record Date and on or before the Interest Payment Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company.

3. Guarantee

NiSource Inc., a Delaware corporation and parent of the Company, will fully and unconditionally guarantee to each Holder of the Notes and to The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), as Trustee (the "Trustee") under the Indenture (as defined below) and its successors all the Obligations of the Company under the Notes, including the due and punctual payment of the principal of, premium, if any, and interest, if any, on the Notes (the "Security Guarantee"). The Security Guarantee applies whether the payment is due at Stated Maturity, on an Interest Payment Date or as a result of acceleration, redemption or otherwise. The Security Guarantee includes payment of interest on the overdue principal of, premium, if any, and interest, if any, on the Notes (if lawful) and all other Obligations of the Company under the Indenture. The Security Guarantee will remain valid even if the Indenture is found to be invalid. NiSource Inc. is obligated under the Security Guarantee to pay any guaranteed amount immediately after the Company's failure to do so.

4. Paying Agent and Security Registrar

Initially, the Trustee will act as Paying Agent and Security Registrar. The Company may appoint and change any Paying Agent or Security Registrar without notice to the Holders. The Company may act as Paying Agent or Security Registrar.

5. Indenture

The Company issued the Notes under an Indenture dated as of November 14, 2000, among the Company, NiSource Inc. and the Trustee (as supplemented, the "Indenture") and pursuant to an Officers' Certificate of the Company dated June 10, 2011 (the "Officer's Certificate"). The terms of the Notes include those stated in the Indenture and the Officer's Certificate and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. sections 77aaa-77bbb) as in effect on the date of the Officer's Certificate (the "Act"). Capitalized terms used herein and defined in the Indenture but not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior unsecured obligations of the Company. The Notes issued on the Issue Date will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company, NiSource Inc. and their Subsidiaries (other than Utilities) to incur additional indebtedness and create liens on assets unless the total amount of all the secured debt would not exceed 10% of Consolidated Net Tangible Assets. These covenants are subject to important exceptions and qualifications.

6. Optional Redemption

Prior to December 15, 2040, the Company may redeem all or part of the Notes at any time at its option at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the Redemption Date or (2) the Make-Whole Amount for the Notes being redeemed.

On or after December 15, 2040, the Company may redeem the Notes at any time in whole or from time to time in part, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

For purposes of this provision:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the Notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the Redemption Date) from the Redemption Date to the Stated Maturity of the Notes, in each case discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and

unpaid interest on the principal amount of the Notes being redeemed to the Redemption Date.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day preceding the Redemption Date, plus 0.30%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the Redemption Date to the Stated Maturity of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

7. Notice of Redemption

If the Company is redeeming less than all the Notes at any time, the Trustee will select the Notes to be redeemed using a method it considers fair and appropriate. Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed in accordance with Section 106 of the Indenture. Notes in denominations larger than \$1,000 principal amount may be redeemed in part but only in integral multiples of \$1,000. The Company will not know the exact Redemption Price until three Business Days before the Redemption Date. Therefore, the notice of redemption will only describe how the Redemption Price will be calculated. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent on or before the Redemption Date and certain other conditions are satisfied, on and after such Redemption Date interest will cease to accrue on such Notes (or such portions thereof) called for redemption.

8. Additional Notes

The Company may, without the consent of the Holders of the Notes, create and issue Additional Notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such Additional Notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No Additional Notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$1,000 principal amount and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Security Registrar need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before a selection of Notes to be redeemed.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request. After any such payment, Holders entitled to the money must look only to the

Company and not to the Trustee, the Paying Agent or NiSource Inc., as guarantor, for payment.

12. Satisfaction and Discharge

Under the Indenture, the Company can terminate its obligations with respect to the Notes not previously delivered to the Trustee for cancellation when those Notes have become due and payable or will become due and payable at their Stated Maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving notice of redemption. The Company may terminate its obligations with respect to the Notes by depositing with the Trustee, as funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the Notes. In that case, the Indenture will cease to be of further effect and the Company's obligations will be satisfied and discharged with respect to the Notes (except as to the Company's obligations to pay all other amounts due under the Indenture and to provide certain Officers' Certificates and Opinions of Counsel to the Trustee). At the expense of the Company, the Trustee will execute proper instruments acknowledging the satisfaction and discharge.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture and the Notes may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee shall be entitled to amend the Indenture to cure any ambiguity, omission, defect or inconsistency, or to evidence the succession of another Person as obligor under the Indenture, or to add to the Company's or NiSource Inc.'s covenants or to surrender any right or power conferred on the Company or NiSource Inc. under the Indenture, or to add events of default, or to secure the Notes, or to evidence or provide for the acceptance or appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one trustee, or to effect assumption by NiSource Inc. or one of its Subsidiaries of the Company's obligations under the Indenture, or to conform the Indenture to any amendment of the Trust Indenture Act.

14. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default by the Company in the payment of any interest upon any Note and the continuance of such default for 60 days; (ii) default by the Company in the payment of principal of or any premium on any Note when due at Stated Maturity, on redemption, by declaration or otherwise, and the continuance of such default for three Business Days; (iii) default by the Company or NiSource Inc. in the performance of or breach of any covenant or warranty in the Indenture and continuance of such default for 90 days after written notice to the Company or NiSource Inc. from the Trustee or to the Company, NiSource Inc. and

the Trustee from the Holders of at least 33% in principal amount of the Outstanding Notes; (iv) default by the Company or NiSource Capital Markets, Inc. under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or NiSource Capital Markets, Inc., or the Company or NiSource Capital Markets, Inc. defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of \$50,000,000 of the principal or interest when due and payable, subject to certain cure rights; (v) the guarantee by NiSource Inc. ceases to be in full force and effect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company, NiSource Capital Markets, Inc. or NiSource Inc. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 33% in principal amount of the Notes may declare all the Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

15. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, NiSource Inc. or the Trustee shall not have any liability for any obligations of the Company under the Notes or the Indenture, or any obligations of NiSource Inc. under the Security Guarantee or the Indenture, or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes and the Security Guarantee.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP, ISIN and Common Code Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders. To the extent such numbers have been issued, the Company has caused ISIN and Common Code numbers to be similarly printed on the Notes and has similarly instructed the Trustee. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONTRARY CONFLICT OF LAWS OR CHOICE OF LAWS PROVISIONS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

NiSource Finance Corp.
801 East 86th Avenue
Merrillville, Indiana 46410

Attention: Corporate Secretary

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

Sign exactly as your name appears on the other side of this Note.

Signature Guarantee:

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECURITY GUARANTEE

NiSource Inc. irrevocably and unconditionally guarantees the Obligations of NiSource Finance Corp., an Indiana corporation (the "Company") under the 5.95% Notes due 2041 (the "Notes") of the Company, including that (i) the principal of, premium, if any, and interest on the Notes shall be promptly paid in full when due, whether at Stated Maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest on the Notes, if lawful, and all other Obligations of the Company to the Holders or the Trustee shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Notes or any such other Obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed, NiSource Inc. shall be obligated to pay or perform the same immediately.

The obligations of NiSource Inc. to the Holders and to the Trustee pursuant to this Security Guarantee and the Indenture are expressly set forth in Article Fifteen of the Indenture, and reference is hereby made to such Indenture for the precise terms of this Security Guarantee.

No stockholder, employee, officer, director or incorporator, as such, past, present or future, of NiSource Inc. shall have any liability under this Security Guarantee by reason of his or its status as such stockholder, employee, officer, director or incorporator.

This Security Guarantee shall remain in full force and effect and continue notwithstanding any petition filed by or against the Company for liquidation or reorganization.

This Security Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Security Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

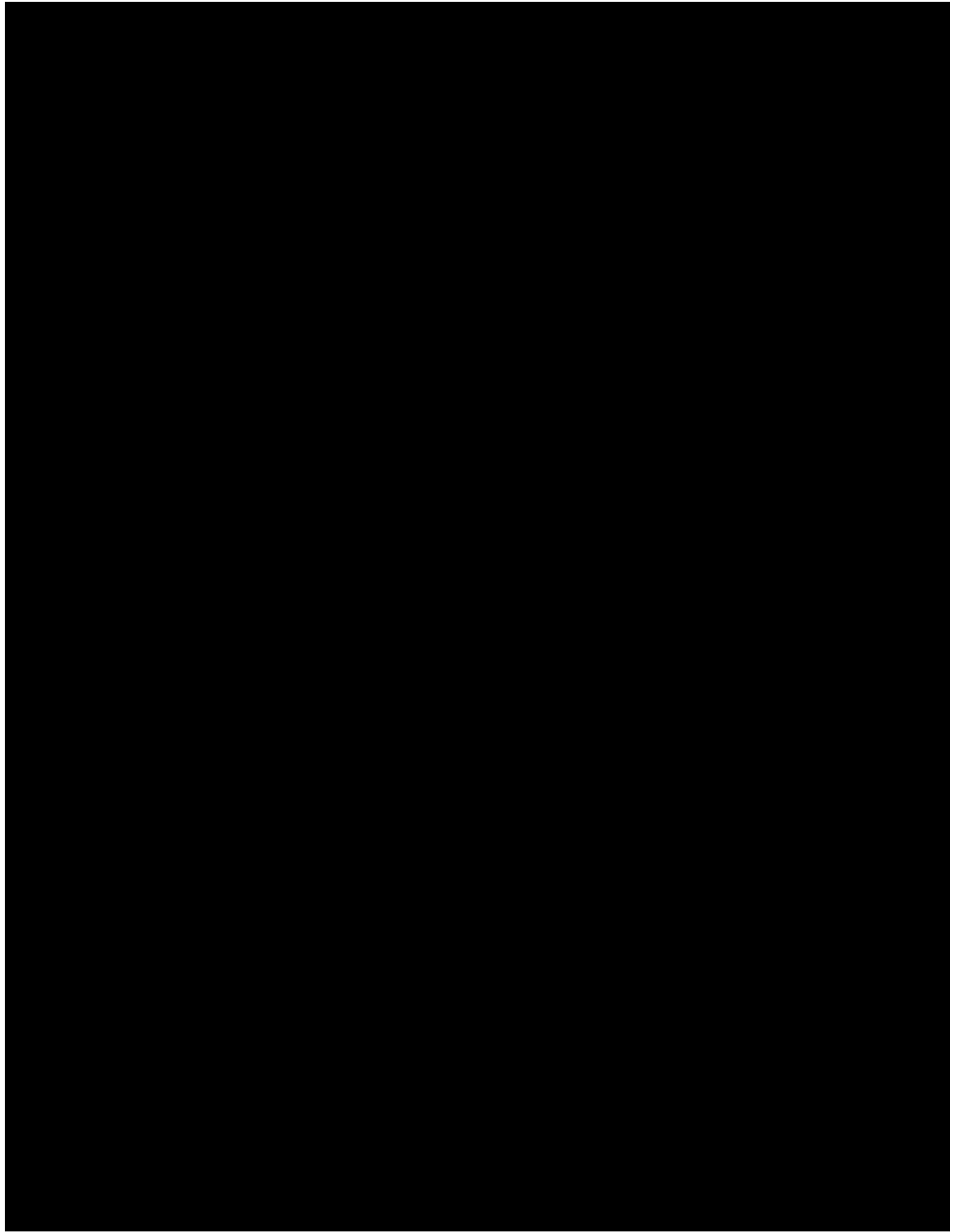
THE TERMS OF ARTICLE FIFTEEN OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

NISOURCE INC.

By: _____
Name: David J. Vajda
Title: Vice President, Treasurer
and Chief Risk Officer

By: _____
Name: Vincent V. Rea
Title: Assistant Treasurer



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/13/11 for the Period Ending 05/10/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 10, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 5.07 Submission of Matters to a Vote of Security Holders

On May 10, 2011, NiSource Inc. (the "Company") held its Annual Meeting of Stockholders (the "Annual Meeting"). At the Annual Meeting, 229,146,676 shares of common stock, par value \$.01, or approximately 81.96% of the 279,580,251 shares of common stock outstanding as of the record date, were present in person or by proxy. Set forth below are the matters acted upon by Company stockholders at the Annual Meeting as described the Company's Proxy Statement filed on April 1, 2011, and the final voting results on each such matter.

Proposal 1: Election of Directors. The number of votes cast for and against each nominee, as well as the number of abstentions and broker non-votes, were as follows:

<u>Name of Nominee</u>	<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
Richard A. Abdo	194,737,848	4,300,782	690,598	29,417,448
Steven C. Beering	192,713,318	6,206,768	809,142	29,417,448
Michael E. Jsanis	197,476,023	1,578,397	674,808	29,417,448
Marty R. Kittrell	190,707,916	8,387,487	633,825	29,417,448
W. Lee Nutter	194,665,136	4,391,189	672,903	29,417,448
Deborah S. Parker	194,707,184	4,323,197	698,847	29,417,448
Ian M. Rolland	195,349,934	3,657,125	722,169	29,417,448
Robert C. Skaggs	196,713,350	2,379,300	636,578	29,417,448
Richard L. Thompson	197,214,778	1,852,840	661,610	29,417,448
Carolyn Y. Woo	193,008,522	6,045,659	675,047	29,417,448

Each nominee, having received more votes in favor of his or her election than against election, was elected.

Proposal II: Ratification of Independent Registered Public Accountants. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
226,342,213	2,079,738	724,723

There were no broker non-votes as to Proposal II.

Proposal II, having received the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was approved.

Proposal III: Advisory Vote on Executive Compensation. The number of votes cast for and against this matter, as well as the number of abstentions and broker non-votes, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
190,943,352	7,340,813	1,445,063

There were 29,417,448 broker non-votes as to Proposal III.

Proposal III, having received the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was approved.

Proposal IV: Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation. The number of votes cast in favor of the annual, every 2 years and every 3 years alternatives, as well as the number of abstentions and broker non-votes, were as follows:

<u>Annually</u>	<u>Every 2 Years</u>	<u>Every 3 Years</u>	<u>Abstentions</u>
173,035,677	4,256,108	20,823,647	1,613,796

There were 29,417,448 broker non-votes as to Proposal IV.

The Annual alternative in Proposal IV, having received the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was adopted as the stockholders' preference. The Company intends to include a stockholder vote annually on the compensation of executives in its proxy materials until the next required vote on the frequency of stockholder votes on the compensation of executives.

Proposal V: Stockholder Proposal regarding Stockholder Action by Written Consent. The number of votes cast for and against this matter, as well as the number of abstentions and broker non-votes, were as follows:

Votes For	Votes Against	Abstentions
84,565,352	113,435,006	1,728,870

There were 29,417,448 broker non-votes as to Proposal V.

Proposal V, having failed to receive the affirmative vote of the holders of at least a majority of the shares of common stock present and entitled to vote at the Annual Meeting, was not approved.

SIGNATURES

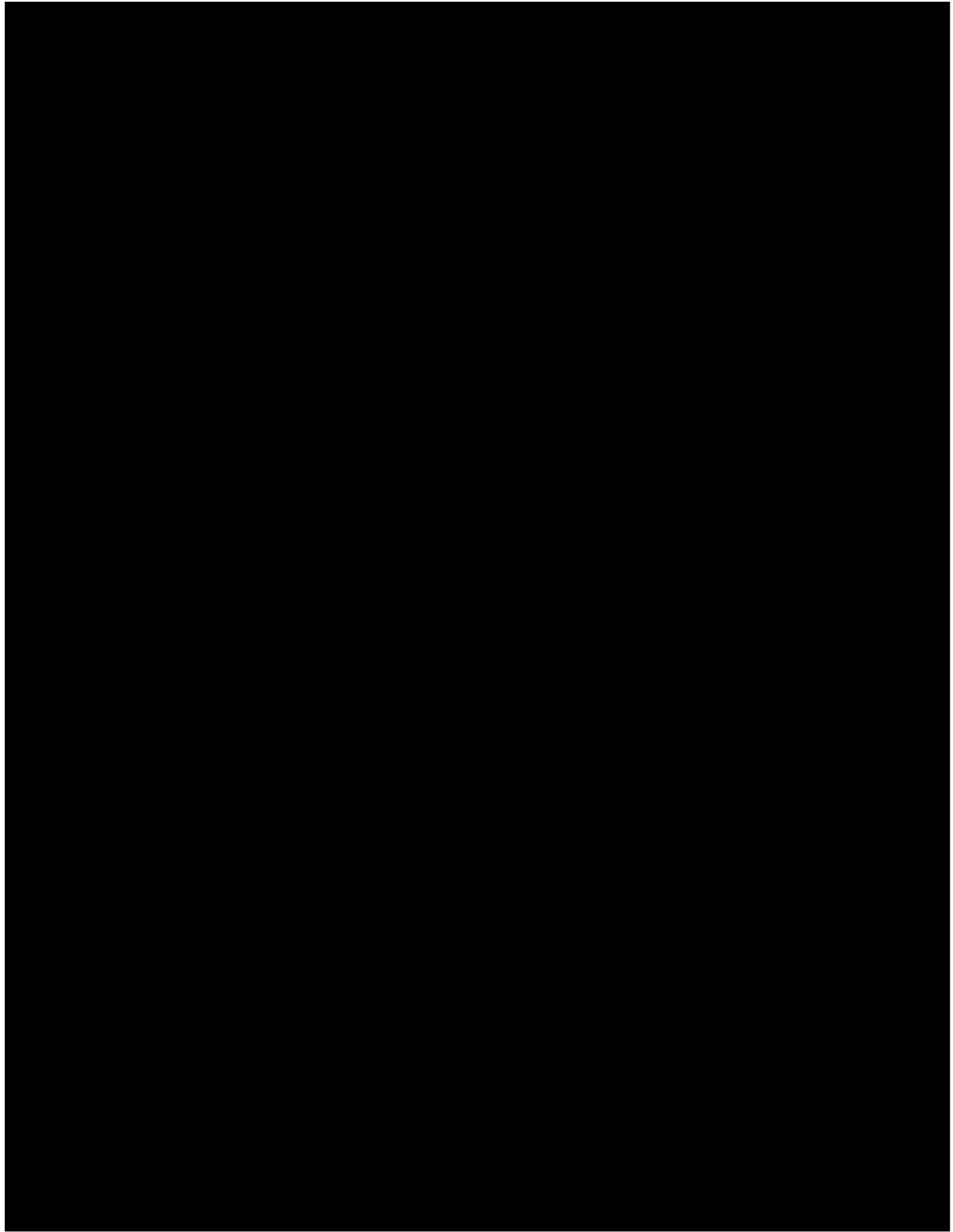
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: May 13, 2011

By: /s/ Robert E. Smith
Robert E. Smith
Vice President and Assistant Corporate Secretary



NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/03/11 for the Period Ending 05/03/11

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2011

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware

(State or other jurisdiction of
incorporation or organization)

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-
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 3, 2011, NiSource Inc. (the "Company") reported its financial results for the quarter ended March 31, 2011. The Company's press release, dated May 3, 2011, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated May 3, 2011, issued by NiSource Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: May 3, 2011

By: /s/ Jon D. Veurink

Jon D. Veurink
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated May 3, 2011, issued by NiSource Inc.

NEWS

NiSource

801 E. 86th Avenue
Merrillville, IN 46410

May 3, 2011

FOR ADDITIONAL INFORMATION

Media

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NiSource Reports First Quarter 2011 Results

- Results solidly in line with 2011 net operating earnings guidance
- Positive growth from regulatory programs
- Infrastructure modernization and growth investments continue

MERRILLVILLE, Ind. — NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$202.3 million, or \$0.72 cents per share for the three months ended March 31, 2011, compared to \$198.4 million, or \$0.72 cents per share for the first quarter of 2010. Operating earnings for the quarter (non-GAAP) were \$394.9 million compared to \$405.2 million for the same period in 2010.

On a GAAP basis, NiSource reported income from continuing operations for the three months ended March 31, 2011, of \$204.8 million, or \$0.73 cents per share, compared with \$197.4 million, or \$0.71 cents per share in the same period a year ago. Operating income was \$399.2 million for the first quarter of 2011 compared with \$403.4 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

“NiSource’s robust agenda of significant infrastructure investments paired with complementary commercial and regulatory activity continues to generate tangible benefits for our customers, increased value for our shareholders and positions us for sustainable long-term earnings growth,” President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. “Our first quarter performance is squarely in line with our expectations as well as our full year 2011 earnings outlook, and sets the stage for ongoing execution of our balanced business strategy.”

Advancing customer service, reliability and regulatory agenda in Indiana

NiSource’s *Northern Indiana Public Service Company (NIPSCO)* continues to make significant progress on its broad-based strategy to provide excellent customer service, performance and reliability; modernize customer programs and rate designs; engage all its stakeholders; and restore earnings to an appropriate level.

- On the regulatory front, NIPSCO remains on track to establish new electric base rates by late 2011 or early 2012. While the formal rate case process continues to move forward, NIPSCO is actively engaged in settlement discussions with all of its stakeholders and remains committed to seeking a collaborative, mutually agreeable resolution. Upon completion, NIPSCO is confident the case will position the company for ongoing growth through continued investments in service, reliability and environmental infrastructure.

- During the first quarter, NIPSCO launched two significant customer programs to encourage energy savings and efficiency. One program, targeted at commercial and industrial customers, offers financial incentives for the completion of cost-effective energy projects involving the installation of new, high-efficiency equipment or systems. The other provides high-energy usage residential customers with information to help them become more energy efficient.
- NIPSCO continues to advance environmental investments at its coal-generating stations in Northern Indiana. These investments represent a significant opportunity to create hundreds of jobs, improve the environment, generate earnings growth and enhance the overall economic vitality of the region. The company completed preliminary engineering and began site preparation and construction for a Flue Gas Desulfurization (FGD) unit, the first of three planned across its system that together will reduce sulfur dioxide emissions by an additional 80 percent beyond current levels.
- NIPSCO also reached a settlement on Feb. 24 with stakeholders to combine NIPSCO and NiSource's two other Indiana-based natural gas utilities into one entity. If approved by the Indiana Utility Regulatory Commission (IURC), the consolidation would enable **Northern Indiana Fuel and Light** and **Kokomo Gas** customers to take advantage of the same programs, products and services currently offered to NIPSCO customers.

"With our Indiana team's continued engagement and singular focus, I remain confident that we will deliver on our goal of enhancing NIPSCO's overall performance and restoring earnings to an appropriate level in 2012." Skaggs said.

Capturing pipeline and storage growth opportunities

NiSource's Gas Transmission & Storage (NGT&S) Operations continued to leverage its unparalleled asset base and geographic footprint in the prolific Marcellus Shale production area to position itself for ongoing earnings growth.

- In the Marcellus region, customer-driven infrastructure projects continued to advance, including the Clendenin, Smithfield, Line WB, and Southern Appalachia projects, which together will offer approximately 500,000 dekatherms per day of firm transportation for producers in the region. A significant portion of the capacity for the projects is already secured through long-term firm contracts or binding precedent agreements with prospective shippers.
- Driven by increased Marcellus production, on April 15, **Millennium Pipeline** completed a binding open season for proposed mainline expansion projects to provide incremental firm transportation capacity to northeast markets. Prior to the open season, the company executed binding precedent agreements with two anchor shippers. The proposed expansion and the results of the open season are currently being evaluated. NiSource owns a 47.5 percent interest in Millennium.
- **Columbia Gulf Transmission** is nearing completion of its East Lateral project, an approximately \$5 million investment that modified existing facilities to provide up to 300,000 dekatherms per day of additional firm transportation service. The project will be placed in service in June.
- A complementary component of NGT&S' Marcellus growth strategy is investing in the infrastructure needed to serve new gas-fired electric generation facilities. One such project involves an investment by NGT&S to provide 250,000 dekatherms per day of firm long-term transportation to serve a new large gas-fired generating station in the mid-Atlantic region. The project is targeted to be placed in service in 2014.

- In connection with its Nov. 2010 general rate case filing with the Federal Energy Regulatory Commission, **Columbia Gulf Transmission** placed new rates into effect, subject to refund, on May 1. Columbia Gulf and the parties to the case are actively engaged in settlement discussions to resolve the case.

“Ongoing development and delivery of new infrastructure projects that capitalize on our core gas transmission and storage assets remains a centerpiece of NiSource’s long-term growth strategy,” Skaggs said. “We continue to pursue a broad range of opportunities for low-risk, value-adding investments targeting the evolving needs of our diverse customer base.”

Modernizing natural gas distribution infrastructure and services

NiSource’s Gas Distribution Operations continue to deliver strong results from its strategy of aligning long-term infrastructure replacement and enhancement programs with a variety of complementary customer programs and rate-design initiatives.

- On the regulatory front, **Columbia Gas of Pennsylvania** continues to advance a base rate case filed in January 2011 with the Pennsylvania Public Utility Commission. The case, which seeks increased revenues of approximately \$38 million, will support the company’s infrastructure and modernization efforts. In addition, the case introduces a new rate design for residential customers, new programs for senior citizen customers and a pilot energy efficiency program. New rates are expected to become effective in the fourth quarter of this year.
- In addition, as part of its ongoing infrastructure improvement and modernization effort, Columbia Gas of Pennsylvania launched a two-year, \$20 million investment to install Automated Meter Reading (AMR) devices on the company’s residential and commercial natural gas meters. Already, nearly one million devices have been installed across NiSource’s gas distribution companies.
- **Columbia Gas of Kentucky, Columbia Gas of Massachusetts, Columbia Gas of Ohio** and Columbia Gas of Pennsylvania continued to execute significant infrastructure modernization investments during the first quarter. The companies’ ongoing infrastructure programs, which began more than three years ago, are designed to systematically replace portions of the natural gas distribution system to help ensure continued safe and reliable service.
- This quarter’s results reflected the first full quarterly impact from successful base rate settlements at **Columbia Gas of Virginia** and NIPSCO gas. Both settlements, which became effective in Nov. 2010 and Jan. 2011, respectively, included improved rate designs and customer conservation programs.

“Our focus on infrastructure modernization at our utilities continues to benefit our customers and communities, as well as NiSource shareholders,” Skaggs said. “Our proactive, collaborative approach, combined with appropriate regulatory treatment, has served us well as we execute on this long-term core strategy.”

Liquidity and Financial Management

As part of NiSource’s ongoing financial management, it entered into a new \$1.5 billion, four-year revolving credit facility on March 3, 2011, which replaced an existing \$1.5 billion facility set to expire in July 2011. The revolver, which was significantly oversubscribed, will be used to fund ongoing working capital requirements and for general corporate purposes.

In addition, during the first quarter, Standard & Poors reaffirmed NiSource’s BBB- /stable credit rating. Comparable ratings for the company were reaffirmed by Moody’s Investors Services and Fitch Ratings in the fourth quarter of 2010.

“These developments serve to underscore the strengthened financial profile of NiSource, which provides a solid foundation for our long-term, infrastructure-driven growth strategy,” Skaggs said.

Affirming 2011 earnings guidance

Skaggs noted that NiSource remains on track to deliver net operating earnings solidly in line with its full-year outlook, which for 2011 is \$1.25 to \$1.35 per share (non-GAAP).

Based on the continued success of the company’s balanced business strategy and an extensive array of growth investment opportunities, NiSource is expected to sustainably grow long-term earnings in the range of 3 to 5 percent annually. In the near term — particularly as the company executes a number of regulatory initiatives over the course of the next year or so — operating earnings growth may exceed the longer-term range.

There will likely be differences between net operating earnings and GAAP earnings, but, due to the unpredictability of weather and other factors, NiSource is not providing GAAP earnings guidance.

First Quarter 2011 Operating Earnings — Segment Results (non-GAAP)

NiSource’s consolidated operating earnings (non-GAAP) for the quarter ended March 31, 2011, were \$394.9 million, compared to \$405.2 million in the first quarter of 2010. Refer to Schedule 2 for the items included in 2011 and 2010 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource’s business segments for the quarter ended March 31, 2011, are discussed below.

Gas Distribution Operations reported operating earnings for the current quarter of \$237.1 million compared to \$234.7 million in the first quarter of 2010. Net revenues, excluding the impact of trackers, decreased by \$8.3 million primarily attributable to decreased residential, commercial, and industrial margins due to NIPSCO’s change from a volumetric-based rate design to one with a higher fixed charge. The new rate design provides a greater proportion of recovery through the monthly fixed customer charge as opposed to the volumetric charge for certain customer classes. The revenue variance experienced in the first quarter from NIPSCO’s rate design change will be offset throughout the balance of the year. This decrease was partially offset by increases in other regulatory and service programs largely due to new rates under Columbia of Ohio’s approved infrastructure replacement program.

Operating expenses, excluding trackers, were \$10.7 million lower than the comparable 2010 period, reflecting lower depreciation costs due primarily to new approved depreciation rates at NIPSCO and decreased uncollectible costs. These decreases were partially offset by an increase in employee and administration expenses.

Gas Transmission and Storage Operations reported operating earnings for the current quarter of \$118.5 million compared to \$125.9 million in the first quarter of 2010. Net revenues, excluding the impact of trackers, decreased by \$0.1 million, primarily attributable to the recognition of a gain in the first quarter 2010 on the previously deferred transfer of native gas provided by Columbia Gas Transmission to Hardy Storage Company and decreased shorter term transportation and storage services. These decreases were partially offset by an increase in demand margin revenue from growth projects placed into service in the prior year and an increase in mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, increased \$2.9 million from the comparable 2010 period due to increased outside service costs, employee and administration expenses, and depreciation. These increases were partially offset by a decrease in other taxes.

Equity earnings decreased \$4.4 million primarily from Millennium Pipeline incurring higher interest costs associated with its August 2010 debt refinancing.

Electric Operations reported operating earnings for the current quarter of \$41.9 million compared to \$46.3 million in the first quarter of 2010. Net revenues, excluding the impact of trackers, increased by \$9.0 million primarily due to increased industrial usage and margins as a result of improved economic conditions.

Operating expenses, excluding trackers, increased by \$13.4 million primarily attributable to higher depreciation costs. Additionally, there was an increase in employee and administration expenses, other taxes, and an environmental adjustment.

Corporate and Other Operations reported an operating earnings loss of \$2.6 million for the current quarter compared to a loss of \$1.7 million in the first quarter of 2010.

Other Items

Interest expense decreased by \$9.0 million due to the Nov. 2010 long-term debt maturity and the Dec. 2010 tender offer repurchase of long-term debt. The benefits were partially offset by incremental interest expense associated with the issuance of long-term debt in Dec. 2010 and higher average short-term borrowings and rates.

Other-net income of \$3.3 million was recorded in 2011 compared to \$2.6 million in 2010. The effective tax rate of net operating earnings was 34.4 percent compared to 35.8 percent for the same period last year.

Income from Continuing Operations (GAAP)

On a GAAP basis, NiSource reported income from continuing operations for the three months ended March 31, 2011, of \$204.8 million, or \$0.73 per share, compared with \$197.4 million, or \$0.71 per share for the comparable period in 2010.

Refer to Schedule 1 for a complete list of the items included in 2011 and 2010 GAAP income from Continuing Operations but excluded from net operating earnings.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this news release are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity

market conditions; and counter-party credit risk, and the matters set forth in the “Risk Factors” section in NiSource’s 2010 Form 10-K, many of which risks are beyond the control of NiSource. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non — GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2011	2010
Net Revenues		
Gas Distribution	\$1,367.6	\$1,340.3
Gas Transportation and Storage	345.8	370.4
Electric	402.9	318.3
Other	23.9	22.1
Gross Revenues	2,140.2	2,051.1
Cost of Sales (excluding depreciation and amortization)	1,085.8	981.1
Total Net Revenues	1,054.4	1,070.0
Operating Expenses		
Operation and maintenance	345.7	329.7
Operation and maintenance — trackers	85.4	107.1
Depreciation and amortization	135.5	147.3
Depreciation and amortization — trackers	3.4	2.5
Other taxes	57.0	54.7
Other taxes — trackers	35.5	30.9
Total Operating Expenses	662.5	672.2
Equity Earnings in Unconsolidated Affiliates	3.0	7.4
Operating Earnings	394.9	405.2
Other Income (Deductions)		
Interest expense, net	(89.8)	(98.8)
Other, net	3.3	2.6
Total Other Deductions	(86.5)	(96.2)
Operating Earnings From Continuing Operations		
Before Income Taxes	308.4	309.0
Income Taxes	106.1	110.6
Net Operating Earnings from Continuing Operations	202.3	198.4
GAAP Adjustment	2.5	(1.0)
GAAP Income from Continuing Operations	\$ 204.8	\$ 197.4
Basic Net Operating Earnings Per Share from Continuing Operations	0.72	0.72
GAAP Basic Earnings Per Share from Continuing Operations	0.73	0.71
Basic Average Common Shares Outstanding	279.3	276.9

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2011	2010
Net Revenues		
Sales Revenues	\$1,581.1	\$1,550.4
Less: Cost of gas sold	997.9	942.0
Net Revenues	583.2	608.4
Operating Expenses		
Operation and maintenance	173.4	167.5
Operation and maintenance — trackers	68.8	90.3
Depreciation and amortization	43.0	62.5
Other taxes	25.4	22.5
Other taxes — trackers	35.5	30.9
Total Operating Expenses	346.1	373.7
Operating Earnings	\$ 237.1	\$ 234.7
GAAP Adjustment	4.5	0.4
GAAP Operating Income	\$ 241.6	\$ 235.1

Gas Transmission and Storage Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2011	2010
Net Revenues		
Transportation revenues	\$ 199.6	\$ 197.2
Storage revenues	50.5	49.4
Other revenues	5.4	10.0
Net Operating Revenues	255.5	256.6
Operating Expenses		
Operation and maintenance	80.5	76.6
Operation and maintenance — trackers	14.1	15.1
Depreciation and amortization	32.7	31.5
Other taxes	12.7	14.9
Total Operating Expenses	140.0	138.1
Equity Earnings in Unconsolidated Affiliates	3.0	7.4
Operating Earnings	\$ 118.5	\$ 125.9
GAAP Adjustment	—	—
GAAP Operating Income	\$ 118.5	\$ 125.9

NiSource Inc.
Segment Operating Earnings (Non-GAAP)

Electric Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2011	2010
Net Revenues		
Sales revenues	\$ 347.6	\$ 320.3
Less: Cost of sales	133.2	116.6
Net Revenues	214.4	203.7
Operating Expenses		
Operation and maintenance	94.7	88.8
Operation and maintenance — trackers	2.5	1.7
Depreciation and amortization	55.6	49.7
Depreciation and amortization — trackers	3.4	2.5
Other taxes	16.3	14.7
Total Operating Expenses	172.5	157.4
Operating Earnings	\$ 41.9	\$ 46.3
GAAP Adjustment	1.3	(1.2)
GAAP Operating Income	\$ 43.2	\$ 45.1

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2011	2010
Operating Loss	\$ (2.6)	\$ (1.7)
GAAP Adjustment	(1.5)	(1.0)
GAAP Operating Loss	\$ (4.1)	\$ (2.7)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	2011	2010
Gas Distribution Operations		
Sales and Transportation (MMDth)		
Residential	134.5	129.4
Commercial	77.6	72.8
Industrial	118.9	100.9
Off System	17.5	15.9
Other	0.3	0.4
Total	348.8	319.4
Weather Adjustment	(7.3)	0.3
Sales and Transportation Volumes — Excluding Weather	341.5	319.7
Heating Degree Days	3,014	2,890
Normal Heating Degree Days	2,900	2,900
% Colder (Warmer) than Normal	4%	(0%)
Customers		
Residential	3,047,157	3,045,246
Commercial	282,044	280,207
Industrial	7,705	7,855
Other	65	80
Total	3,336,971	3,333,388
Gas Transmission and Storage Operations		
	2011	2010
Throughput (MMDth)		
Columbia Transmission	426.6	387.5
Columbia Gulf	244.0	202.9
Crossroads Gas Pipeline	5.1	8.1
Intrasegment eliminations	(152.6)	(139.0)
Total	523.1	459.5

NiSource Inc.
Segment Volumes and Statistical Data (continued)

	Three Months Ended March 31,	
	2011	2010
Electric Operations		
Sales (Gigawatt Hours)		
Residential	855.8	847.0
Commercial	924.9	935.3
Industrial	2,442.4	2,030.8
Wholesale	67.1	133.4
Other	44.5	41.4
Total	4,334.7	3,987.9
Weather Adjustment	(17.5)	5.4
Sales Volumes — Excluding Weather impacts	4,317.2	3,993.3
Electric Customers		
Residential	400,169	400,079
Commercial	53,826	53,611
Industrial	2,424	2,439
Wholesale	15	15
Other	739	743
Total	457,173	456,887

NiSource Inc.
Schedule 1 — Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2011	2010
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 202.3	\$ 198.4
Items excluded from operating earnings:		
Net Revenues:		
Weather — compared to normal	5.8	0.3
Unregulated natural gas marketing business	1.1	2.0
Operating Expenses:		
Restructuring	—	(1.0)
Unregulated natural gas marketing business	(2.0)	(3.0)
Gain/Loss on sale of assets and asset impairments	(0.6)	(0.1)
Total items excluded from operating earnings	4.3	(1.8)
Tax effect of above items and other income tax adjustments	(1.8)	0.8
Total items excluded from net operating earnings	2.5	(1.0)
Reported Income from Continuing Operations — GAAP	\$ 204.8	\$ 197.4
Basic Average Common Shares Outstanding	279.3	276.9
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.72	\$ 0.72
Items excluded from net operating earnings (after-tax)	0.01	(0.01)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.73	\$ 0.71

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For Quarter ended March 31,

2011 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 237.1	\$ 118.5	\$ 41.9	\$ (2.6)	\$ 394.9
Net Revenues:					
Weather (compared to normal)	4.5	—	1.3	—	5.8
Unregulated natural gas marketing business	—	—	—	1.1	1.1
Total Impact — Net Revenues	4.5	—	1.3	1.1	6.9
Operating Expenses					
Gain/(Loss) on sale of assets and asset impairments	—	—	—	(0.6)	(0.6)
Unregulated natural gas marketing business	—	—	—	(2.0)	(2.0)
Total Impact — Operating Expenses	—	—	—	(2.6)	(2.6)
Total Impact — Operating Income (Loss)	\$ 4.5	\$ —	\$ 1.3	\$ (1.5)	\$ 4.3
Operating Income (Loss) - GAAP	\$ 241.6	\$ 118.5	\$ 43.2	\$ (4.1)	\$ 399.2

2010 (in millions)

	Gas Distribution	Gas Transmission and Storage	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 234.7	\$ 125.9	\$ 46.3	\$ (1.7)	\$ 405.2
Net Revenues:					
Weather (compared to normal)	0.8	—	(0.5)	—	0.3
Unregulated natural gas marketing business	—	—	—	2.0	2.0
Total Impact — Net Revenues	0.8	—	(0.5)	2.0	2.3
Operating Expenses					
Restructuring	(0.3)	—	(0.7)	—	(1.0)
Unregulated natural gas marketing business	—	—	—	(3.0)	(3.0)
Gain/(Loss) on sale of assets and asset impairments	(0.1)	—	—	—	(0.1)
Total Impact — O & M Expenses	(0.4)	—	(0.7)	(3.0)	(4.1)
Total Impact — Operating Income (Loss)	\$ 0.4	\$ —	\$ (1.2)	\$ (1.0)	\$ (1.8)
Operating Income (Loss) - GAAP	\$ 235.1	\$ 125.9	\$ 45.1	\$ (2.7)	\$ 403.4

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2011	2010
Net Revenues		
Gas Distribution	\$1,372.0	\$1,341.1
Gas Transportation and Storage	403.0	370.4
Electric	347.1	317.9
Other	110.1	329.3
Gross Revenues	2,232.2	2,358.7
Cost of Sales (excluding depreciation and amortization)	1,170.9	1,286.3
Total Net Revenues	1,061.3	1,072.4
Operating Expenses		
Operation and maintenance	432.5	439.6
Depreciation and amortization	138.9	149.8
Impairment and loss on sale of assets, net	0.7	0.1
Other taxes	93.0	86.9
Total Operating Expenses	665.1	676.4
Equity Earnings in Unconsolidated	3.0	7.4
Operating Income	399.2	403.4
Other Income (Deductions)		
Interest expense, net	(89.8)	(98.8)
Other, net	3.3	2.6
Total Other Deductions	(86.5)	(96.2)
Income from Continuing Operations before Income Taxes	312.7	307.2
Income Taxes	107.9	109.8
Income from Continuing Operations	204.8	197.4
Income (Loss) from Discontinued Operations — net of taxes	0.4	(0.2)
Gain of Disposition of Discontinued Operations - net of taxes	—	0.1
Net Income	\$ 205.2	\$ 197.3
Basic Earnings Per Share		
Continuing operations	\$ 0.73	\$ 0.71
Discontinued operations	—	—
Basic Earnings Per Share	\$ 0.73	\$ 0.71
Diluted Earnings Per Share		
Continuing operations	\$ 0.72	\$ 0.71
Discontinued operations	—	—
Diluted Earnings Per Share	\$ 0.72	\$ 0.71
Dividends Declared Per Common Share	\$ 0.46	\$ 0.46
Basic Average Common Shares Outstanding	279.3	276.9
Diluted Average Common Shares	285.0	277.5

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	March 31, 2011	December 31, 2010
ASSETS		
Property, Plant and Equipment		
Utility plant	\$19,575.8	\$ 19,494.9
Accumulated depreciation and amortization	(8,528.0)	(8,492.6)
Net utility plant	11,047.8	11,002.3
Other property, at cost, less accumulated depreciation	92.8	94.7
Net Property, Plant and Equipment	11,140.6	11,097.0
Investments and Other Assets		
Assets of discontinued operations and assets held for sale	2.3	7.9
Unconsolidated affiliates	202.6	200.9
Other investments	136.3	139.7
Total Investments and Other Assets	341.2	348.5
Current Assets		
Cash and cash equivalents	62.5	9.2
Restricted cash	164.9	202.9
Accounts receivable (less reserve of \$55.3 and \$37.4, respectively)	1,063.2	1,079.3
Income tax receivable	20.4	99.0
Gas inventory	81.5	298.2
Underrecovered gas and fuel costs	25.4	135.7
Materials and supplies, at average cost	84.4	83.8
Electric production fuel, at average cost	51.0	46.0
Price risk management assets	134.1	159.5
Exchange gas receivable	65.5	62.7
Regulatory assets	112.6	151.8
Prepayments and other	119.7	120.8
Total Current Assets	1,985.2	2,448.9
Other Assets		
Price risk management assets	188.3	240.3
Regulatory assets	1,661.2	1,650.4
Goodwill	3,677.3	3,677.3
Intangible assets	305.9	308.6
Postretirement and postemployment benefit assets	38.5	35.1
Deferred charges and other	140.6	132.7
Total Other Assets	6,011.8	6,044.4
Total Assets	\$19,478.8	\$ 19,938.8

NiSource Inc.
Consolidated Balance Sheets (continued) (GAAP)
(unaudited)

<i>(in millions, except share amounts)</i>	March 31, 2011	December 31, 2010
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock — \$0.01 par value, 400,000,000 shares authorized; 279,930,189 and 278,855,291 shares issued and outstanding, respectively	\$ 2.8	\$ 2.8
Additional paid-in capital	4,120.1	4,103.9
Retained earnings	978.3	901.8
Accumulated other comprehensive loss	(56.7)	(57.9)
Treasury stock	(30.2)	(27.4)
Total Common Stockholders' Equity	5,014.3	4,923.2
Long-term debt, excluding amounts due within one year	5,927.6	5,936.1
Total Capitalization	10,941.9	10,859.3
Current Liabilities		
Current portion of long-term debt	36.4	34.2
Short-term borrowings	1,263.0	1,382.5
Accounts payable	429.6	581.8
Dividends payable	64.5	0.1
Customer deposits and credits	181.6	318.1
Taxes accrued	244.4	221.1
Interest accrued	61.2	114.4
Overrecovered gas and fuel costs	91.8	11.8
Price risk management liabilities	146.1	173.9
Exchange gas payable	139.4	266.1
Deferred revenue	7.8	6.8
Regulatory liabilities	87.4	92.9
Accrued liability for postretirement and postemployment benefits	23.3	23.3
Temporary LIFO liquidation credit	2.2	—
Legal and environmental reserves	68.2	86.0
Other accruals	249.2	336.4
Total Current Liabilities	3,096.1	3,649.4
Other Liabilities and Deferred Credits		
Price risk management liabilities	135.5	181.6
Deferred income taxes	2,340.2	2,209.7
Deferred investment tax credits	32.5	33.7
Deferred credits	72.4	68.6
Deferred revenue	—	0.3
Accrued liability for postretirement and postemployment benefits	944.7	1,039.6
Regulatory liabilities and other removal costs	1,612.0	1,595.8
Asset retirement obligations	140.1	138.8
Other noncurrent liabilities	163.4	162.0
Total Other Liabilities and Deferred Credits	5,440.8	5,430.1
Total Capitalization and Liabilities	\$19,478.8	\$ 19,938.8

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Three Months Ended March 31, <i>(in millions)</i>	2011	2010
Operating Activities		
Net Income	\$ 205.2	\$ 197.3
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	138.9	149.8
Net changes in price risk management assets and liabilities	14.3	(7.4)
Deferred income taxes and investment tax credits	99.4	27.2
Deferred revenue	0.7	(15.8)
Stock compensation expense and 401(k) profit sharing contribution	7.8	2.2
Gain on sale of assets	—	(0.1)
Loss on impairment of assets	0.7	—
Income from unconsolidated affiliates	(3.1)	(7.4)
Gain on disposition of discontinued operations — net of taxes	—	(0.1)
(Gain) loss from discontinued operations — net of taxes	(0.4)	0.2
Amortization of debt related costs	2.1	2.7
AFUDC equity	(1.4)	(1.4)
Distributions of earnings received from equity investee	1.8	—
Changes in Assets and Liabilities:		
Accounts receivable	16.0	(138.4)
Income tax receivable	78.6	22.1
Inventories	208.5	332.7
Accounts payable	(119.9)	(103.0)
Customer deposits and credits	(136.5)	(124.7)
Taxes accrued	24.1	96.4
Interest accrued	(53.0)	(38.9)
Over (Under)recovered gas and fuel costs	190.4	(251.1)
Exchange gas receivable/payable	(129.6)	(66.7)
Other accruals	(34.1)	(17.2)
Prepayments and other current assets	1.3	5.4
Regulatory assets/liabilities	18.6	47.8
Postretirement and postemployment benefits	(94.4)	1.3
Deferred credits	3.5	(1.1)
Deferred charges and other non current assets	(3.6)	(2.6)
Other non current liabilities	0.9	5.2
Net Operating Activities from Continuing Operations	436.8	114.4
Net Operating Activities used for Discontinued Operations	(14.7)	(31.1)
Net Cash Flows from Operating Activities	422.1	83.3
Investing Activities		
Capital expenditures	(209.4)	(138.8)
Insurance recoveries	—	0.5
Proceeds from disposition of assets	5.5	0.2
Restricted cash withdrawals (deposits)	38.0	(46.1)
Other investing activities	(9.2)	(10.6)
Net Investing Activities used for Continuing Operations	(175.1)	(194.8)
Net Investing Activities from Discontinued Operations	—	0.4
Net Cash Flow used for Investing Activities	(175.1)	(194.4)
Financing Activities		
Retirement of long-term debt	(2.8)	(0.9)
Premiums and other debt related costs	(8.2)	—
Change in short-term borrowings, net	(119.5)	267.7
Issuance of common stock	3.7	3.6
Acquisition of treasury stock	(2.7)	(1.4)
Dividends paid — common stock	(64.2)	(63.7)
Net Cash Flow (used for) from Financing Activities	(193.7)	205.3
Change in cash and cash equivalents from continuing operations	68.0	124.9
Cash contributions to discontinued operations	(14.7)	(30.7)
Cash and cash equivalents at beginning of period	9.2	16.4
Cash and Cash Equivalents at End of Period	\$ 62.5	\$ 110.6

