

NISOURCE INC/DE
Form 4
August 22, 2006

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

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

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

MERRILLVILLE, IN 46410-6272
(City) (State) (Zip)

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

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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	08/18/2006	08/18/2006	M	50,000 A \$ 18.91	649,980.0294	D	
Common Stock	08/18/2006	08/18/2006	S	44,735 D \$ 21.2	605,245.0294	D	
Common Stock					13,279.1482	I	401(k) Plan

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

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SEC 1474 (9-02)

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

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

Stock
Options

Non Qualified Stock Options	\$ 29.22					11/01/2000	08/25/2008	Common Stock	50,000
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Non Qualified Stock Options	\$ 18.91	08/18/2006	08/18/2006	M	50,000	08/18/2006	08/27/2006	Common Stock	50,000
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Reporting Owners

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

Signatures

Gary W. Pottorff, Power of Attorney for Gary L. Neale	08/22/2006
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__Signature of Reporting Person

Date

Explanation of Responses:

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

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

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