PROSPECTUS

NiSource Inc.

Dividend Reinvestment and Stock Purchase Plan

We are offering shares of our common stock through participation in the NiSource Inc. Dividend Reinvestment and Stock Purchase Plan (the "Plan"). The Plan is designed to promote long-term ownership among investors in our common stock by offering:

- A simple way to increase your holdings in our common stock by automatically reinvesting all or a portion of your cash dividends; and
- The opportunity to make your initial investment in our common stock, or to purchase additional shares.

You do not have to be a current stockholder to participate in the Plan. You can purchase your first shares of our common stock by making an initial investment of not less than $250 and not more than $10,000.

If you were a participant in the NiSource Inc. Dividend Reinvestment Plan (the "Old Plan"), you have been enrolled automatically in the Plan. The shares of NiSource common stock that you held in the Old Plan have been transferred automatically to the Plan.

Shares offered under the Plan may be, at our option, newly issued shares, shares held in our treasury or shares purchased on the open market. All open market purchases, as well as all sales of participants' shares under the Plan, will be made through a registered broker-dealer that is not affiliated with us and that will act as an "agent independent of the issuer," as that term is under the federal securities laws.

Our common stock is listed on the New York Stock Exchange under the ticker symbol "NI."

Participation in the Plan is entirely voluntary, and participants may terminate their participation at any time. Stockholders who do not choose to participate in the Plan will continue to receive cash dividends, as declared, in the usual manner.

You should read this prospectus carefully before you invest and retain this prospectus for future reference. You also should read carefully and evaluate the cautionary statements concerning risk factors included in our periodic reports and other information that we file with the SEC. See "Risk Factors" on page 2.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 13, 2009.

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WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement that we have filed with the Securities Exchange Commission, or SEC. The registration statement and its exhibits provide additional information about us and the common stock offered under this prospectus.

In addition, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain additional information about the public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website on the Internet (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including us.

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document that we have filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. Information that we file with the SEC after the date of this prospectus automatically will modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference the following documents filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2008;
- our Current Report on Form 8-K dated March 10, 2009; and
- the description of our common stock contained in our definitive joint proxy statement/prospectus dated April 24, 2000.

We also incorporate by reference any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act until the expiration of the registration statement containing this prospectus.

You may request a copy of any of these filings at no cost by writing to or calling us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

Additional information about us is available at our Internet website at http://www.nisource.com. The information contained at our Internet website is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy common stock in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document.

RISK FACTORS

Investing in our common stock involves risk. For a discussion of the risks related to an investment in our common stock, please see the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as the other information contained or incorporated by reference in this prospectus. The risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations, our financial results and the value of our common stock.

Risks Relating to Participation in the Plan

You will not know the price of the shares you are purchasing under the Plan at the time you authorize the investment or elect to have your dividends reinvested.

The price of our shares may fluctuate between the time you decide to purchase shares under the Plan and the time of actual purchase. In addition, during this time period, you may become aware of additional information that might affect your investment decision, but you may not be able to change or cancel your authorization.

You will not be able to direct the specific time or price at which your shares are sold under the Plan.

The Bank of New York Mellon, the Plan Administrator, administers the Plan. If you instruct the Plan Administrator to sell shares under the Plan, you will not be able to direct the time or price at which your shares are sold. The price of our shares may decline between the time you decide to sell shares and the time of actual sale.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus and in the documents incorporated by reference are "forward-looking statements" within the meaning of the securities laws. These forward-looking statements include, but are not limited to, statements concerning our plans, objectives, expected performance, expenditures and recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. Investors and prospective investors should understand that many factors govern whether any forward-looking statement will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements.

Realization of our objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for our businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom we have no control, actual operating experience of our assets, the regulatory process, regulatory and legislative changes, changes in general economic, capital and commodity market conditions, and counterparty credit risk, many of which risks are beyond our control. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. We expressly disclaim a duty to update any of the forward-looking statements.

NISOURCE INC.

Overview

We are an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in Massachusetts. We derive substantially all our revenues and earnings from the operating results of our fifteen direct subsidiaries. Our primary business segments are:

- gas distribution operations;
- gas transmission and storage operations;
- electric operations; and
- other operations.

Strategy

We have established four key initiatives to build a platform for long-term, sustainable growth: commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and process and expense management.

Gas Distribution Operations

Our natural gas distribution operations serve more than 3.3 million customers in seven states and operate approximately 57 thousand miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 793 thousand customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, our subsidiary Bay State Gas Company distributes natural gas to approximately 291 thousand customers in Massachusetts.

Gas Transmission and Storage

Our gas transmission and storage operations subsidiaries own and operate approximately 16 thousand miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 629 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission Corporation, Columbia Gulf Transmission Company and Crossroads Pipeline Company, we own and operate an interstate pipeline network extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, these companies serve customers in 16 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia.

Electric Operations

Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 457 thousand customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company currently owns four and has current ability to operate three coal-fired electric generating stations with a net capability of 2,574 megawatts. Northern Indiana Public Service Company also operates Sugar Creek, a combined cycle gas turbine plant with a 535 megawatt capacity rating, four gas-fired generating units with a net capacity of 203 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts, totaling a net capability of 3,322 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,782 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2008, Northern Indiana Public Service Company generated 81.6% and purchased 18.4% of its electric requirements.

Other Operations

We participate in energy-related services including gas marketing, power and gas risk management and ventures focused on distributed power generation technologies and fuel cells and storage systems. Additionally, we are involved in real estate and other businesses.

USE OF PROCEEDS

We will use the net proceeds from the sale of common stock offered by this prospectus for general corporate purposes, including additions to working capital and repayment of existing indebtedness.

TERMS OF THE PLAN

Purpose

1. *What is the purpose of the Plan?*

The purpose of the Plan is to provide existing stockholders with a simple, convenient and affordable way to increase their holdings in NiSource common stock at prevailing market prices and to enable new investors to make

an initial investment in our common stock. The Plan also provides a means for NiSource to raise additional capital through the direct sale of common stock.

Key Features

2. *What are the Plan's key features?*

As a Plan participant, you can take advantage of the following Plan features:

- *Dividend Reinvestment.* Automatic reinvestment of all or a portion of your cash dividends.
- *Initial Investment.* If you are not an existing stockholder, you can make an initial investment in NiSource common stock of as little as $250 and as much as $10,000, without needing your own broker.
- *Optional Cash Investment and Automatic Monthly Deductions*. You can increase your holdings by making optional cash investments at any time by check or online at *www.bnymellon.com/shareowner/isd*, or automatically by convenient monthly deductions from your checking, savings or money market account. Once you are a registered stockholder, you can buy our common stock through optional cash investments of at least $25, and not more than $10,000, per investment. You may not invest more than $125,000 in a single calendar year, unless we grant a waiver of the Plan maximum. See Item 15.
- *Book-Entry Share Ownership; Safekeeping*. Instead of physical stock certificates, you will receive statements reflecting your transaction history and share ownership.
- *Online Access to Account Information.* You can enroll and access your account information online at any time at *www.bnymellon.com/shareowner/isd*.
- *Easy Withdrawal, Sale or Transfer.* You can obtain a stock certificate, sell or transfer your shares at any time.
- *Low Transaction Costs.* You can purchase NiSource common stock at prevailing market prices with no brokerage commissions and, in most cases, no service fees.

Administration

3. *Who administers the Plan and what does the Plan Administrator do?*

We have appointed The Bank of New York Mellon as the Plan Administrator. The Plan Administrator, with certain administrative support provided by BNY Mellon Shareowner Services, a registered transfer agent, and BNY Mellon Securities, a registered broker-dealer, as designated agent for each stockholder participating under the Plan, is responsible for the following:

- receiving all cash investments;
- maintaining records;
- issuing statements of account;
- purchasing and selling shares for Plan participants; and
- performing other duties related to the Plan.

The Plan Administrator also serves as the custodian bank for the Plan. This means that it holds shares registered in the Plan's name representing the aggregate number of whole shares of our common stock purchased under, or deposited for safekeeping into, the Plan and credited to participants' accounts. The Plan Administrator also serves as dividend disbursing agent and transfer agent for the Plan. In the event that the Plan Administrator resigns or otherwise ceases to act as administrator, we will appoint a new administrator to administer the Plan.

Neither we nor the Plan Administrator will be liable in administering the Plan for any act done in good faith or as required by applicable securities laws or for any good faith omission to act including, without limitation, any claim or liability arising out of failure to terminate your account upon your death, or with respect to the prices at which shares are purchased or sold for your account and the times when such purchases or sales are made or with

respect to any fluctuation in the market value after the purchase or sale of shares. Neither we nor the Plan Administrator have any duties, responsibilities or liabilities except those that are expressly set forth in the Plan.

4. How do I contact the Plan Administrator?

If you have any questions or otherwise need to contact the Plan Administrator regarding your participation in the Plan, you may use any of the following methods:

- by calling (888) 884-7790 (if you are within the United States), (201) 680-6578 (if you are outside the United States) or (800) 231-5469 for the hearing impaired (TDD);
- by sending an e-mail to *shrrelations@bnymellon.com*; or
- by writing to the following address:

  BNY Mellon Shareowner Services
  P.O. Box 358016
  Pittsburgh, PA 15252-8016

If you call by telephone, an automated voice response system is available 24 hours a day, 7 days a week. Customer service representatives are available from 9:00 a.m. to 7:00 p.m., Eastern Time, Monday though Friday (except holidays). In addition, you may visit the Plan Administrator's website at *www.bnymellon.com/shareowner/isd*. At this website, you may enroll, perform certain transactions and obtain information on your Plan account via Investor ServiceDirect®. If you are a new investor, you will establish a Personal Identification Number (PIN) when setting up your accounts. If you are a current NiSource stockholder, you may gain access to Investor ServiceDirect® by using the 12-digit Investor Identification Number or IID (which can be found in a bolded box on your dividend check stub or Plan statement) to establish a PIN. You will be required to complete an account activation process. This one-time authentication process will be used to validate your identity in addition to your IID and self-assigned PIN.

Eligibility

5. Who can participate in the Plan?

Any person or entity is eligible to participate in the Plan, provided that in the case of non-U.S. investors, participation does not (a) violate any laws or regulations of any foreign jurisdiction, (b) subject the Plan, the Plan Administrator or us to taxation by or in any foreign jurisdiction or (c) require registration of us, the Plan Administrator or NiSource's common stock in any foreign jurisdiction.

We reserve the right to terminate participation of any stockholder in the Plan if we deem it advisable under any foreign laws or regulations.

Enrollment

6. How do I enroll in the Plan?

Current Stockholders of Record

If you already hold shares of our common stock registered in your name, you may join the Plan by enrolling online at *www.bnymellon.com/shareowner/isd* through Investor ServiceDirect® or by returning a completed enrollment form to the Plan Administrator. Your participation will begin promptly after your authorization is received. Once you have enrolled, your participation will continue automatically until either you elect to withdraw from the Plan or we terminate the Plan or your participation in the Plan.

New Investors

If you are not a current stockholder, you may join the Plan by returning to the Plan Administrator a completed enrollment form along with an initial investment of at least $250, but not more than $10,000. A one time enrollment fee of $10 will be deducted from your initial investment.

You also may enroll online at *www.bnymellon.com/shareowner/isd* through Investor ServiceDirect®. If you enroll online, you may either authorize a deduction from your bank account for your initial investment or send your initial investment by check payable to NiSource/BNY Mellon.

Beneficial Owners and Shares Held in "Street Name"

If you are a beneficial owner of NiSource common stock and your shares are registered in the name of a bank, broker, trustee or other agent, you may transfer your shares to a Plan account by instructing your bank, broker, trustee or agent to register your shares directly in your name and then enrolling in the Plan as described above under "Current Stockholders of Record." You also may participate in the Plan by making arrangements with your bank, broker, trustee or agent to participate in the Plan on your behalf.

7. How do I obtain a copy of the enrollment form for the Plan?

Requests for copies of the Plan enrollment form and this prospectus should be made to the Plan Administrator at the telephone number listed above under "Administration." You also can obtain copies of the enrollment form and other Plan materials, including information regarding online enrollment and purchases under the Plan, on the Plan Administrator's website at *www.bnymellon.com/shareowner/isd*.

8. If I am a participant in the Old Plan, do I need to do anything to enroll in the Plan?

If you are a participant in the Old Plan, you were automatically enrolled in the Plan when it replaced the Old Plan on March 13, 2009, and you do not need to take any action to begin participating in the Plan. However, if you wish to change your participation in any way, please contact the Plan Administrator for instructions.

Dividend Reinvestment Options

9. What are my dividend reinvestment options under the Plan?

You may elect to reinvest cash dividends on all of the shares that you own (Option 1), to reinvest cash dividends on some of the shares that you own (Option 2), or to receive all dividends in cash (Option 3). You will not be assessed any charges or trading fees for reinvesting dividends.

Option 1 — Full Reinvestment

Under Option 1, 100% of all cash dividends paid on both shares held in your Plan account (including shares held in the Old Plan and shares you deposit under the Plan for safekeeping), and all shares held directly by you (as certificates) will be reinvested in additional shares of common stock. The shares purchased with your reinvested dividends will be credited to your Plan account. Reinvestment under Option 1 also will apply to any shares registered in your name that you acquire in the future, either outside of or through the Plan.

Option 2 — Partial Reinvestment

Under Option 2, you can elect that dividends on a specified number of shares be paid to you in cash. Dividends on your remaining shares of common stock will be reinvested. Buying additional shares will not change your election, meaning that dividends on all additional shares will be reinvested. In addition, selling part of your shares will not change your election unless the number of shares in your Plan account falls below the number of shares that you specified under your election. In that case, cash dividends will be paid to you on the remaining number of shares that you hold in your Plan account following the sale.

Option 3 — No Reinvestment (full cash dividends)

Under Option 3, you will receive all dividends in cash, and no dividends that are paid on your shares will be reinvested. You still will be able to make additional cash investments and/or deposit certificates into the Plan for safekeeping under this election.

10. How do I change my dividend reinvestment option election?

You may change your dividend reinvestment election at any time, regardless of the Option you have chosen. To change your election, simply access your account online at *www.bnymellon.com/shareowner/isd* or complete a new enrollment authorization form and mail it to the Plan Administrator. Changes to your dividend reinvestment election must be received by the dividend record date in order to be applied to that dividend.

11. When will reinvestment of my cash dividends begin?

If you elect to participate in Option 1 or Option 2, the Plan Administrator will begin to reinvest your dividends automatically on the next dividend payment date after receiving your enrollment authorization form, so long as your enrollment authorization form is received on or before the record date for that dividend. The dividend payment dates for NiSource common stock have traditionally been the 20th of February, May, August and November if a business day, or the preceding business day if the dividend payment date is not a business day. The record date for each dividend has traditionally been the last business day of the month preceding the dividend payment date.

If your authorization is received after the record date for a dividend payment, the current dividend will be paid to you, and the dividend payment after the next record date will be reinvested.

12. How will I receive the cash dividends that I elect not to reinvest?

If you choose Option 2 or Option 3, you may elect to receive your cash dividends not being reinvested by direct deposit into your U.S. bank account on the dividend payment date instead of receiving a check by mail. You may make this election at the time of enrollment or at a later date by contacting the Plan Administrator to obtain appropriate forms. Please allow 30 days from the date the Plan Administrator receives your written request for the direct deposit to be established. If you do not receive your cash dividends by direct deposit, the Plan Administrator will pay them in the form of a check mailed to your address of record.

13. What else should I know about dividends under the Plan?

The payment of dividends is at the discretion of our Board of Directors and will depend upon future earnings, our financial condition and other factors. There can be no assurance as to the declaration or payment of any dividend. Nothing in the Plan requires us to declare or pay any dividend on our common stock.

Optional Cash Investments

14. How do I make optional cash investments?

You may purchase additional shares of our common stock by making optional cash investments under the Plan, regardless of whether your dividends are being reinvested. Each optional cash investment, whether direct or automatic, must be of at least $25 and cannot exceed $10,000. If you are not a current stockholder, you must first enroll in the Plan by submitting to the Plan Administrator a completed enrollment form and an initial investment. (See the "New Investor" requirements under "Enrollment" above.)

Optional cash investments in excess of $125,000 per calendar year may only be made after submission to us of a written request for a waiver, and after we have given our written approval, which we may grant or deny in our sole discretion. See Item 15. Reinvested dividends and shares deposited in the Plan for safekeeping only do not count for purposes of the $125,000 annual limit.

Direct Investment

If you choose to make an optional cash investment, along with your check, you are required to provide the Plan Administrator with a completed enrollment authorization form or a tear-off stub from a Plan statement. You should make the check payable to NiSource/BNY Mellon. Checks must be drawn on a U.S. bank and payable in U.S. dollars. All third party checks, cashier's checks and checks not drawn on a U.S. bank will be returned. Neither cash nor money orders will be accepted by the Plan Administrator. If you prefer, you can authorize an individual

automatic deduction online at *www.bnymellon.com/shareowner/isd* each time you want to make an optional cash purchase.

Automatic Investment

You also may authorize automatic monthly cash investments by electronic funds transfer from your bank account by completing the appropriate section of the enrollment authorization form or by enrolling online at *www.bnymellon.com/shareowner/isd* after you access your account though Investor ServiceDirect®. Automatic investment allows you to make ongoing investments in an amount that is comfortable for you (not less than $25 nor more than $10,000 per transaction), without having to write a check. Automatic investment deductions are made on the 25th day of each month, or, if that day is not a business day, on the next business day. You should allow 30 days for initiation of the first automatic investment or for changes in your designated financial institutions or bank accounts.

15. May I invest more than the annual Plan maximum of $125,000?

Yes, if you request a waiver of this limit and we grant your waiver request. Upon receipt of a written waiver request form from an investor, we will consider waiving the maximum investment limit. Grants of waiver requests will be made in our sole discretion based on a variety of factors, which may include our current and projected capital needs, prevailing market prices of our common stock and other securities, and general economic and market conditions.

Shares purchased pursuant to a waiver of the Plan maximum will be subject to a special pricing mechanism, as follows:

Pricing Period, Threshold Price and Extension Feature

- Investments for which a waiver has been granted will be made subject to a "pricing period," which will generally consist of one to 15 separate days during which trading of our common stock is reported on the New York Stock Exchange. Each of these separate days will be an "investment date," and an equal proportion of the investment amount will be invested on each trading day during such pricing period, subject to the qualifications listed below. The purchase price for shares acquired on a particular investment date will be equal to 100% (subject to change as provided below) of the volume-weighted average price (less any applicable waiver discount, as described below), rounded to four decimal places, of our common stock as reported by the New York Stock Exchange only, obtained from Bloomberg, LP, for that investment date. Funds for such investments must be received by the Plan Administrator not later than the business day before the first day of the pricing period.
- We may establish a minimum, or "threshold," price for any pricing period, which is a stated dollar amount that the volume-weighted average price, rounded to four decimal places, of our common stock, as reported by the New York Stock Exchange must equal or exceed during each trading day of the pricing period for investments made pursuant to a waiver. We will only establish a threshold price if shares will be purchased directly from us in connection with the relevant pricing period.
- If we decide to establish a threshold price for a particular pricing period, and if the threshold price is not satisfied for a trading day in the pricing period, then that trading day and the trading prices for that day will be excluded from the pricing period, and we will exclude from the pricing period any trading day that the volume-weighted average price is less than the threshold price and refund that day's proportional investment amount. For example, if the threshold price is not met for two of the trading days in a ten-day pricing period, then we will return 20% of the funds you submitted in connection with your waiver request, without interest, unless we have activated the pricing period extension feature for the pricing period, as described below.
- Neither we nor the Plan Administrator are required to notify you that a threshold price has been established for any pricing period.
- We may elect to activate for any particular pricing period a pricing period extension feature which will extend the initial pricing period by the number of days that the threshold price is not satisfied, up to a

maximum of five additional trading days. If we elect to activate the pricing period extension feature and the threshold price is satisfied for any additional day that has been added to the initial pricing period, that day will be included as one of the trading days for the pricing period instead of the day on which the threshold price was not met. For example, if the initial pricing period is 10 days, and the threshold price is not satisfied for three out of those 10 days, and we had previously announced in the waiver request form that the pricing period extension feature was activated, then the pricing period will be automatically extended by three trading days, and if the threshold price is satisfied on one or more of the next three trading days, then each of those days on which the threshold price is met will become an investment date in lieu of one of the three days on which the threshold price was not met. As a result, if the threshold price is met on all three of the additional trading days, because there were 10 trading days during the initial and extended pricing period on which the threshold price was satisfied, all of the funds that you include with your waiver request will be invested.

- Newly issued shares purchased pursuant to a request for waiver will be posted to participants' accounts within three business days following the end of the applicable pricing period or, if we elect to activate the continuous settlement feature, within three business days of each separate investment date beginning on the first investment date in the relevant pricing period and ending on the final investment date in the relevant pricing period, with an equal amount being invested on each day, subject to the qualifications set forth above. During any month when we are proposing to grant waiver requests for one or more investments, we may elect to activate the continuous settlement feature for such investments by announcing in the waiver request form that we will be doing so. The purchase price of shares acquired on each investment date will be equal to the volume-weighted average price obtained from Bloomberg, LP (unless such service is unavailable, in which case we will designate another service to be utilized before the beginning of the pricing period), for each of the investment dates during the pricing period, assuming the threshold price is met on that day, less any discount that we may decide to offer. For each pricing period (assuming the threshold price, if any, is met on each trading day of that pricing period), we would have a separate settlement of each investment date's purchases, each based on the volume-weighted average price for the trading day relating to each of the investment dates during the pricing period.

Waiver Discount

We may, in our sole discretion, establish a "waiver discount" of up to 5% from the market price applicable to investments for which a waiver has been granted. The waiver discount may vary for different waivers but will apply uniformly to all investments made during the pricing period applicable to a particular waiver. We will determine, in our sole discretion, whether to establish a waiver discount after a review of current market conditions, the level of participation in the Plan and our current and projected capital needs. At least two business days before the first day of the applicable pricing period, we will determine whether to establish a waiver discount and, if a waiver discount is established, its amount, and will notify the Plan Administrator. Neither we nor the Plan Administrator will be required to provide any written notice of the waiver discount, if any, for any pricing period.

Waiver request forms and information regarding the establishment of a threshold price or waiver discount, if any, may be obtained by contacting the Plan Administrator at (201) 680-5300 or *waivers@bnymellon.com.*

Optional investments that do not exceed $125,000 per calendar year, as well as dividend reinvestments, will be priced as described in Item 21 and will not be subject to a waiver discount or a threshold price.

16. What happens if there are insufficient funds to cover my optional cash investments?

In the event that any check is returned or any electronic funds transfer is declined for insufficient funds, you will be charged a $35 return fee. The Plan Administrator will remove from your account any shares that were purchased in anticipation of the collection of those funds. The shares then will be sold to recover any uncollected funds plus the return fee. If the net proceeds of the sale of those shares are insufficient, the Plan Administrator reserves the right to sell additional shares from your Plan account(s) as may be necessary to recover in full the uncollected balance plus the return fee. In some cases, the sale of any additional shares may yield an amount greater

than that required to recover in full the uncollected balance plus the return fee. If this occurs, amounts in excess of $1 will be remitted to you.

17. How do I change or terminate automatic monthly deductions?

You may change or terminate automatic monthly deductions by contacting the Plan Administrator. The Plan Administrator must receive your change or termination request at least two business days preceding the automatic deduction for which you want the change or termination to be effective.

Source and Price of Common Stock

18. When will the Plan Administrator purchase shares of NiSource common stock for my Plan account?

For dividend reinvestment, the investment date is the dividend payment date for shares of NiSource common stock, which has traditionally been the 20th of February, May, August and November if a business day, or the preceding business day if the dividend payment date is not a business day. For optional cash investments, under most circumstances purchases will be made within five business days after the Plan Administrator receives your money, whether by check or through automatic monthly deduction. It is up to the broker-dealer used by the Plan Administrator to determine when shares will be bought for the Plan. Accordingly, you will be unable to instruct the Plan Administrator to purchase shares at a specific time. If for any reason the Plan Administrator is unable to process your investment within 30 days after receiving your payment, the Plan Administrator will return the funds to you by check.

19. How many shares of NiSource common stock will the Plan Administrator purchase for my Plan account?

The number of shares the Plan Administrator will purchase for you depends on the purchase price of NiSource common stock and the total amount of your dividends (if applicable) and optional cash investments (direct or automatic) that you submit less any applicable service fees. Your Plan account will be credited with the actual number of shares purchased, including fractions.

20. How does the Plan Administrator acquire shares of NiSource common stock under the Plan?

Shares purchased under the Plan may be issued directly by us from authorized but unissued shares or treasury shares or purchased on the open market for delivery to the Plan. BNY Mellon Securities or another broker-dealer may assist the Plan Administrator in purchasing our shares on the open market. For purposes of making purchases, the Plan Administrator may combine your dividend and optional cash investment funds.

21. At what price will the Plan Administrator purchase shares of NiSource common stock?

When shares are purchased from us, the price per share will be 100% of the average of the highest and lowest reported sale price for NiSource common stock traded on the New York Stock Exchange on the investment date. If on any investment date there is no reported trading in shares of NiSource common stock, the price per share will be based on the average of the highest and lowest reported sale prices (on the New York Stock Exchange) on the nearest trading date after the investment date.

The price per share for all shares purchased in the open market to satisfy any Plan requirements will be the weighted average price per share of all shares purchased by the Plan Administrator to fill the combined purchase order for the Plan investments. In some instances, filling a purchase order may require execution of multiple trades in the market and may take more than one trading day to complete.

YOU SHOULD BE AWARE THAT THE MARKET PRICE PER SHARE OF NISOURCE COMMON STOCK MAY BE MORE OR LESS THAN THE PRICE PER SHARE AT THE TIME YOU REQUEST A PURCHASE. YOU ALSO SHOULD BE AWARE THAT YOU MAY NOT BE ABLE TO CANCEL INSTRUCTIONS THAT YOU SUBMIT TO THE PLAN ADMINISTRATOR TO PURCHASE SHARES. ANY DECISION CONCERNING A REQUEST FOR CANCELLATION WILL BE MADE AT THE SOLE DISCRETION OF THE PLAN ADMINISTRATOR.

Shares purchased pursuant to a waiver of the $125,000 annual maximum are subject to a different pricing mechanism. See Item 15.

22. Will I earn interest during the time my investments are pending?

No, you will not earn interest on initial or optional cash investment funds held by the Plan Administrator pending a purchase of NiSource common stock.

Sales and Withdrawals of Common Stock

23. How do I sell shares in my Plan account?

You may instruct the Plan Administrator to sell any or all shares held in your Plan account at any time (including shares deposited into the Plan for safekeeping as discussed below). Requests may be submitted by phone, online at *www.bnymellon.com/shareowner/isd* or by completing and signing the tear-off portion of your account statement and mailing it to the Plan Administrator. If you are mailing your request and more than one participant owns the account, all account holders must sign the instruction form. Please note that any instructions to sell shares held in your account are irrevocable and may not be cancelled.

You also may choose to sell your shares through a stockbroker of your choice, in which case you must first request the transfer of your shares from the Plan Administrator to your brokerage account through the Direct Registration System.

24. When will the Plan Administrator execute a sale request and how is the price determined?

The Plan Administrator will process your sale order promptly following receipt of, and in no event later than five trading days after, your order is received. The sale price for shares sold will not be known until the sale is completed and will be based on the weighted average price per share obtained in the open market as part of an aggregate order. The net proceeds of the sale less applicable fees will be sent to you by check following the sale. Fees for the sale of shares include a $15 service fee plus a trading fee of $0.07 per share and any required tax withholdings or transfer taxes.

25. How can I withdraw the shares credited to my Plan account?

You can withdraw all or a portion of the shares in your Plan account at any time online at *www.bnymellon.com/shareowner/isd* or by calling or writing to the Plan Administrator. The Plan Administrator will process your request to withdraw shares promptly following receipt, and in no event later than two business days after the date the request is received.

If you wish to withdraw a portion of the shares in your Plan account, the request must be for a whole number of shares as the Plan Administrator cannot issue certificates for fractional shares. If you wish to withdraw all shares in your Plan account, the Plan Administrator will issue a certificate for all the whole shares and a check for any remaining fractional share in your Plan account, less any applicable service fees. In that instance, the amount of the check, if any, will be based upon the sale price obtained for any shares sold by the Plan Administrator on the day your certificate is issued or, if there is no market sale that day for NiSource common stock, the closing price on the preceding business day. The Plan Administrator will send your certificate and a check (if applicable) to the address of record on your Plan account.

26. What happens to my dividend reinvestment election if I withdraw shares from my Plan account?

Your dividend reinvestment election will remain the same unless you withdraw all of the shares of NiSource common stock in your Plan account.

If you withdraw all of your whole and fractional Plan shares, your participation in the Plan will be terminated and any future dividends will be paid by check or direct deposit to your bank account, as you elect.

Name Changes, Share Transfers and Gifts Under the Plan

27. How do I change the name on my account, transfer shares or give as a gift shares in my Plan account?

You may change the name of your Plan account, transfer shares or give shares in your Plan account at any time by completing and submitting to the Plan Administrator a transfer of ownership form. Transfers may be made in book entry or certificated form. You can contact the Plan Administrator to request transfer instructions and a transfer of ownership form, or you can download the instructions and form online at *www.bnymellon.com/shareowner/isd*.

If you are submitting certificates for transfer, we recommend that you send them, properly insured, by certified or registered mail with return receipt requested or some form of traceable delivery. All participants in the existing Plan account need to sign instructions, and their signatures need to be authenticated with a Medallion Signature Guarantee as described in the instructions on the transfer of ownership form.

28. What happens to my dividends if I sell or transfer shares from my Plan account?

If you sell or transfer a portion, but not all, of the shares in your Plan account, your dividend reinvestment election will remain the same for the remainder of the shares in your Plan account. If you sell or transfer all of the shares in your Plan account, your participation in the Plan will be terminated.

Safekeeping/Certificates

29. How does the Plan's safekeeping option work?

The Plan's safekeeping feature is offered at no charge to you and eliminates the risk associated with damage, theft or loss of your stock certificates. You may deposit your NiSource common stock certificates into the Plan for safekeeping by delivering them to the Plan Administrator and requesting that they be credited to your account. **You should not sign the stock certificate(s) or complete the assignment section**. You may deposit shares of common stock for safekeeping at the time of enrollment by delivering the certificates along with the completed enrollment form or at any later time. Certificates sent to the Plan Administrator should be sent, properly insured, by registered or certified mail with return receipt requested or some other form of traceable delivery.

If you choose safekeeping, you still have the option of receiving your dividends in cash or reinvesting them. You also may sell any shares held in safekeeping through the Plan. Shares purchased with either reinvested dividends or optional cash investments automatically will be held by the Plan Administrator or its nominee in book-entry form on your behalf.

30. Will I be able to obtain a certificate for the shares in my Plan account?

You may obtain at any time, free of charge, a certificate for all or a part of the whole shares of our common stock credited to your account upon request to the Plan Administrator. A certificate will be mailed by first class mail, within two business days of the Plan Administrator's receipt of your request, to your address of record. The issuance of Plan shares in certificate form will not change your reinvestment election unless you direct otherwise. Any remaining whole or fractional shares of our common stock will continue to be credited to your account. Certificates for fractional shares of our common stock will not be issued.

Reports to Participants

31. What kind of reports will I receive regarding my participation in the Plan?

You will receive a statement as soon as practicable after each dividend reinvestment, purchase or sale of shares in your Plan account. The statement will show all year-to-date transactions, the purchase or sale price, service fees (if any), and shares credited to or removed from your Plan account. We recommend that you retain these statements for tax purposes.

Statements have tear-off instruction forms that should be filled-out when providing the Plan Administrator with certificate issuance, sale, purchase, termination or certificate deposit instructions.

32. Where will the Plan Administrator send transaction statements and other communications?

Transaction statements and other communications sent to you under the Plan will be addressed to your last known address as reflected by the Plan Administrator's records. Therefore, you should notify the Plan Administrator promptly of any change in your address.

Summary of Plan Fees

33. What fees are associated with my participation in the Plan?

In most cases we will pay the fees and expenses of operating the Plan. However, there are some service charges and trading fees that will be charged directly to you, which are set forth in the chart below.

Transaction Type	Service Fees
Initial Enrollment for New Investors	$10.00
Sale of Shares (not including any applicable withholding taxes and transfer taxes, which you will be required to pay)	$15.00
Per Share Trading Fee (on sales only)	$ 0.07
Returned Checks or Rejected Electronic Funds Transfers	$35.00

Termination

34. When and how may I terminate participation in the Plan?

You may terminate your participation in the Plan at any time by giving instructions to the Plan Administrator. As soon as practicable following termination, the Plan Administrator will send to you a certificate for the whole shares and a check for any fractional share of NiSource common stock in your Plan account, less any applicable fees and transfer taxes. Alternatively, at your request, the Plan Administrator will sell all or a portion of such shares and remit to you the proceeds less any applicable fees and transfer taxes. If the Plan Administrator receives your termination request after the record date for a dividend payment, the Plan Administrator, in its sole discretion, may either pay any such dividend in cash or reinvest it in shares on your behalf. Any optional cash investments sent to the Plan Administrator prior to your termination request also will be invested unless you expressly request that the optional cash investment be returned and your request is received at least two business days prior to the relevant investment date. In every case of termination, your interest in a fractional share will be paid in cash less any applicable fees and any other costs of sale.

35. Under what circumstances will NiSource terminate my participation in the Plan?

At any time, for any reason and at our discretion, we may instruct the Plan Administrator to terminate your participation in the Plan effective immediately upon mailing a notice to you at your address of record.

The Plan Administrator automatically will terminate your Plan account if you withdraw all of your whole and fractional shares. The Plan Administrator also may terminate your Plan account if your share balance is less than one share of NiSource common stock.

In the event of your death or adjudication of incompetency, the Plan Administrator may terminate your Plan account and distribute the proceeds as described above under Item 34. The Plan Administrator will continue to maintain your Plan account, however, until the Plan Administrator receives satisfactory written notice of your death or adjudication of incompetency. In addition, the Plan Administrator must receive satisfactory proof of the appointment of a legal representative who is authorized to instruct the Plan Administrator on the termination of your Plan account and receive the proceeds thereof.

At its discretion, the Plan Administrator also may close any Plan account that contains less than one share of NiSource common stock. Any fractional share in your Plan account will be sold subject to the fees as described above. A check for the sale proceeds less applicable fees will be mailed to your address of record.

Additional Information

36. What happens if NiSource has a rights offering, issues a stock dividend or has a stock split?

Any stock dividends or stock split shares that we distribute will be credited directly to your Plan account. Stock split or stock dividend shares distributed on shares you hold in certificate form also will be credited to your Plan account. If you are entitled to participate in a rights offering, the right to subscribe will be based on the total number of shares owned, both inside and outside the Plan. Any rights certificates to be distributed as a result of any rights agreement will be distributed based on whole shares only. Transaction processing may be temporarily suspended during such distributions.

37. What are my rights as a stockholder under the Plan with regard to voting, proxies and stockholder communications?

You will have the exclusive right to exercise all voting rights with respect to whole shares of our common stock credited to your Plan account. You will receive proxy materials from us for each stockholder meeting, including a proxy statement and a form of proxy covering all whole shares credited to your account and all shares of stock registered in your name outside of the Plan as of the record date for the stockholder meeting. You will also have the right to receive all other communications that we send to the holders of common stock.

38. What are the federal income tax consequences of participation in the Plan?

The following is only a summary of the tax consequences of participation in the Plan as of the date of this prospectus. Tax laws and regulations may change and this summary may not reflect every possible situation that could result from participating in the Plan. Accordingly, you should consult with your own tax advisor with respect to the federal, state, local, foreign and withholding tax consequences applicable to your particular situation.

In general, cash dividends paid by us with respect to your shares are considered taxable income even if they are reinvested. Your cost basis for federal income tax purposes on any shares purchased through the Plan is the price at which the shares are purchased, as reflected on your Plan statement or transaction advice. Trading fees paid by us on your behalf also are considered taxable income and are included in the cost basis of shares purchased. The Form 1099 sent both to you and the Internal Revenue Service at the end of the year shows trading fees paid by us.

If you make optional cash investments that are subject to a waiver discount, you may be treated as receiving a dividend distribution equal to the discount. The tax treatment of a waiver discount is unclear, and you should consult your tax advisor to determine how you should treat a waiver discount for tax purposes.

Most likely, you will realize taxable income or loss for federal income tax purposes when shares are sold. Your tax basis for shares that are sold is the price paid for the shares. The price paid is reflected on your statement.

Your holding period for shares purchased through the Plan begins on the day following the applicable investment date.

For Plan participants who are subject to back-up withholding or non-U.S. investors who are subject to U.S. federal tax withholding, the amount of dividends that may be reinvested will be net of the tax withheld. Non-U.S. investors are responsible for filing any documentation required to obtain a reduction in, or refund of, U.S. withholding tax.

39. Can the Plan be modified or discontinued?

We and the Plan Administrator reserve the right to suspend, modify or terminate the Plan at any time. We will send notice of any suspension, modification or termination of the Plan to all participants, who will have in all events, the right to withdraw from participation. In addition, the Plan Administrator may terminate the participation of any participant, interpret, modify fees and regulate the Plan as it deems necessary or desirable in connection with its operation.

If we or the Plan Administrator terminate the Plan, or if we are involved in a reorganization or merger, your shares enrolled in the Plan as well as your current elections under the Plan may automatically roll over to a subsequent survivor or successor Plan.

40. Who bears the risk of market fluctuations in shares of NiSource common stock and participation in the Plan?

Your investment in shares credited to your Plan account is no different than your investment in shares of NiSource common stock that you hold in certificate form or in a brokerage or bank account. You alone bear the risk of fluctuations in the market value of your shares of NiSource common stock. You bear the risk of loss in value and you enjoy the benefits of gains from market price changes with respect to all of your shares. However, with respect to shares held in your Plan account, you may lose an advantage otherwise available in that you are not able to select more specifically the timing of your investment or the sale of your shares.

Neither we nor the Plan Administrator provide any advice or make any recommendations with respect to any purchase or sale transaction you initiate. Neither we nor the Plan Administrator can guarantee that the value of the shares purchased under the Plan will, at any particular time, be more than your original investment. You need to make independent investment and participation decisions based on your own judgment and research.

Neither we nor the Plan Administrator can guarantee liquidity in the market, thus your investments and the marketability of your shares may be adversely affected by the market conditions at the time you seek to sell your shares.

Shares of NiSource common stock credited to your Plan account in book-entry form through the Plan are not subject to protection under the Securities Investor Protection Act, the Federal Deposit Insurance Act, or similar insurance or guarantee statute, and neither Plan shares nor cash held pending investment or disbursement with the Plan Administrator or its affiliates are subject to any guarantee.

41. What are the responsibilities of NiSource and the Plan Administrator under the Plan?

Neither we nor the Plan Administrator will be liable for any act done in good faith or for any good faith omission to act, including, without limitation, any claim of liability arising (i) out of failure to terminate a Plan account, sell shares in the Plan or invest optional cash payments or dividends without receipt of proper documentation and instructions or (ii) with respect to the prices at which shares are purchased or sold for Plan accounts and the time such purchases or sales are made, including price fluctuation in market value after purchases or sales.

42. How will the Plan be governed, interpreted and regulated?

The laws of the State of Delaware will govern the Plan. Our officers are authorized to take any actions that are consistent with the Plan's terms and conditions. We also have the right to interpret and regulate the Plan as we deem necessary or desirable in connection with the Plan's operations.

PLAN OF DISTRIBUTION

Common stock offered pursuant to the Plan will be purchased, at our option, directly from us or in the open market. Participants will be required to pay certain fees in connection with the Plan. See "Terms of the Plan - Summary of Plan Fees" for a description of the fees charged under the Plan. All other costs related to the Administration of the Plan will be paid by us.

In connection with the Plan, we may be requested to approve requests for waivers of the Plan's annual investment maximum by or on behalf of participants or other investors who may be engaged in the securities business.

Persons who acquire shares of our common stock through the Plan and resell them shortly after acquiring them, including coverage of short positions, under certain circumstances, may be participating in a distribution of securities that would require compliance with Regulation M under the Securities Exchange Act of 1934 and may be considered to be underwriters within the meaning of the Securities Act of 1933. We will not extend to any such person any rights or privileges other than those to which such person would be entitled as a participant, nor will we enter into any agreement with any such person regarding the resale or distribution by any such person of the shares of our common stock so purchased. We may, however, accept optional cash payments and initial investments made pursuant to waiver requests by such persons.

From time to time, financial intermediaries, including brokers and dealers, and other persons may engage in positioning transactions in order to benefit from any waiver discounts applicable to investments made pursuant to waivers approved under the Plan. Those transactions may cause fluctuations in the trading volume of our common stock. Financial intermediaries and such other persons who engage in positioning transactions may be deemed to be underwriters. We have no arrangements or understandings, formal or informal, with any person relating to the sale of shares of our common stock to be received under the Plan. We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible persons to eliminate practices that are inconsistent with the purposes of the Plan.

LEGAL OPINIONS

The legality of the common stock covered by this prospectus has been passed upon for us by Carrie J. Hightman, Esq., our Executive Vice President and Chief Legal Officer. As of December 31, 2008, Ms. Hightman beneficially owned 36,158 shares of our common stock.

EXPERTS

The consolidated financial statements and related consolidated financial statement schedules of NiSource Inc. and subsidiaries, incorporated in this prospectus by reference from NiSource Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of NiSource Inc. and subsidiaries' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.