

NISOURCE INC/DE  
Form DEF 14A  
April 02, 2010

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**NiSource, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

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SEC 1913 (02-02)

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NiSource Inc.  
801 E. 86th Avenue Merrillville, IN 46410 (877) 647-5990

**NOTICE OF ANNUAL MEETING**

April 2, 2010

To the Holders of Common Stock of NiSource Inc.:

The annual meeting (the Annual Meeting ) of the stockholders of NiSource Inc. (the Company ) will be held at The 30 South Building, 30 South Meridian, Indianapolis, Indiana 46204 on Tuesday, May 11, 2010, at 10:00 a.m., local time, for the following purposes:

- (1) To elect eleven directors to hold office until the next annual stockholders meeting and until their respective successors have been elected or appointed;
- (2) To ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accountants for the year 2010;
- (3) To amend the By-Laws to give stockholders the power to call special meetings of stockholders;
- (4) To approve the NiSource Inc. 2010 Omnibus Incentive Plan; and
- (5) To consider a stockholder proposal regarding a three-year post-termination stock retention policy for senior executives.

All persons who are stockholders of record at the close of business on March 15, 2010 will be entitled to vote at the Annual Meeting.

Please act promptly to vote your shares with respect to the proposals described above. You may vote your shares by marking, signing, dating and mailing the enclosed proxy card. You may also vote by telephone or through the Internet by following the instructions set forth on the proxy card. If you attend the Annual Meeting, you may vote in person, even if you have previously submitted a proxy.

In order to help us arrange for the Annual Meeting, if you plan to attend the Annual Meeting, please so indicate in the space provided on the proxy card or respond when prompted on the telephone or through the Internet.

**PLEASE VOTE YOUR SHARES BY TELEPHONE, THROUGH THE INTERNET OR BY PROMPTLY MARKING, DATING, SIGNING AND RETURNING THE ENCLOSED PROXY CARD.**

Gary W. Pottorff  
Corporate Secretary

**Important Notice Regarding the Availability of Proxy Materials  
For the Annual Meeting of Stockholders to be Held on May 11, 2010**

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**The Proxy Statement and 2009 Annual Report to Stockholders  
are available at <http://ir.nisource.com/annuals.cfm>**

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**PROXY STATEMENT**

**The accompanying proxy is solicited on behalf of the Board of Directors of the Company. The common stock, \$.01 par value per share, of the Company represented by the proxy will be voted as directed. If you return a signed proxy card without indicating how you want to vote your shares, the shares represented by the accompanying proxy will be voted as recommended by the Board of Directors FOR all of the nominees for director, FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accountants for 2010; FOR approval of the amendment of the Company's By-Laws to give holders of 25% of our outstanding common stock the power to call special meetings of stockholder (the Special Meetings Proposal); FOR approval of the NiSource Inc. 2010 Omnibus Incentive Plan; and AGAINST the stockholder proposal regarding a three-year post-termination stock retention policy for senior executives.**

This proxy statement and form of proxy are first being sent to stockholders on April 2, 2010. The Company will bear the expense of this solicitation. The original solicitation of proxies by mail and a reminder letter may be supplemented by telephone, facsimile, e-mail and personal solicitation by officers, employees, and agents of the Company or its affiliates. To aid in the solicitation of proxies, the Company has retained Laurel Hill Advisory Group, LLC for a fee of \$9,500 plus reimbursement of expenses. The Company also will request brokerage houses and other nominees and fiduciaries to forward proxy materials, at the Company's expense, to the beneficial owners of stock held of record by such persons.

**Who May Vote**

The close of business on March 15, 2010 is the date for determining stockholders entitled to notice of and to vote at the Annual Meeting. As of March 15, 2010, 277,126,434 shares of common stock were issued and outstanding. Each share of common stock outstanding on that date is entitled to one vote on each matter presented at the Annual Meeting.

**Voting Your Proxy**

If you are a stockholder of record (that is, if you hold shares of common stock of the Company in your own name), you may vote your shares by proxy using any of the following methods:

Telephoning the toll-free number listed on the proxy card;

Using the Internet site listed on the proxy card; or

Marking, dating, signing and returning the enclosed proxy card.

If your shares are held by a broker, bank or other nominee in street name, you will receive voting instructions from that entity, the record holder, that you must follow in order to have your shares of common stock voted at the Annual Meeting. If your shares are held by a broker or other nominee and you or any other person entitled to vote those shares does not provide the broker or other nominee with instructions as to how to vote such shares, that broker or nominee will only be able to vote your shares on the matters for which the broker or other nominee has discretionary authority. Brokers and most other nominees will have discretionary authority to vote your shares of common stock only with regard to the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accountants for 2010 and the stockholder proposal regarding a stock retention policy requiring that senior executives retain a significant percentage of stock acquired through compensation programs until three years following

termination of employment. We do not believe that brokers and most other nominees will have discretionary authority to vote your shares with respect to the election of directors, the Board of Directors Special Meetings Proposal or approval of the NiSource Inc. 2010 Omnibus Incentive Plan. Therefore, it is important that you instruct your broker or other nominee how to vote your shares.

If you hold your shares in the Company's 401(k) plan administered by Fidelity Investments, you will need to vote your shares by one of the methods discussed in this Proxy Statement in order to have your vote counted. Fidelity will not exercise any voting discretion over the shares held in its accounts. If you fail to vote by returning a completed proxy card, or by telephone or through the Internet, your shares held through Fidelity will not be voted.

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If you plan to attend the Annual Meeting, please so indicate when you vote, so that the Company may send you an admission ticket and make the necessary arrangements. Stockholders who plan to attend the meeting must present picture identification along with an admission ticket or evidence of current beneficial ownership.

### **Voting in Person**

You also may come to the Annual Meeting and vote your shares in person by obtaining and submitting a ballot that will be provided at the meeting. However, if your shares are held in street name by a broker, bank or other nominee, including Fidelity Investments as administrator of the Company's 401(k) plan, then in order to be able to vote at the meeting, you must obtain a proxy, executed in your favor, from the institution that is the holder of record of your shares, indicating that you were the beneficial owner of the shares on March 15, 2010, the record date for voting, and that the record holder is giving you the proxy to vote the shares.

### **Revoking Your Proxy**

You may revoke your proxy at any time before a vote is taken or the authority granted is otherwise exercised. To revoke a proxy, you may send to the Company's Corporate Secretary a letter indicating that you want to revoke your proxy or you can supersede your initial proxy by (i) delivering to the Corporate Secretary a duly executed proxy bearing a later date, (ii) voting by telephone or through the Internet on a later date, or (iii) attending the meeting and voting in person. Attending the Annual Meeting will not in and of itself revoke a proxy.

### **Quorum for the Meeting**

A quorum of stockholders is necessary to take action at the Annual Meeting. A majority of the outstanding shares of common stock, present in person or represented by proxy, will constitute a quorum at the Annual Meeting. The inspectors of election appointed for the Annual Meeting will determine whether or not a quorum is present. The inspectors of election will treat abstentions and broker non-votes as present and entitled to vote for purposes of determining the presence of a quorum. A broker non-vote occurs when a broker holding shares for a beneficial owner does not have authority to vote the shares and has not received instructions from the beneficial owner as to how the beneficial owner would like the shares to be voted.

### **Votes Required**

In order for a director to be elected, a nominee must receive more votes in favor of his or her election than against their election. Ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accountants for 2010, approval of the amendment to our By-Laws to give holders of 25% of our outstanding common stock the power to call special meetings of stockholders, approval of the NiSource Inc. 2010 Omnibus Incentive Plan, and adoption of the stockholder proposal regarding a stock retention policy for senior executives each requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote.

Votes cast in person or represented by proxy at the meeting will be tabulated by the inspectors of election. Abstentions will have the same effect as a vote against a proposal.

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**PROPOSAL I ELECTION OF DIRECTORS**

The Company's Board of Directors consists of eleven directors who will be elected at this year's Annual Meeting and each will serve until the 2011 Annual Meeting.

At the recommendation of the Corporate Governance Committee, the Board of Directors has nominated the persons listed below to serve as directors for the term beginning at the Annual Meeting on May 11, 2010 and running until the 2011 Annual Meeting. The nominees include ten independent directors, as defined in the applicable rules of the New York Stock Exchange ( NYSE ), and the President and Chief Executive Officer of the Company. The Board of Directors does not anticipate that any of the nominees will be unable to serve, but if any nominee is unable to serve, the proxies will be voted in accordance with the judgment of the person or persons acting thereunder.

All of the nominees currently serve on the Board of Directors.

The following chart gives information about all nominees (each of whom has consented to being named in the proxy statement and to serving if elected). The dates shown for service as a director include service as a director of the corporate predecessors of NiSource Inc. (incorporated in Indiana) and Northern Indiana Public Service Company.

**Vote Required**

In order to be elected, each nominee must receive more votes cast in favor of his or her election than against election. Broker non-votes will not be voted with respect to the election of directors and therefore will have no effect on the vote.

**Table of Contents****THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED BELOW.**

<b>Name, Age and Principal Occupations for Past Five Years and Present Directorships Held</b>	<b>Has Been a Director Since</b>
<p>Richard A. Abdoo, 66 Since May, 2004, Mr. Abdoo has been President of R.A. Abdoo &amp; Co. LLC, Milwaukee, Wisconsin, an environmental and energy consulting firm. Prior thereto, Mr. Abdoo was Chairman and Chief Executive Officer of Wisconsin Energy Corporation from 1991 until his retirement in April, 2004. He also served as President of Wisconsin Energy Corporation from 1991 to April 2003. Mr. Abdoo is a director of A.K. Steel Corporation and Renergy Holdings, Inc. and ZBB Energy Corp.</p> <p>By virtue of his former positions as chairman and chief executive officer of a large electric and gas utility holding company, as well as his current positions as director of two other energy-related companies and a steel maker that is a major user of energy, Mr. Abdoo has extraordinary expertise and experience with the issues facing the energy industry in general and public utilities in particular. As a former chief executive officer, Mr. Abdoo understands well the issues facing executive management of a major corporation. Mr. Abdoo's credentials as a registered professional engineer in several states allow him to offer a unique technical perspective on certain issues under consideration by the board. As a long-time champion of humanitarian and social causes, including on behalf of the Lebanese-American community, Mr. Abdoo brings expertise and understanding with respect to social issues confronting the Company. His commitment to and work on behalf of social causes earned him the Ellis Island Medal of Honor, presented to Americans of diverse origins for their outstanding contributions to their own ethnic groups and to American society.</p>	2008
<p>Steven C. Beering, 77 Chairman of the National Science Board, the governing board of the National Science Foundation, Washington, D.C., an independent Federal agency that promotes the progress of science. He is also President Emeritus of Purdue University, West Lafayette, Indiana.</p> <p>Dr. Beering's years of experience as president of a major research university and his current role as chairman of the National Science Board provide him with valuable expertise regarding the technical issues facing the Company, as well as the challenges of managing a large institution. As a result of his years of utility board service, Dr. Beering also has a deep understanding of the energy industry generally, the specific service territory and the particular issues the company has addressed in the past and currently addresses. His tenure as a director of the Company further allows him to provide a perspective that brings balance and stability to the board.</p>	1986
<p>Dennis E. Foster, 69 Principal, Foster Thoroughbred Investments, Lexington, Kentucky. Prior to his retirement in 2000, Mr. Foster was Vice Chairman of ALLTEL Corporation, Little Rock, Arkansas, a full service telecommunications and information service provider. Mr. Foster also is the non-executive Chairman of Windstream Corporation and a director of YRC Worldwide Inc. (formerly Yellow Roadway Corporation).</p> <p>Mr. Foster's experience as vice chairman of a telecommunications company, which was one of the earliest utilities to experience regulatory reform, has given him valuable expertise and experience with regulation and the regulatory process. He has extensive experience dealing with issues facing large public utilities and understanding shareholder expectations. Having formerly served as president and chief executive officer of a communications company, he has insight on managing people, overseeing business risk and understanding financial statements. As a result of currently</p>	1999

serving as chairman of one company and director of another (including serving as chair of one company's governance committee and another company's compensation committee), Mr. Foster also has particular experience with corporate governance issues, as well as the capital markets, the challenges of financing in the current economy and the merger and acquisitions environment.

**Table of Contents****Name, Age and Principal Occupations  
for Past Five Years and Present Directorships Held****Has Been a  
Director Since**

Michael E. Jesanis, 53

2008

Since November 2007, Mr. Jesanis has been a principal with Serrafix, Boston, Massachusetts, a firm providing energy efficiency consulting and implementation services, principally to municipalities. From July 2004 through December 2006, Mr. Jesanis was President and Chief Executive Officer of National Grid USA, a natural gas and electric utility, and a subsidiary of National Grid plc, of which Mr. Jesanis was also an Executive Director. Prior to that, Mr. Jesanis was Chief Operating Officer of National Grid USA from January 2001 to July 2004.

By virtue of his former positions as president and chief executive officer, chief operating officer and, prior thereto, chief financial officer of a major electric and gas utility holding company, as well as his current role with an energy efficiency consulting firm, Mr. Jesanis has extraordinarily broad and deep experience with regulated utilities. He has strong financial acumen and extensive managerial experience, having led modernization efforts in the areas of operating infrastructure improvements, customer service enhancements and management-team development. Mr. Jesanis also demonstrates a commitment to education as the former chair of the board of a college and a current trustee (and chair of the audit committee) of a university. As a result of his former senior managerial roles and his non-profit board service, Mr. Jesanis also has particular expertise with board governance issues.

Marty R. Kittrell, 53

2007

Since December 2007, Mr. Kittrell has been Executive Vice President and Chief Financial Officer of Dresser, Inc., Dallas, Texas, a worldwide leader in providing highly-engineered products for the global energy industry. Prior thereto, Mr. Kittrell was Executive Vice President and Chief Financial Officer of Andrew Corporation from October 2003 to December 2007.

Mr. Kittrell brings to the board over 25 years of experience as a chief financial officer. He has served in the role of CFO at several public companies. As a result of this experience, he has significant expertise with financial reporting issues facing the Company, including SEC reporting, and Sarbanes-Oxley internal control design and implementation. His current position with a company that supplies infrastructure products to the energy industry gives Mr. Kittrell a particular familiarity with the issues facing the Company's gas transmission and storage and gas distribution businesses. Mr. Kittrell also has extensive experience with mergers and acquisitions, and capital markets transactions. He formerly practiced accounting with a national accounting firm and is an active member of the AICPA, the National Association of Corporate Directors, Financial Executives International and the National Investor Relations Institute. Mr. Kittrell also shows a commitment to education through his service on the board of trustees of a university.

W. Lee Nutter, 66

2007

Prior to his retirement in 2007, Mr. Nutter was Chairman, President and Chief Executive Officer of Rayonier, Inc., Jacksonville, Florida, a leading supplier of high performance specialty cellulose fibers as well as timberlands and other higher value land holdings. Mr. Nutter was elected director of Rayonier, Inc. in 1996. He is also lead director of Republic Services Inc. and the non-executive Chairman of J.M. Huber Corporation.

Mr. Nutter's former positions as chairman and chief executive officer of a forest products company, and his current positions as director of one company engaged in waste management and another involved in the forest products and energy industries, give him a particular familiarity with the issues involved in managing natural resources. These issues include compliance with environmental laws and exercising responsible environmental stewardship. Mr. Nutter also has an extensive background and familiarity in human resource and compensation issues, which

complements well his service as chair of the Company's Officer Nomination and Compensation Committee. In addition, as a former chief executive officer, Mr. Nutter understands how to address the complex issues facing major corporations.

**Table of Contents****Name, Age and Principal Occupations  
for Past Five Years and Present Directorships Held****Has Been a  
Director Since**

Deborah S. Parker, 56

2007

Since April 2008, Ms. Parker has been President and Chief Executive Officer of International Business Solutions, Inc. ( IBS ), Washington, D.C. IBS provides strategic planning and consulting services to profit and not-for-profit organizations. Before joining IBS, Ms. Parker was Executive Vice President and Chief Operations Officer of the National Urban League from July 2007 through April 2008. Prior thereto, Ms. Parker served in numerous operating positions, including Vice President of Global Quality at Ford Motor Company. During her tenure at Ford, Ms. Parker also served as Chief Executive Officer and Group Managing Director at Ford Motor Company of Southern Africa (Pty) Ltd. From September 2001 to December 2004.

Ms. Parker brings a unique combination of community development and industrial management experience to the board. As chief executive officer of a consulting firm and chief operating officer of a national civil rights organization dedicated to economic empowerment of historically underserved urban communities, Ms. Parker brings expertise and understanding with respect to the social and economic issues confronting the Company and the communities it serves. As a result of her 23-year career at a global manufacturing company, Ms. Parker has extensive experience managing industrial operations, including turning around several struggling business units, finding innovative solutions to management/union issues, quality control initiatives and rationalizing manufacturing and inventory. This experience positions her well to provide valuable insights on the Company's operations and processes, as well as social issues confronting the Company.

Ian M. Rolland, 76

1978

Chairman of the Board since November 2006. Prior to his retirement in 1998, Mr. Rolland served as Chairman and Chief Executive Officer of Lincoln National Corporation, Ft. Wayne, Indiana, a provider of financial products and services. Mr. Rolland is on the board of advisors of CID Partners.

Mr. Rolland's 21 years of experience as chief executive officer of a diversified financial services company, together with his past and current service on other boards of directors, including a major financial institution, a petroleum equipment company and a national corporate child care solution provider, provide him with a deep understanding of the challenges facing a major corporation and, particularly those involving finances and financial reporting. Mr. Rolland's distinguished career, including his service as chair of a national insurance council and a national insurance association, as well as president of a national actuarial society, gives him a deep understanding of governance issues, organizational leadership, risk management and insurance matters. His tenure on the board further gives him a unique understanding of the Company and its evolution and growth, and allows him to provide a perspective that brings balance and stability to the board. His dedication and commitment to charitable and social causes is demonstrated through his past and present service on numerous non-profit boards which gives him an understanding of many of the social issues facing the Company. His services as a lifetime trustee and former chair of the Indiana chapter of The Nature Conservancy, a global conservation organization, provides him a deep understanding of the environmental issues affecting the Company.

**Table of Contents****Name, Age and Principal Occupations  
for Past Five Years and Present Directorships Held****Has Been a  
Director Since**

Robert C. Skaggs, Jr., 55

2005

Chief Executive Officer ( CEO ) of the Company since July 2005. President of the Company since October 2004. Prior thereto, Mr. Skaggs served as Executive Vice President, Regulated Revenue from October 2003 to October 2004, President of Columbia Gas of Ohio, Inc. from February 1997 to October 2003; President of Columbia Gas of Kentucky, Inc. from January 1997 to October 2003; President of Bay State Gas Company and Northern Utilities from November 2000 to October 2003; and President of Columbia Gas of Virginia, Inc., Columbia Gas of Maryland, Inc. and Columbia Gas of Pennsylvania, Inc. from December 2001 to October 2003.

The board believes it is important that the Company s chief executive officer serve on the board. Mr. Skaggs has a unique understanding of the challenges and issues facing the Company. During his nearly 30 years with the Company, he has served in a variety of positions across the organization, including the legal and finance departments, president of a number of our gas distribution subsidiaries, executive vice president, Regulated Revenue, where he was responsible for developing regulatory strategies and leading external relations across all of our energy distribution markets, as well as our interstate pipeline system. He also led regulated commercial activities, including large customer and marketer relations, and energy supply services, as well as federal governmental relations. This wide and deep experience provides an incomparable knowledge of the Company s operations, our markets and our people. Over the course of his career, Mr. Skaggs has been involved in a wide array of community-based organizations as well as a number of industry organizations, further providing him with a valuable perspective of the communities the Company serves and the issues facing our industry. He currently serves as Chair of the American Gas Association.

Richard L. Thompson, 70

2004

Prior to his retirement in 2004, Mr. Thompson was Group President, Caterpillar Inc., Peoria, Illinois, a leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. Mr. Thompson also is a director of Gardner Denver, Inc. and Chairman of the Board of Lennox International, Inc.

In his prior role as group president of a large, publicly traded manufacturing company, Mr. Thompson had responsibility for its gas turbine and reciprocating engine business, as well as research and development activities. By virtue of this and prior positions, and his current directorships at two other companies serving the energy and utility industries, Mr. Thompson possesses significant experience in energy issues generally and gas turbine electric power generation and natural gas pipeline compression in particular. He is a graduate electrical engineer with experience in electrical transmission system design and generation system planning. This experience provides Mr. Thompson a valuable understanding of technical issues faced by the Company.

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**Name, Age and Principal Occupations  
for Past Five Years and Present Directorships Held**

**Has Been a  
Director Since**

Carolyn Y. Woo, 55

1998

Martin J. Gillen Dean and Ray and Milann Siegfried Professor of Entrepreneurial Studies, Mendoza College of Business, University of Notre Dame, Notre Dame, Indiana. Dr. Woo also is a director of AON Corporation and was a director of Circuit City, Inc. until 2009.

Dr. Woo's role as dean of a major business school and her experience as a professor of entrepreneurship provide her a deep understanding of business principles and extensive expertise with management and strategic planning issues. Through her current and previous service on the boards of directors, audit committees and compensation committees of a number of public companies, including a global reinsurance and risk management consulting company, a pharmaceutical distribution company, an international automotive manufacturer, a financial institution and a major electronics retailer, Dr. Woo has developed an excellent understanding of corporate governance, internal control, financial and strategic analysis and risk management issues. Her responsibilities as dean of a major business school also provide her familiarity with the issues of managing a large organization. Dr. Woo is a leader in the areas of corporate social responsibility and sustainability, which adds an important perspective to the Company. She is also a current and past board member of several non-profit organizations, including an international relief organization, a global business school accreditation organization, leadership development organizations and an educational organization. This commitment to social and educational organizations provides Dr. Woo with an additional important perspective on the various community and social issues confronting the Company in the various communities that the Company serves.

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**CORPORATE GOVERNANCE**

**Director Independence**

For many years, a substantial majority of the Company's Board of Directors (the Board) has been comprised of independent directors. In order to assist the Board in making its determination of director independence, the Board has adopted categorical standards of independence consistent with the standards contained in Section 303A.02(b) of the NYSE Corporate Governance Listing Standards. The Company's categorical standards of independence are listed in the Company's Corporate Governance Guidelines, a copy of which can be found on the Company's website at <http://ir.nisource.com/governance.cfm>.

The Board has affirmatively determined that all of the members of the Board (except Mr. Skaggs) and all nominees (except Mr. Skaggs) are independent directors as defined in Section 303A.02(b) of the NYSE Listing Standards and meet the standards for independence set by the Board.

**Executive Sessions of Non-Management Directors**

To promote open discussion among the non-management directors, the Board of Directors schedules regular executive sessions at meetings of the Board and the Corporate Governance Committee. All non-management directors are also members of the Corporate Governance Committee. The non-management members met separately from management seven times in 2009. Mr. Ian M. Rolland, the Chairman of the Board, serves as lead, or presiding director at the executive sessions of the non-management directors. All of the non-management members are independent directors.

**Communications with the Board and Non-Management Directors**

Stockholders and other interested persons may communicate any concerns they may have regarding the Company as follows:

Communications to the Board may be made to the Board generally, any director individually, the non-management directors as a group or the lead director of the non-management group by writing to the following address:

NiSource Inc.  
Attention: [Board of Directors]/[Board  
Member]/[Non-management Directors]/[Lead Director]  
c/o Corporate Secretary  
801 East 86th Avenue  
Merrillville, Indiana 46410

The Audit Committee has approved procedures with respect to the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or audit matters. Communications regarding such matters may be made by contacting the Company's Ethics and Compliance Officer at [ethics@nisource.com](mailto:ethics@nisource.com), calling the business ethics hotline at 1-800-457-2814, or writing to:

NiSource Inc.  
Vice President, Ethics and Compliance  
801 East 86th Avenue

Merrillville, Indiana 46410

**Code of Business Conduct**

The Board of the Company has adopted a Code of Business Conduct (the Code ) to promote (i) ethical behavior including the ethical handling of conflicts of interest, (ii) full, fair, accurate, timely and understandable financial disclosure, (iii) compliance with applicable laws, rules and regulations, (iv) accountability for adherence to the Code and (v) prompt internal reporting of violations of the Code. The Code satisfies applicable Securities and Exchange Commission and NYSE requirements and applies to all directors, officers (including the Company s

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principal executive officer, principal financial officer, and principal accounting officer and controller) and employees of the Company and its affiliates. A copy of the Code is available on the Company's website at <http://ir.nisource.com/governance.cfm> and will be provided by the Company to any stockholder who requests it in writing from the Company's Corporate Secretary.

Any waiver of the Code for any director, Section 16 officer or senior executive may be made only by the Audit Committee of the Board and must be promptly disclosed to the extent and in the manner required by the Securities and Exchange Commission or the NYSE and posted on the Company's website. No waivers have been granted under the Code.

## **Corporate Governance Guidelines**

The Corporate Governance Committee is responsible for reviewing and reassessing the Corporate Governance Guidelines periodically and will submit any recommended changes to the Board for its approval. A copy of the Corporate Governance Guidelines can be found on the Company's website at <http://ir.nisource.com/governance.cfm> and will be provided by the Company to any stockholder who requests it in writing from the Company's Corporate Secretary.

## **Board Leadership Structure and Risk Oversight**

The Company's Corporate Governance Guidelines state that the Company should remain free to configure leadership of the Board in the way that best serves the Company's interests at the time and, accordingly, the Board has no fixed policy with respect to combining or separating the offices of Chairman and Chief Executive Officer. If the Chairman is not an independent director, the Board will choose a lead director to serve as chair of the Corporate Governance Committee and as the presiding director for purposes of the NYSE rules.

Since late 2006, the offices of Chairman and Chief Executive Officer of the Company have been held by different individuals, with the Chairman being an independent director. In deciding to separate the offices, the Board believed that having a director with a long tenure serve as Chairman would help ensure continuity and stability during a transition period between Chief Executive Officers. The Board believes that the independent chair arrangement continues to serve the Company well.

The Board takes an active role in monitoring and assessing the Company's risks, which include risks associated with operations, credit, energy supply, financing and capital investments. The Board administers its oversight function through utilization of its various committees, as well as through a Risk Management Committee, consisting of members of the Company's senior management, which is responsible for the risk management process. The Audit Committee discusses with management and the independent auditor the effect of regulatory and accounting initiatives on the Company's financial statements and is responsible for overseeing the risk management program generally. In addition, the Finance Committee, Officer Nomination and Compensation Committee and the Environmental, Safety and Sustainability Committee are each charged with overseeing the risks associated with their respective areas of responsibility. The Audit Committee receives regular updates on the activities of the Risk Management Committee and any significant policy breach.

## **Meetings and Committees of the Company's Board of Directors**

The Board met five times during 2009. Each director attended at least 89% of the combined total number of the Company's Board meetings and the meetings of the committees on which he or she was a member. The Board has established five standing committees to assist the Board in carrying out its duties: the Audit Committee; the Corporate Governance Committee; the Environmental, Safety and Sustainability Committee (ES&S); the Finance Committee;

and the Officer Nomination and Compensation Committee ( ON&C ). Pursuant to the Company s Corporate Governance Guidelines, all directors are expected to attend the Annual Meeting. All incumbent directors attended the 2009 Annual Meeting of Stockholders. The following table shows the composition of each Board committee during 2009.

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<b>Director</b>	<b>Audit</b>	<b>Corporate Governance</b>	<b>ES&amp;S</b>	<b>Finance</b>	<b>ON&amp;C</b>
Richard A. Abdo		X	X	X	X
Steven C. Beering	X	X	X		X
Dennis E. Foster	X*	X		X	
Michael E. Jesanis	X	X	X	X	
Marty R. Kittrell	X	X		X	
W. Lee Nutter		X	X	X	X*
Deborah S. Parker		X	X	X	X
Ian M. Rolland	X	X*			
Richard L. Thompson	X				