



CORPORATE WIDE STANDARD: **Military Leave of Absence**

EFFECTIVE DATE: **January 1, 2011**

The purpose of this policy is to set forth the rights and benefits of employees of NiSource Inc. subsidiaries who must fulfill annual training duty required by their Reserve or National Guard units and to further set forth the rights and benefits of such employees entering and/or returning from active duty service in the Uniformed Services of the United States.

I. DEFINITIONS

- “Company” shall be defined as the particular NiSource Inc. subsidiary by which an individual is employed.
- A Military Leave of Absence shall be defined as approved time off for service in the Uniformed Services under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and applicable state statutes.
- The “Uniformed Services” include the Army, Navy, Air Force, Marines, Coast Guard, Army National Guard, Air National Guard, commissioned corps of the Public Health Services, and the reserves for each of these services. For purposes of this policy, the Air and National guards under the authority of the laws of the state in which the employee works shall be encompassed by this term, when appropriate under state law.
- The phrase “Service in the Uniformed Services” shall be defined as periods of Active Duty as well as periods of Annual Training Duty as defined below.
- “Annual Training Duty” shall be defined as periods of training thirty (30) days or less in duration including encampments, weekly drills and any other training duty during a calendar year.
- “Active Duty” shall be defined as full time active duty in the Uniformed Services.

II. COMPANY PAY

A. Pay Differential

1. Active Duty: An employee who enlists, is drafted, or ordered into Active Duty shall receive the difference between the employee’s military service pay, exclusive of any remuneration from the

government for travel, uniforms, rent, subsistence, etc., and the employee's company base pay computed in accordance with the Company's ordinary payroll practices during Active Duty up to 180 calendar days. Provided, however, that the 180 calendar day limit shall not apply to persons on Active Duty due to the War on Terrorism, including the military engagements in Afghanistan and Iraq.

2. Annual Training Duty: An employee who is required to perform Annual Training Duty will receive the difference between the employee's military service pay, exclusive of any remuneration from the government for travel, uniforms, rent, subsistence, etc., and the employee's company base pay computed in accordance with the Company's ordinary payroll practices. Such Allowance shall be made only for fifteen workdays in any calendar year.

B. Administrative obligations of employee

1. In order to receive the pay differential for which the employee is eligible, an employee must submit to the Company an acceptable statement showing the remuneration received from the Federal or State government during the period of annual training duty or active duty.
2. Company base pay for any employee will be determined as of the last day of active employment with the Company, at the employee's regular classification prior to commencement of the leave of absence. Payment to an employee for a period of absence will be computed upon receipt of the certificate or statement specified in 1 above.

III. COMPANY BENEFITS

- A. Administrative obligations of employee: The employee, whether regular full time, or temporary, part-time or seasonal, will continue to be covered under the same benefits plans with dependent coverage, if applicable, as he or she held as an active employee. It will be the responsibility of the employee to terminate benefit coverage, if so desired, by completing the appropriate forms and/or notifying the appropriate party of such termination. The process for terminating benefits varies among the NiSource companies. Questions regarding the specific process an employee should use to terminate his/her benefits should be directed to NiSource Benefits Administration (1-888-640-3320).
- B. The following reflects the treatment of benefit plans for regular full time employees under "Active Duty" and "Annual Training Duty

1. In the event an employee is placed on a military leave for active duty or annual training duty, the following benefits will continue provided that the employee makes the required contribution, if any, toward their cost. Such coverage will include both employee and dependent coverage where applicable, and will continue up to 180 days from the date of active military service. Provided, however, that the 180 calendar day limit shall not apply to persons on Active Duty due to the War on Terrorism, including the military engagements in Afghanistan and Iraq.

- Group Life Insurance
- Accidental Death and Dismemberment Benefits, per the terms of the contract setting forth certain exclusions for active duty.
- Medical Benefits
- Dental Benefits
- Vision Benefits
- Health Care Flexible Spending Accounts and Health Savings Accounts
- Dependent Care Flexible Spending Accounts
- Employee Assistance Plan
- Dependent Life Insurance, per the terms of the contract setting forth certain exclusions for active duty.
- Individual Supplemental Life Insurance

Notwithstanding the preceding sentences, an employee who is on a Military Leave of Absence and subject to the 180 day limitation period described above may elect to continue Medical Benefits, Dental Benefits and Vision Benefits during such Leave for a period no longer than the lesser of (i) 24 months or (ii) the date the employee fails to return to employment with the Company in accordance with USERRA.

2. Pension Plan. Credit for time spent on military leave provided he/she returns to employment with the Company.

3. 401(k) Plan. Contributions will continue to be made during the period of time the employee receives a pay differential from the Company as described in Section II. For purposes of determining eligibility and plan participation, an employee returning to employment will receive credit for time spent on military leave.

4. Sick/Short-Term Disability Leave/Long-Term Disability.
 - a) Active Duty: Coverage cancels upon commencement of military leave. An employee returning to employment will be credited with all continuous service prior to and including military leave for purposes of determining eligibility.
 - b) Annual Training Duty: Continued coverage.
 5. Service Awards. Credit for all continuous service prior to and including military leave for purposes of determining eligibility.
 6. Vacation. Credit for all continuous service prior to and including military leave for purposes of determining eligibility. The military leave of absence shall be in addition to any regular vacation for which an employee may be eligible. Further, an employee taking military leave for Active Duty will be entitled to vacation pay in lieu of vacation in the year in which the employee enters military service and also in the year the employee returns to employment, if otherwise eligible.
- C. After coverage for health care benefits (as described in Section III(B)(1) above) expire, an employee taking a military leave for active duty will be eligible to enroll for continued coverage of health care benefits under the provisions of COBRA.
- D. Upon returning to employment from service in the Uniformed Services, employees will be reinstated under the Company benefits plans outlined above without physical examination or waiting period, where required, and provided the employee so desires. See Section IV below with regard to other reemployment requirements.

IV. COMPANY DEBTS AND OBLIGATIONS

An employee entering service in the Uniformed Services is not automatically free from debts and obligations; therefore, each employee should, where possible, arrange with the Company to meet his obligations (loans, etc.) while he/she is on military leave.

V. REEMPLOYMENT

There are both federal and state laws concerning an employer's obligations for reemployment of persons who leave employment to serve in the Uniformed Services. The following outlines the current federal requirements. Employees should contact their local human resources department for information concerning the requirement of the applicable state law.

- A. An employee is entitled to reemployment by the Company to the position the employee would have held had it not been for the employee's service in the Uniformed Services provided:
1. the position held by the employee was not for a brief, nonrecurrent period;
 2. the employee left the position for Service in the Uniformed Services;
 3. the employee's Service in the Uniformed Services does not exceed five years, excluding the periods of service specifically identified in USERRA;
 4. the employee satisfactorily completed Service in the Uniformed Services, and was not separated under other than honorable conditions;
 5. the employee is qualified to perform the duties of the position, with reasonable efforts from the employer;
 6. the Company's circumstances are not so changed as to make it impossible or unreasonable to reinstate the employee in the same position, or in another position of like seniority, status and pay; and
 7. the employee makes timely application (as described below) for reemployment with the Company after completion of Service in the Uniformed Services.

Duration of Uniformed Service	Deadline for Application for Reemployment
Less than 31 days	First full day after completion of service, allowing for safe travel home plus eight hours
31 to 180 days	14 days after completion of service
More than 180 days	90 days after completion of service
If hospitalization or convalescence because of disability incurred or aggravated by military service continuing after completion of service for a period of up to two years	End of the period necessary for recovery.

- B. If the employee is not qualified to perform the duties of the position that would have been held, the reemployment will be handled in accordance with the following guidelines:

1. If the military service was for less than 90 days, the employee will be returned to the former position.
 2. If the military service was for more than 90 days, the employee will be returned to the former position if that position is available. If the position is not available, the employee will be placed in a position with similar seniority, status, and pay.
 3. If the returning employee is not qualified for the former position because of a disability incurred or aggravated by military service, the employee will be placed in a position with the closest seniority, status, and pay that the returning employee is qualified to perform.
- C. Upon reemployment, the returning employee shall be:
1. Considered as having been on furlough or leave of absence during the period of Service in the Uniformed Services;
 2. Restored without loss of seniority (which is computed by including credit for the period of service in the Uniformed Services);
 3. Protected from discharge without cause for a period of time that varies according to the length of the employee's Service in the Uniformed Services.
- D. Any employee hired to fill a vacancy caused by an employee's Service in the Uniformed Services shall be considered as holding such position temporarily and will be so informed.
- E. Any employee promoted to take the place of an employee performing Service in the Uniformed Services may, be returned to his or her previous position and salary. However, the displaced employee's salary shall not be less than the current minimum for the classification to which he or she is returned.
- F. In any case in which two or more employees left the same position in order to enter the Uniformed Services, the employee who left the position first shall have the prior right to be restored.

VI. REQUEST FOR LEAVE OF ABSENCE

For administrative purposes, an employee should contact either his/her Human Resources Consultant or the NiSource HR Delivery Team to make the appropriate arrangements for military leave.

VII. NO DISCRIMINATION OR RETALIATION

It is the policy of the Company to comply with all federal and state laws concerning their obligations for reemployment of persons who left employment to serve in the Uniformed Services. In accordance with this policy, the Company will not deny persons who are members of the Uniformed Services employment, reemployment, retention, promotion or any other benefit of employment on the basis of his or her Service in the Uniformed Services. The Company will not discriminate or take adverse action against any person taking action to enforce rights under USERRA.

VIII. NOTIFICATION OF ADDRESS

Employees should keep the Company informed of their service and home addresses so that the Company can mail them bulletins or any other communications.