

**MEMORANDUM OF AGREEMENT REACHED
IN COLLECTIVE BARGAINING – MARCH 18, 2014**

As a result of collective bargaining, the following Agreement has been reached between Nicor Gas Company (“Company”) and Local Union 19 of the IBEW (“Union”).

I. Term of Agreement

The term of the new agreement will be from March 1, 2014, through February 28, 2017.

II. General Wage Increase

Members of Local 19 will receive a general wage increase of 3.00% effective March 1, 2014, 3.00% effective March 1, 2015, and 3.00%, effective March 1, 2016.

General Contract Items:

Article III, Section 8, and Exhibit B (Clerical)

The Company and the Union have agreed to amend these sections to allow for the use of electronic job posting and application procedures on the Company website when a vacancy occurs or when a new position is created within the bargaining unit above the entrance job classifications, effective January 1, 2015. Employees will be allowed to continue using current posting procedures until that time.

Article III, Section 18:

In cases where employees are granted recall rights, such recall rights shall be for a period of no greater than 24 months from the date of transfer or relocation. Any previously granted (prior to ratification) recall right agreements will expire upon ratification of the agreement.

Article III, Section 19

The Company and the Union have agreed to retire the legacy Nicor Gas Policy Order A-6 (Moving Policy) and replace it with a contract provision describing a new permanent relocation reimbursement process. Employees are eligible to receive reimbursement in situations where the Company permanently changes an employee’s primary work location, and this relocation results in a new commute that is 15 miles or further than the employee’s previous normal commute. Qualified reimbursements are made as a one-time, flat rate up-front payment as soon as possible after the new location start date.

FLAT RATE MILEAGE REIMBURSEMENT AMOUNTS REIMBURSEMENT

Incremental Mileage	Reimbursement Amount*
< 15 miles further	Ineligible
15 to 29.99 miles further	\$2,000
30 to 49.99 miles further	\$2,500
50 miles or greater	\$3,000

***Reimbursement is less applicable payroll withholdings**

Article IV, Section 4 – Night Shift Premium

The Night Shift Premium is increased to \$2.00 per hour.

Article IV, Section 23c – Meal Allowance

The meal allowance is increased to \$8.50.

Article V, Section 8:

The Company and the Union have agreed to a business casual dress policy for employees in the office environment which defines attire and grooming standards that allow employees to feel comfortable while maintaining a neat and professional appearance.

Examples of appropriate articles of clothing include:

- Khaki or dark-colored trousers or skirts.
- Company-issued shirts.
- Polo-style, collared shirts.
- Cotton (including denim), long or short-sleeved, collared shirts.
- Leather shoes such as loafers.
- Dressy denim jacket.
- Denim pants of any kind or color. However, jeans, of any color, must be neat in appearance with no obvious wear, fading, rips, tears or extreme colors or style elements. When meeting with clients or when representing the company to others, employees are required to wear proper business attire.

Examples of inappropriate articles of clothing that may not be worn at the workplace include:

- Inappropriate shorts.
- Flip-flops (dressy or business type are OK).
- Articles of clothing that display wording, political statements or symbols that may be controversial or offensive by anyone in the workplace.
- Caps or baseball hats.
- Undergarments that are not hidden by outerwear.

Article V, Section 9

The reimbursement for employees who are required to wear protective footwear as part of the OSHA regulations is increased to \$50.00.

Article VI, Section 12 (and the sections that follow will be renumbered accordingly):

The Company and Union have agreed to replace the legacy Nicor Gas Policy Order, E23 Child Care Leave Policy with an improved leave procedure that grants employees who do not qualify for FMLA or who have exhausted FMLA at the time of the requested leave, 6 weeks of continuous, unpaid leave for the birth of their child. Employees who are on an approved, unpaid leave under this provision for the birth of their child will not be required to take vacation time during their leave.

Article VI, Section 13

This Section has been amended to require employees to give proper notice by December 1st of their intent to defer a set amount of vacation hours to the following year.

Article VI, Section 20:

The Company and the Union have agreed to amend this provision to reflect changes to sick leave procedures. Under these new procedures, employees may roll over up to 40 unused hours of sick leave each calendar year to the following year, for a maximum total bank of 80 hours per year. Part Time employees will be eligible to receive a pro-rated number of hours based on their regularly scheduled hours, and will be allowed to roll over a maximum of that prorated amount each year, to a maximum bank of twice their prorated amount. Initially, employees will be granted a balance of 64 hours (8 days), less any used sick time in the past 12 months. On or about January 1 of each year, employees will be granted 40 hours. No sick time balances will be eligible for payment when an employment leaves the Company for any reason.

Employees who call in sick (paid or unpaid) on a regularly scheduled workday either on the day before or the day after a paid Company holiday will not receive holiday pay.

Article VIII, Section 5

The Company and the Union agree that this section is amended to reflect changes in titles of Company representatives involved in the grievance procedures.

Article IX, Section 4 This section has been amended to reflect generally that a number of supplemental agreements and memoranda of agreement exist which are not specifically provided for in the Agreement, and each such agreement will apply based on its set terms and duration. Additionally, the prior list of specific agreements in this Section has been removed, and certain revised supplemental agreements and other key agreements have been listed in their place or included in Exhibit C of the Agreement.

Pension and 401k

1. Effective January 1, 2016, the Nicor Gas Thrift Plan will be amended to increase the Company matching contribution as follows:
 - The first 3% of the employee contributions will be matched at 100% by the Company.
 - The second 3% of the employee contributions will be matched at 75% by the Company.

The Company, or suitable third party provider, will provide 401(k) education to all employees and will work with IBEW Local 19 to ensure employees are aware of the importance of the 401(k) plan and retirement planning. In addition, the Company, through its Plan provider, will offer retirement advice, to all employees subject to any applicable terms of the Plan.

2. Effective as of March 1, 2014, for those employees that are eligible participants in the AGL Resources Inc. Retirement Plan – former Nicor Gas Pension Plan provisions, the pension bands and early retirement supplements will be increased by 2% in 2014 and by 2% in 2015.
3. Effective as of March 1, 2014, for employees who are eligible for the 2014 plan year Retirement Growth Contribution, the Company will increase the non-elective Company contribution to 1.5% of eligible compensation.
 - The Company will also make an additional one-time non-elective contribution of \$750 to each employee eligible for the 2014 plan year Retirement Growth Contribution.
 - This additional one-time non-elective contribution will be made at the same time that the 2014 non-elective contribution is made and will be subject to the same terms.
4. The Company and the Union further agree that Exhibit A1 – Pension Bands (Physical and Clerical) will be replaced by the following:

AGL Resources Inc. Retirement Plan - former Nicor Gas Pension Plan provisions

Pension Bands Effective March 1, 2014

(For employees hired prior to January 1, 1998 and eligible to participate in the AGL Resources Inc. Retirement Plan - former Nicor Gas Pension Plan provisions)

	3/1/2014 thru 2/28/2015		3/1/2015 thru 2/29/2016		3/1/2016 thru 2/28/2017	
Pension Bands	DOLLARS PER MONTH PER YEAR OF SERVICE					
	Thru 30 Years Service	Over 30 Years Service	Thru 30 Years Service	Over 30 Years Service	Thru 30 Years Service	Over 30 Years Service
1	\$33.89	\$40.68	\$34.57	\$41.49	\$34.57	\$41.49
2	\$40.68	\$47.42	\$41.49	\$48.37	\$41.49	\$48.37
3	\$44.03	\$50.85	\$44.91	\$51.87	\$44.91	\$51.87
4	\$54.28	\$61.02	\$55.37	\$62.24	\$55.37	\$62.24
5	\$57.60	\$64.39	\$58.75	\$65.68	\$58.75	\$65.68
6	\$64.39	\$71.21	\$65.68	\$72.63	\$65.68	\$72.63
7	\$67.83	\$74.58	\$69.19	\$76.07	\$69.19	\$76.07
8	\$74.58	\$81.36	\$76.07	\$82.99	\$76.07	\$82.99
9	\$77.99	\$84.71	\$79.55	\$86.40	\$79.55	\$86.40
10	\$81.36	\$88.14	\$82.99	\$89.90	\$82.99	\$89.90

The monthly early retirement supplement between ages 55 and 60 are as follows:

Age at Retirement	3/1/2014 thru 2/28/15	3/1/2015 thru 2/29/16	3/1/2016 thru 2/28/17
DOLLARS PER MONTH PER YEAR OF SERVICE			
55	\$25.50	\$26.01	\$26.01
56	\$26.40	\$26.93	\$26.93
57	\$27.23	\$27.77	\$27.77
58	\$28.14	\$28.70	\$28.70
59	\$29.03	\$29.61	\$29.61

The monthly early retirement supplement between ages 60 and 62 are as follows:

	3/1/2014 thru 2/28/15	3/1/2015 thru 2/29/16	3/1/2016 thru 2/28/17
DOLLARS PER MONTH			
60 - 62	\$1,450.90	\$1,479.92	\$1,479.92

Health and Welfare Plans

1. Effective as of the date of ratification, new employees will be automatically enrolled in the Employee Benefits Association (“EBA”) plan at the time of eligibility. Employees can elect not to participate within 30 days of enrollment by contacting the HR service center. If they do not elect out of the plan within 30 days of enrollment, they will need to wait until the next open enrollment period to drop the plan.
2. The Evidence of Insurability (EOI) requirement for employees enrolling in the EBA benefit is eliminated.
3. New hires will be eligible for life insurance benefits upon their 91st day of employment.
4. The Company and Union agree that employees hired or rehired on or after contract ratification date will not be eligible for Company provided retiree medical or retiree life insurance programs.
5. The Nicor Gas Wellness Program will be discontinued as of 12/31/2014. Employees will have until January 31, 2015, to submit documentation for reimbursement under the program for services incurred on or before 12/31/2014.
6. The Company and the Union agree to be parties to the Supplemental Agreements with respect to (i) AGL Resources Inc. Retirement Plan – former Pension Plan provisions; (ii) the AGL Resources, Inc. Welfare Benefit Plan and the Health and Welfare Plan for Retirees & Inactive Employees of AGL Resources, Inc.; (iii) the Nicor Gas Thrift Plan and (iv) the Employee Benefit Association. The Company agrees to update the appropriate Summary Plan Descriptions or other documents describing such benefits to reflect updates and changes.

V. General Terms

1. The Company and the Union established guidelines for Department of Transportation physical procedures (see Exhibit II).
2. The Company and the Union agree that the Memorandum of Understanding: Restructuring Treasury Department – revised, dated April 5, 1999, and revised December 13, 1999, is eliminated.
3. The criteria for “Selection of Utility Inspectors Agreement” has been revised to include a requirement to maintain no fewer than 24 Utility Inspectors for the duration of the agreement. Even though the number of actual Utility Inspectors may exceed 24 at any point in time, the company is not obligated to keep more than 24 positions filled under this article.
4. The Company and the Union agree that covered employees currently in the Corrosion Control Department at the time of this Agreement will continue to work in that department as a “Live Out Group.” In addition, 1 employee from the Facilities Services department will be transferred to the Corrosion Control Department. Additionally, the 2 existing Corrosion Control Field Technicians will be promoted to Corrosion Control

Technician, and must pass any training and certification requirements. Employees in the Corrosion Control department will be eligible to transfer laterally or promote out of the Corrosion Control lines of promotion and demotion, into positions in the Operating Department.

The Company and the Union further agree that Memorandum of Agreement Relating to the Corrosion Department, Dated March 4, 1997, and Revised January 14, 2002, will be amended to reflect that, with the exception for employees in the live out group, all work in the Corrosion department will be transitioned out of the bargaining unit.

5. The Company and the Union agree to the following changes to Promotional Sequence – Physical:
 - a. Utility Inspector title, clarified that Utility Inspector titles will be in both Operations and Asset Protection.
 - b. Moved Semi-Truck driver from the Material Handling department to the Operations department. Incumbent Semi-Truck Operator employees as of 3-1-2014 are not eligible to promote.
 - c. Added title Senior Operations Cross Tie Mechanic. This job classification operates independently of other Operating Departments.
 - d. Added title of Material Handling Technician to the Material Handling department.
 - e. Removed Corrosion Control Department titles General Corrosion Control Technician and Associate Corrosion Control Technician.
6. Exhibit B, 3 has been amended to provide for a voluntary lateral transfer of a helper provided the employee has at least 24 months in his/her present helper assignment, and has not been offered a promotional opportunity.
7. Memorandum of Agreement Regarding Procedures for Testing Candidates for Jobs Requiring Certification (Dated March 31, 1975, and Last Revised on March 1, 2009), as set forth in Exhibit C is revised to reflect a maximum of 8 continuous weeks training and 14 days to certify for Utility Inspectors (Asset Protection).
8. The Company and the Union have agreed to improved procedures for managing calls with Spanish-speaking customers through a specialized pool of employees who operate independently of other Customer Care Specialists. The employees who become a part of this pool are eligible to receive \$.50 per hour premium for all hours while they remain part of the pool.
9. The Company and the Union have agreed to modify the Memorandum of Understanding: Wage Rate Summer Help, effective March 1, 2000, to reflect new wage rates for non-bargaining unit employees in these roles. Physical shall receive 90% of the Helper rate and Clerical shall receive 90% of the Clerk rate.
10. The Company and the Union have agreed to amend the Excess Clerical Employee Ground Rules, Dated July 12, 1984. Employees who are unable to successfully meet the job requirements after having been placed will be demoted one level. An employee who

is unable to successfully meet the job requirements after having been demoted one job level will be separated from the company.

11. Memorandum of Agreement Regarding Ground Rules Relating to the Handling of Driver's License Suspension, dated September 5, 1995, will be amended as follows and added to Exhibit C: If possible, employees will be accommodated for a period of no longer than 12 months at which time they would be placed on disciplinary suspension. The employee would have an additional 90 days to regain their unrestricted driving privileges. An employee who is unable to regain their unrestricted driving privileges will be separated from the company.
12. The Company and the Union amended Statements Covering Items of Understanding Regarding Two Persons on Steel and Promotional Sequence to state: Upgrade to crew leader will be based on job assignment not the size of the crew. There will be no upgrade to crew leader for the installation of new or replaced services under 2", concrete driveway openings and sidewalk openings that have a nominal thickness of 4" or less, alley openings (unless the alley opening requires concrete and spoil removal which necessitates a third person) or when traffic control is required.
13. The Company and the Union agree to amend Memorandum in Exhibit C, Agreement Regarding Transfers from Clerical to Meter Reading to reflect the following.
 - a. Employees will be required to pass Meter Pro training. If the employee is unable to successfully pass Meter Pro training, they will be placed back into the Clerical unit at their previous Clerical job level. The employee may be placed in their previous position and location if an opening exists. Otherwise, the employee may be placed in any location and in any equivalent position per the Excess Clerical Employee Ground Rules, Dated July 12, 1984, and revised July 19, 1991 and March 1, 2009, located in Exhibit C:
 - b. Employees will be required to complete a 90 day qualifying period after they successfully pass Meter Pro training before they are eligible to promote in the physical unit. Employees who are unsuccessful will not be eligible to return to the Clerical bargaining unit and their employment will be terminated. An employee's qualifying period may be extended by mutual agreement.

This program will expire on March 1, 2017 unless extended in writing by mutual agreement between the company and the union.

14. The Company and the Union have agreed on a revised right of selection process for the Senior Customer Care Specialist (SCCS) positions. Selection will be made from the senior most five eligible applicants.
 - a. The Company will post three SCCS positions. The Company will maintain 10 SCCSs positions for the duration of this Contract.
 - b. The Company will post two Correspondence positions.
 - c. The Company will create and fill a 6 level CCS Lead Accounting Clerk, to be filled initially by the incumbent.

- d. The Company will maintain one 6 level position within Call Center during the life of this Agreement.
15. Clerical - If mutually agreed between company and employee, a split shift of non-consecutive hours (8 hours in a row) is permissible. Employees cannot be forced to accept a split shift; however, if accepted, such split shifts will go into effect for a minimum of 3 months. If multiple employees have interest, available split shifts will be filled by seniority. If mutually agreed, an employee may change a scheduled shift with less than 48 hour notice.
16. The Company agrees to raise three 3 level jobs to 4 level jobs in the BQA department to be filled initially by the incumbents. The Company agrees to maintain at least thirteen Service Clerks (Level 4) and five Level 5 positions in BQA for the length of this Agreement.
17. The Company agrees to create a 5 level position in Credit.
18. Company agrees to raise the level of the current Station Clerks from level 3 to level 4, and these positions will be filled by current 2 incumbents. The Company will also post a level 4 Station Clerk.
19. The company and the union have agreed on the following:
 - a. The Company will promote 4 Storage Helpers to Storage Mechanics.
 - b. The Company will promote one position to Crew Leader in Troy Grove.
 - c. The Company will promote one position to Crew Leader in Ancona.
 - d. All department promotions, including the four Helpers referenced above in Item 1, going forward will require candidates to successfully obtain a Commercial Driver's License (CDL).
20. The company agrees to maintain a total of no fewer than 200 Operations Mechanics and Senior Operations Mechanics for the duration of the agreement.
21. The company will promote 16 employees to the Senior Operations Cross Tie Mechanic.
 - a. The Company will create a new department called Field Operations Projects.
 - b. The Department's primary focus is project work related to meter cross tie piping work.
 - c. The Company will create a new job title Sr. Operations Cross Tie Mechanic. This role will be paid at the Sr. mechanic wage and pension band.
 - d. The employees will be trained and certified as a Senior Operations mechanic.
 - e. The department will be initially staffed with 16 individuals promoted from the Distribution mechanic and Operations mechanic job classes to Sr. Operations Cross Tie Mechanic.
 - f. The department will have a separate overtime list, shift schedule and vacation schedule.
 - g. The company shall have the ability to move the employees within the map area to support project work.

22. The Company and the Union agree that the following changes will apply to Asset Protection:
- a. For one time only, the 2 Senior Specialists currently in the Asset Protection department, and who were formally in the Transmission Department, are offered the opportunity to return to the System Operations Department – Transmission; and retain the title of Senior Specialist.
 - b. The Company will maintain a minimum of 10% of the (physical) system operations department workforce as Senior Specialist for the term of this agreement.
 - c. The company will promote 2 existing Specialists to Senior Specialist.
 - d. The Utility Inspector (Asset Protection) and the Watch & Protect Locator title work group will be a separate call out list in the Asset Protection Department, and continue as part of Operating Department lines of promotion/demotion.

EXHIBIT I

Exhibit B (Clerical) Promotion Series, Section 5

March 1, 2014

All clerical job promotional opportunities, levels 3, 4, and 5 will be subject to the electronic posting procedures posted consistent with the terms of Article III, Section 8 of the Agreement. The pre-requisites and certifications have been updated for all the clerical positions.

EXHIBIT II

DOT Physicals Procedures

March 1, 2014

As required and defined by the Department of Transportation, certain safety sensitive roles must have a DOT mandated physical and require the individual holding the role to obtain a DOT Medical Card. Only DOT certified physicians are authorized to conduct and provide an individual with certification that a DOT physical has been performed. The process is as follows:

- A Supervisor notifies an employee that his/her DOT medical card is about to expire.
- The Supervisor schedules an appointment for the employee at a company designated facility.
- Employee goes to the facility and the physical is conducted.
- To qualify for assistance with one annual DOT mandated physical, the following provisions apply:
 - The employee must be in a role or in the process of being promoted to a role that has job duties requiring a DOT Medical Card.
 - The physical must be conducted by a DOT certified physician (as outlined by DOT regulations).
 - The company will schedule the employee to go to a local clinic that has a DOT certified physician on staff to perform the required physical. The company will provide the employee with the requisite forms and documentation for the clinic and the provider to complete the physical.
- Employees are responsible for any additional follow-up medical tests as requested by the provider prior to issuing a DOT medical card, on their own time and on their own medical plan coverage.
- Employees are limited to assistance with one annual DOT mandated physical.
 - Additional physicals required by the physician are the responsibility and obligation of the employee.
- Employees who are only required to receive a physical once every 2 years will not be entitled to alternate financial assistance or reimbursement during the years when no annual physical is required.
- The company will pay for the DOT physical via billing from the approved clinic. If an employee cannot obtain a DOT physical per the above process, the company will reimburse the employee up to a maximum amount of \$150 for the actual out of pocket costs (deductibles if applicable) of the DOT physical obtained from a DOT authorized certified physician scheduled with prior approval.
- Employees using the alternate, non-company process must provide acceptable proof of the out of pocket expenses in order to be reimbursed.