

**KEYSPAN CORPORATION  
COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE  
OF THE  
BOARD OF DIRECTORS**

**CHARTER**

**Purpose and Authority**

The purpose of the Compensation and Management Development Committee is to:

- establish, maintain and assess the competitiveness of the Corporation's compensation philosophy and programs to ensure they are fair and equitable, designed to attract, develop, motivate and retain directors and officers; and consistent with best practices;
- review and recommend to the Board all officer appointments and promotions;
- annually review the performance of all officers, including the Chief Executive Officer, based on established corporate goals and objectives, and review and recommend to the Board their annual salary, bonus, and other forms of compensation and benefits, direct and indirect, based upon this review;
- annually approve all long term equity based compensation;
- prepare an annual report on executive compensation for inclusion in the Corporation's proxy statement, in accordance with applicable rules and regulations of the New York Stock Exchange, U. S. Securities and Exchange Commission and other applicable regulatory bodies;
- establish and maintain corporate succession plans for the Chief Executive Officer and all other officers;
- review and approve employment agreements, severance agreements, retirement arrangements, change in control agreements and any special or supplemental benefits for the Corporation's officers; and
- annually conduct a review of director compensation and make recommendations to the Board, if appropriate, in director compensation.

The Chief Executive Officer shall meet periodically with the Committee to review corporate performance, major changes in organizational plans and the performance of key officers.

The Committee is designated by the Board of Directors and receives its authority from the Board

to which it reports. The Board has vested in the Committee the power and authority to carry out the responsibilities as noted in this Charter, and any other duties which the Committee deems necessary to fulfill its obligations to the Board and the shareholders of the Corporation. The Committee is authorized to select, retain and/ or replace, as needed, compensation and benefit consultants and other outside consultants, advisors, or legal counsel to provide independent advice to the Committee. In that connection, in the event the Committee retains any such consultant, advisor or legal counsel, the Committee shall have the sole authority to approve such consultant's fees and other retention terms.

**Membership**

The Committee shall be comprised of three or more members of the Board of Directors. Committee members shall be appointed, continued or replaced at the discretion of the Board of Directors. In the event of the absence of any member or members from a meeting, alternate members may be designated by the Committee Chairman. All members, including alternate members are required to meet the following criteria:

- All members are required to be determined by the Board of Directors to be “independent” under the rules of the New York Stock Exchange and the Sarbanes-Oxley Act of 2002. Additionally, no director may serve unless he or she ( i) is a “ Non- employee Director” for purposes of Rule 16b- 3 under the Securities Exchange Act of 1934, as amended, and ( ii) satisfies the requirements of an “ outside director” for purposes of Section 162( m) of the Internal Revenue Code.

**Chairman**

Unless a Chairman is designated by the full Board of Directors, the members of the Committee shall elect a Chairman by majority vote of the full Committee membership. The Chairman shall be entitled to cast a vote to resolve any ties. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

**Administrative Procedures**

The Committee shall meet at least twice during the year, or as frequently as deemed necessary by the Committee Chairman to fulfill its responsibilities. The regular attendance of non- Committee members is permitted at the invitation of the Committee Chairman. A quorum shall consist of a majority of the Committee members. The Committee Chairman shall report the Committee's activities and make recommendations to the Board.

**Annual Performance Evaluation**

The Committee shall perform an annual review and evaluation of the performance of the Committee.

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This Charter was reviewed by the Compensation and Management Development Committee on February 17, 2005 and recommended to and approved by the Board of Directors on February 24, 2005.

Senior Vice President, General  
Counsel and Secretary