

NICOR INC.

CORPORATE GOVERNANCE COMMITTEE CHARTER

Organization

The corporate governance committee's membership, including the number, qualifications and independence of its members, its written charter and its responsibilities shall comply with the corporate governance rules of the New York Stock Exchange and the proxy rules of the Securities and Exchange Commission.

The corporate governance committee shall consist of at least three members, each of whom satisfies the independence requirements established by the New York Stock Exchange. The board of directors shall appoint the members of the corporate governance committee annually and shall designate the chairman of the committee. Committee members may be removed from the corporate governance committee, with or without cause, by the board of directors.

The board of directors shall also have the power at any time to change the membership of the corporate governance committee and fill its vacancies. Subject to rules prescribed by the board of directors, the corporate governance committee shall meet at such times, but not less than three times annually, and at such place as the members of the corporate governance committee shall deem necessary or desirable. Meetings of the corporate governance committee may be called at any time by the chairman of the committee or by any two members of the committee.

Except as expressly provided in this charter or the by-laws of the company, the corporate governance committee shall fix its own rules of procedures.

Purpose

The purpose of the corporate governance committee is: (1) to identify individuals qualified to become board of director members, and to recommend that the board of directors select the director nominees for the next annual meeting of shareholders and candidates to fill any vacancies on the board of directors consistent with criteria approved by the board of directors; and (2) to develop and recommend to the board of directors the corporate governance guidelines applicable to the company.

Responsibilities

In carrying out its responsibilities, the corporate governance committee believes its policies and procedures should remain flexible in order to best react to changing conditions and to ensure to the directors and shareholders that the directors of the company continue to comply with all applicable requirements and that they remain of the highest quality. The committee will review and reassess at least annually the corporate governance committee's charter in light of current circumstances and changes in regulations, and recommend any proposed revisions to the corporate governance committee charter to the board of directors.

In carrying out these responsibilities, the corporate governance committee will:

- Prepare qualification criteria for members of the board of directors, and actively seek, interview and screen individuals qualified to become members of the board of directors for recommendation to the board of directors in accordance with the corporate governance guidelines.
- Possess the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have the sole authority to approve the search firm's fees and other retention terms. The corporate governance committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- Following the end of each fiscal year, oversee the evaluation of the board of directors.
- Review and reassess at least annually the adequacy of the charter and the corporate governance guidelines of the company and recommend any proposed changes to the board of directors for approval.
- Provide regular reports to the board of directors.
- The corporate governance committee shall annually review its own performance.
- Form and delegate authority to subcommittees when appropriate.
- Review annually, or more often if appropriate, committee member qualifications, committee member appointment and removal, committee structure and operations (including authority to delegate) and committee reporting to the board of directors, and make recommendations to the board of directors, as appropriate.
- Review periodically the succession plans relating to policies and principles for Chief Executive Officer ("CEO") selection and performance review, and, policies regarding succession in the event of an emergency or the retirement of the CEO, and make recommendations to the board of directors, as appropriate, following such periodic reviews.
- Oversee the annual self-evaluation process of the board of directors and its committees and make recommendations to the board of directors as appropriate.
- Review the size of the board of directors and the size that is most effective in relation to future operations.
- Review annually the relationships that each director has with the company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company).
- Recommend to the board of directors, from time to time, categorical standards to be used by the board of directors to assist it in determining the independence of directors and otherwise assist the board of directors in making such determinations.
- Discharge any other duty or responsibility assigned to it by the board of directors.

January 19, 2006