

PEOPLES ENERGY CORPORATION

CHARTER

OF THE NOMINATING-GOVERNANCE COMMITTEE

OF THE BOARD OF DIRECTORS

Effective: February 27, 2004

**CHARTER OF THE
NOMINATING-GOVERNANCE COMMITTEE OF THE
BOARD OF DIRECTORS OF PEOPLES ENERGY CORPORATION**

I. Purpose

The Nominating-Governance Committee shall (1) develop criteria for selecting directors; (2) identify individuals qualified to become members of the Board of Directors and recommend director nominees for the next annual meeting of shareholders; (3) oversee the evaluation of the Board and executive management; (4) develop and recommend to the Board corporate governance guidelines applicable to the Company; and (5) advise the Board and management regarding public policy matters.

II. Organization

A. Membership and Term

The Nominating-Governance Committee shall comprise three or more directors. Each member of the Committee shall satisfy the independence requirements of the New York Stock Exchange.

Each member shall be chosen by the Board to serve for a term of one year or such other term as determined by the Board. The Board may choose one or more alternate members to serve in the event that any regular member is unable to act or complete his or her term for any reason. The Board shall have the power at any time to change the membership of the Committee.

B. Chairperson of the Nominating-Governance Committee

The Board shall choose the Chairperson of the Committee to serve for a term of one year or such other term as determined by the Board. The Chairperson can convene a meeting of the Committee at his/her discretion. In the absence of the Chairperson, the members of the Committee may choose another member to preside.

C. Delegation of Authority

The Nominating-Governance Committee may delegate any of its responsibilities and duties to a subcommittee comprised of one or more members of the Committee. Any exercise of such delegated authority must be reported to the full committee at its next scheduled meeting.

III. Responsibilities and Duties

A. Nominating and Corporate Governance

1. Consider and make recommendations to the Board regarding criteria for selecting directors.
2. Consider and make recommendations to the Board of Directors regarding the size and composition of the Board.
3. Identify, evaluate and recommend individuals to stand as nominees for election as members of the Board at the annual meeting of shareholders and to fill vacancies on the Board created between meetings of shareholders by retirement, death, inability to serve, resignation, an increase in the number of members of the Board, or other reason.
4. Oversee the evaluation process of the Board and its committees and make recommendations to the Board as appropriate.
5. Develop and recommend to the Board corporate governance guidelines applicable to the Company; periodically review the adequacy of the corporate governance guidelines and recommend any proposed changes to the Board.

B. Public Policy

- 1) Review and prepare reports as necessary to the Board concerning major current public policy issues affecting the Company or the industry.
- 2) Consider and make recommendations to the Board regarding the Company's contributions program and budget; review and monitor corporate policy with respect to charitable and philanthropic giving.
- 3) Advise the Board and management on relevant issues dealing with such matters as customer, community and governmental relations, and opportunities for minorities and women in employment and in purchasing and contract bidding.

C. Other Matters

1. Establish stock ownership guidelines for non-management directors and monitor compliance by non-management directors with such guidelines.
2. Report regularly to the Board.
3. Annually evaluate the Committee's own performance in coordination with the annual performance evaluations conducted by other committees of the Board.

4. Annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. Sole authority to retain and terminate any search, legal or other consultant to the Committee to be used to assist the Committee, as needed, and to approve the consultant's fees and other retention terms.

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