

AQUILA, INC.
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS
CHARTER

I. ORGANIZATION

1. Formation. There will be a committee of the Board of Directors (the “Board”) known as the Nominating and Corporate Governance Committee (the “Committee”).

2. Number. The Committee will be composed of at least three directors, all of whom shall be independent, as determined by the Board in accordance with the listing standards of the New York Stock Exchange, as may be amended from time to time.¹

3. Term and Operation. The members of the Committee will be elected by the Board of Directors at the annual meeting of the Board and will serve at the pleasure of the Board until their successors are duly appointed or they resign or are removed by the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the Committee. A majority of the Committee members will be a quorum for the transaction of business and the action of a majority of those present at a meeting at which a quorum is present will be the act of the Committee. The Committee may not delegate its authority.

II. PURPOSE AND RESPONSIBILITIES

The Committee’s purpose and responsibilities are to:

- identify individuals qualified to become Board members and recommend to the Board director nominees for consideration at the next annual meeting of shareholders; and
- develop and recommend to the Board a set of corporate governance principles applicable to the Company, review and reassess the adequacy of such guidelines at least annually, and recommend to the Board any changes deemed appropriate;
- develop and make policy recommendations on the size and composition of the Board;
- recommend compensation for directors;

- oversee, on behalf of the Board, annual evaluations of the performance of the members of the Board (and the Board committees, with the exception of the Committee) and the overall functioning of the Board and the Board committees and review such evaluations;
- generally advise the Board on corporate governance matters;
- ensure that new directors receive an appropriate orientation and develop an appropriate continuing education program for all directors;
- consider issues related to director retirement policies;
- review on no less than an annual basis with the Company's chairman and chief executive officer the Company's succession plans relating to positions held by elected corporate officers and make recommendations to the Board regarding the election of individuals to such positions;
- consider questions of possible conflicts of interest between Board members and elected senior officers;
- monitor and recommend to the Board any alteration in the charter or membership composition of any of the Board committees; and
- recommend annually to the Board the membership composition of the Board committees.

IV. MEETINGS

The Committee will meet at least two times annually, or more frequently as circumstances dictate.

The Chair will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Chair will ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting.

V. ANNUAL PERFORMANCE EVALUATION

The Board or a committee designated by the Board will annually evaluate the performance of the Committee.

VI. OUTSIDE RESOURCES

The Nominating/Corporate Governance Committee has the authority to obtain advice and seek assistance of independent, professional advisors. The Committee has the sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve such search firm's fees and other retention terms.

VII. REVIEW AND PUBLICATION

This Charter will be made available on Aquila's website. The Committee must review and reassess the continued adequacy of this Charter at least annually.

ⁱ Under current NYSE rules, a person will not be considered to be independent if such person or any of their immediate family members:

- has been an employee or executive officer (in the case of the director's immediate family members) of Aquila within the past three years (note that serving as an interim chairman, CEO, or executive officer will not trigger this disqualification);
- received more than \$100,000 in any year within the last three years in direct compensation from Aquila (other than director or committee fees and pension or other forms of deferred compensation);
- is a current partner of Aquila's audit firm, is a current employee of Aquila's audit firm or, in the case of the director's immediate family members, is a current employee of Aquila's audit firm and participates in the audit firm's audit, assurance or tax compliance (but not tax planning) practice, or is a former partner or employee of Aquila's audit firm who personally worked on Aquila's audit with in the past three years;
- has been employed by a company within the past three years at a time in which a current executive officer of Aquila served on the compensation committee of such company;
- is a current employee (in the case of the director only) or is a current executive officer (in the case of the director's immediate family members) of a company that has made payment to, or received payments from Aquila for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of 2% or \$1 million of the other company's consolidated gross revenues; or
- has a direct or indirect (e.g., as a partner, shareholder or executive officer of another company) business relationship with Aquila, except those relationships the Board determines do not interfere with the exercise of independent judgment because, among other things, they are immaterial to Aquila, the director or, if applicable, the organization with whom the director or family member is affiliated.