



NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

This Nominating and Corporate Governance Committee Charter was adopted by the Board of Directors (the "Board") of United Industrial Corporation (the "Company") on April 28, 2004.

I. PURPOSES

The Nominating and Corporate Governance Committee (the "Committee") shall assist the Board in fulfilling its responsibility to the shareholders, potential shareholders and investment community by (i) considering and making recommendations to the Board with respect to the size and composition of the Board and its committees; (ii) identifying individuals qualified to serve as directors and by recommending to the Board the nominees for all directorships, whether such directorships are filled by the Board or the shareholders; (iii) developing and recommending to the Board a set of corporate governance guidelines appropriate for the Company, and (iv) reviewing the overall corporate governance of the Company and recommending improvements when necessary.

II. COMMITTEE MEMBERSHIP

The Committee shall be composed of three or more members of the Board, each of whom is determined by the Board to be "independent" in accordance with the rules of the New York Stock Exchange, Inc. ("NYSE").

The members of the Committee shall be appointed by the Board and shall continue to be members until their successors are elected and qualified or until their earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by the Board at any time.

The Board may appoint one member to be the Chairman, who shall serve at the pleasure of the Board. If the Board fails to appoint a Chairman, the members of the Committee shall elect a Chairman by majority vote of all members. The Chairman will chair all meetings of the Committee and set the agendas for Committee meetings.

III. COMMITTEE MEETINGS

The Committee shall meet at such times and with such frequency as the Committee shall determine as appropriate to meet its responsibilities. The Committee may adopt such procedures as it deems appropriate and necessary to carry out its duties and responsibilities. In addition, the Committee may form and delegate its authority to subcommittees comprised of one or more members of the Committee.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. In addition, the Committee may invite to its meetings any director, member of management of the Company and such other persons as it

deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES AND AUTHORITY

The responsibilities of the Committee are as follows:

Board Selection and Evaluation

1. Develop and recommend the standards and process for the selection of individuals to serve on the Board.
2. Assess and review with the Board periodically, from time to time as the Committee may deem appropriate, the appropriate qualifications, skills and characteristics required of directors in the context of the current make-up of the Board, including, but not limited to, issues of judgment, diversity, age and skills (such as understanding of relevant technologies, international background, etc.) in the context of an assessment of the perceived needs of the Board at that point in time.
2. Identify individuals qualified to serve as directors and recommend to the Board the nominees for all directorships, whether such directorships are filled by the Board or the shareholders, subject to any contractual or other commitments of the Company.
3. Conduct all necessary and appropriate background checks of potential candidates.
4. Review the independence and possible conflicts of interest of members of the Board and executive officers.

Corporate Governance

5. Oversee the evaluation of the Board and management.
6. Develop and recommend to the Board a set of corporate governance guidelines appropriate for the Company, and periodically review such corporate governance guidelines and recommend to the Board any changes thereto.

Reports

7. Report regularly to the Board, which reports shall include any recommendations the Committee deems appropriate and any other matters that are relevant to the fulfillment of the Committee's responsibilities or that the Board requests. The report to the Board may be an oral report and may be made at any meeting of the Board.
8. Maintain minutes or other records of meetings and activities of the Committee.

Annual Self-Evaluation

9. Conduct an annual self-evaluation of the performance of the Committee, including the Committee's effectiveness and compliance with this Charter. In addition, the Committee shall periodically review and reassess the adequacy of this Charter, from time to time as the Committee may deem appropriate, and recommend to the Board any changes that the Committee considers necessary or appropriate.

In fulfilling its duties and responsibilities under this Charter, the Committee is empowered to investigate any matter brought to its attention. The Committee has the power to retain and, if the Committee deems appropriate, terminate any search firm used to identify director candidates or, with the approval of the Board, other independent advisors. The Committee will have the sole authority to approve any such search firm's fees and other retention terms. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to such search firms and other advisors.

In addition to the specific activities outlined throughout this Charter, the Committee may perform such other functions to the extent required under applicable laws, regulations, NYSE rules, the Company's certificate of incorporation and by-laws, and the resolutions and other directives of the Board, and this Charter is in all respects subject and subordinate thereto.