

**UST  
NOMINATING & CORPORATE GOVERNANCE COMMITTEE  
CHARTER**

As Amended and Restated by the Board of Directors on February 19, 2004

**I. PURPOSE**

The purposes of the Nominating and Corporate Governance Committee (the "Committee") shall be to: a) identify individuals qualified to become members of the Board of Directors (the "Board"), consistent with criteria approved by the Board, and of committees of the Board; b) recommend to the Board, the director nominees for the next annual meeting of stockholders; c) review and consider management's recommendations regarding the election of officers of the Company and of its first-tier subsidiaries: U. S. Smokeless Tobacco Company, UST Enterprises Inc., UST International Inc. and International Wine & Spirits Ltd. (the "Officers"); d) oversee succession of the Chief Executive Officer ("CEO") and other senior officer positions; e) coordinate the annual review of Board and Committee performance; and f) develop and recommend to the Board a set of corporate governance principles applicable to the Company.

The purposes of the Committee shall remain flexible in order that the Committee is in the best position to react to changing conditions and to assure the Board and the stockholders that the Company is best able to attract and retain Board members and officers of the highest quality.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

The Committee has the authority to retain and terminate any search firm to be used to identify director and CEO candidates and to any other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have the authority to approve related fees and other retention terms. The Committee shall be given the resources necessary to satisfy its responsibilities.

**II. ORGANIZATION**

The Committee shall consist of not less than three directors each of whom shall be appointed by the Board, upon the recommendation of the Committee, and shall satisfy the applicable independence requirements of the New York Stock Exchange and any other regulatory requirements. The Chairman of the Committee shall be designated by the Board from among the Committee members. Committee members may be removed by the Board in its discretion.

**III. Specific Duties and Responsibilities**

**A. Meetings**

The Committee shall meet from time to time, with or without management, as appropriate, to consider corporate governance matters and the nomination of Board member candidates, renomination of existing Board members for re-election, and the election and/or re-election of officers. The Committee shall report its activities to the

Board so that it is kept informed of the Committee's activities on a current basis. The Committee shall maintain, through such reports or meetings, open lines of communication among the Board and the Company's senior executives. Administrative support will be provided to the Committee by the Company's Corporate Secretary, who shall serve as Secretary of the Committee.

**B. Primary Responsibilities**

The Committee's primary responsibilities shall include the following nominating and corporate governance matters:

- (1) Search for and select candidates for nomination to the Board as necessary to fill vacancies created on the Board or to fulfill the additional needs of the Board consistent with the criteria set forth below;
- (2) Recommend to the Board a slate of nominees or individual nominees to be proposed for election to the Board by stockholders at annual meetings and at other appropriate times;
- (3) Establish procedures to be followed by stockholders in submitting recommendations for Board candidates and review periodically, and make appropriate changes to, any such procedures;
- (4) Consider and evaluate, together with any other candidates being considered to the Board, any candidates suggested in a timely manner by stockholders;
- (5) Consult with management and, if appropriate, make recommendations to the Board regarding the size and composition of the Board, including such matters as (a) the particular qualifications and experience that might be sought in Board nominees, (b) a review of candidates for nomination, and (c) an assessment of Board members' performance as part of the Committee's annual review of candidates standing for re-nomination and re-election to the Board;
- (6) Review, in consultation with the Chairman of the Board and Chief Executive Officer ("CEO"), each current director's continuation on the Board no less frequently than every three (3) years;
- (7) Annually review the direct and indirect relationships that each director has with the Company and report the results of such review to the Board in order to assist the Board in affirming the independence of directors as required by the rules of the New York Stock Exchange;
- (8) Oversee the CEO succession process by evaluating potential successors and selecting the CEO for recommendation to the Board;
- (9) Oversee management succession plans for other senior officer positions;
- (10) Review and consider management's recommendations regarding the election of officers of the Company and its first-tier subsidiaries;
- (11) Review and make recommendations to the Board regarding the size and composition of the Board Committees from time to time as may be appropriate;

- (12) Develop and recommend to the Board for its approval a set of corporate governance guidelines. The Committee shall review the guidelines annually, or more frequently if appropriate, and recommend changes as necessary;
- (13) Develop, in consultation with the Chairman of the Board and CEO, and recommend to the Board for its approval an annual self-evaluation process of the Board. The Committee shall oversee the annual self-evaluation process of the Board and that of the other Board committees;
- (14) Review, and make recommendations to the Board regarding, proposals submitted by stockholders relating to corporate governance matters for inclusion in the Company's proxy materials pursuant to rule 14a-8 of the federal proxy rules.; and
- (15) Consider such other matters relating to corporate governance or the Board nomination process as may be requested from time to time by the Board or its Chairman.

The Committee may take or cause to be taken such other actions and adopt such procedures as may be necessary or appropriate from time to time by the Board or its Chairman.

C. **Criteria for Selection of Directors.** It is the Company's desire to select individuals for nomination to the Board who are the most highly qualified and who, if elected, will enhance the Board's ability to oversee and direct, in an effective manner, the business of the Company and to best serve the general interests of the Company and its stockholders. In its assessment of potential nominees, the Committee will consider the following criteria:

- Meets New York Stock Exchange independence criteria;
- Reflects highest personal and professional ethics and integrity;
- Has relevant educational background;
- Has demonstrated effectiveness and possesses sound judgment;
- Has qualifications to serve on appropriate Board committees;
- Has experience relevant to the business needs and objectives of the Company;
- Has ability to make independent and analytical judgments;
- Has adequate time to devote to Board responsibilities; and
- Has effective communication skills.

Such matters shall be considered in light of the then current diversity and overall composition of the Board.

D. **Nominations of Directors by Stockholders**

The Committee will also consider and evaluate candidates suggested in a timely manner by stockholders, in light of the qualities of any individual so suggested and any vacancies and needs of the Board, in accordance with its "General Procedures For Reviewing Director Recommendations" adopted on February 19, 2004. All such proposed candidates shall be reviewed and evaluated in accordance with the criteria set forth above.