

**PEABODY ENERGY CORPORATION  
NOMINATING AND CORPORATE GOVERNANCE  
COMMITTEE CHARTER  
(as amended May 6, 2004)**

**Statement of Policy**

This charter governs the operations of the Nominating and Corporate Governance Committee (“Committee”). The Committee shall provide assistance to the Board of Directors by identifying, evaluating and recommending qualified candidates for election to the Board of Directors. In fulfilling this role, the Committee may consider issues such as a candidate’s industry background and experience, diversity, age and availability, and whether such candidate possesses professional skills or other attributes that are relevant to the Company. The Committee also may consider the respective interests of various stakeholders to ensure that Board representation is reflective of the Company’s evolving institutional and public ownership structure.

The Committee also shall assist the Board of Directors by:

- formulating and observing corporate governance policies and procedures that best serve the interests of the Company and its stockholders;
- developing and administering an annual review process to evaluate performance of the Board of Directors; and
- recommending the structure, composition and responsibilities of other Board committees.

The Committee shall serve in an advisory capacity, and its recommendations shall be subject to approval by the full Board of Directors.

**Committee Organization**

The Committee shall be appointed by the Board of Directors and shall consist of at least three directors, each of whom shall meet the independence requirements of the New York Stock Exchange. The Board of Directors must affirmatively determine that a director satisfies these independence requirements before appointment to the Committee and at least annually thereafter. In evaluating a member’s independence, the Board of Directors should consider all relevant facts and circumstances, including without limitation, any relationships that such member has with the Company and their potential impact on the perception of the investment community.

**Statement of Responsibilities**

The Committee shall have the following primary responsibilities:

- The Committee shall actively seek individuals qualified to serve on the Board of Directors, and shall recommend to the Board of Directors the slate of director nominees to be considered for election at each annual meeting of stockholders. The Committee also shall identify, evaluate and recommend to the Board of Directors candidates to fill any vacancies on the Board of Directors or to fill any newly created directorships resulting from an increase in the number of directors.
- The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms. The Committee also shall have authority to obtain advice and assistance from internal or external legal, accounting and other advisors. The compensation to be paid to such advisors shall be determined by the Committee or the Chair of the Committee, and the Chair shall have the authority to bind the Company to pay such compensation.
- The Committee shall consider and advise the Board of Directors on matters related to corporate governance. The Committee also shall develop and recommend, for approval by the Board of Directors, the Corporate Governance Guidelines of the Company. The Committee shall review and reassess the adequacy of such Corporate Governance Guidelines annually and shall recommend any proposed changes to the Board of Directors for approval.
- The Committee shall receive comments from all directors and report annually to the Board of Directors with an assessment of the Board's performance.
- The Committee shall recommend to the Board of Directors the structure, composition and responsibilities of other Board committees.
- The Committee shall consider and advise the Board of Directors on matters related to corporate social responsibility (e.g., environment, safety, equal employment, corporate contributions and lobbying).
- The Committee shall ensure that the Company maintains an effective orientation program for new directors and a continuing education and development program to supplement the skills and needs of the Board of Directors.
- The Committee shall make regular reports on its activities to the Board of Directors.
- The Committee may form and delegate authority to subcommittees when appropriate.

- The Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board of Directors for approval. The Committee shall annually review its own performance.