

PINEWOOD SHEPPERTON PLC (the "Company")

REMUNERATION COMMITTEE - TERMS OF REFERENCE

CONSTITUTION

- 1.** The members of the Remuneration Committee for the time being shall be:

Nigel Hall (Chairman)
Adrian Burn
Michael Grade

- 2.** The Remuneration Committee (the "**Committee**") shall consist of a minimum of 2 members appointed by the Board of the Company (the "**Board**"). A majority of members of the Committee should be independent non-executive directors (in accordance with A.3.1 of the Combined Code on Corporate Governance). The Chairman of the Committee shall be appointed by the Board which shall determine the period for which he/she shall hold office. The Chairman of the Board shall not be eligible to be appointed as Chairman of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. A formal note of all meetings shall be taken.

- 3.** The quorum for decisions of the Committee shall be 2 members, both of whom shall be independent. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- 4.** In order to fulfil the Committee's overall purpose of ensuring that the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully and that the remuneration of such directors and the award of options to them under the Company's share option schemes is independently approved and monitored, the members of the Committee shall:

 - 4.1** have no personal financial interest, other than as shareholders in the Company (if applicable), in the Committee's decisions;
 - 4.2** have no "cross-directorships" with the executive directors which could be thought to offer scope for mutual agreements to bid up or otherwise enhance each other's remuneration;
 - 4.3** be independent of the Company's management and free from any business or other relationship with the Company or any member of the Company's group which could materially interfere with the exercise of their independent judgement; and
 - 4.4** have a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the ambit of the Committee's business.

ROLE

- 5.** The Committee shall, on behalf of the Board and the shareholders of the Company:

 - 5.1** monitor, review and make recommendations to the Board on the Company's broad policy for the remuneration of all executive directors and the Chairman of the Board (except where he/she is a member of the Committee) and determine and thereafter review at least annually the entire individual remuneration packages (including, but not limited to, pension arrangements, the determination of any targets for any performance-related pay schemes operated by the Company (asking the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements), bonuses, incentive payments and any compensation payments and share option entitlements) for each of the executive directors and, as appropriate, make recommendations in respect of other senior management (including executive directors, senior executives of the Company's subsidiaries and the Company Secretary);

- 5.2 give the executive directors every encouragement to enhance the Company's performance and ensure that they are fairly rewarded for their individual contributions to the success of the Company. The Committee shall consider what compensation commitments a director's terms of appointment would entail in the event of early termination;
- 5.3 be aware of and oversee any major changes in employee benefit structures throughout the Company or its group;
- 5.4 determine targets for any performance related pay schemes operated by the Company;
- 5.5 agree the policy for authorising claims for expenses from the Company's Chief Executive and Chairman;
- 5.6 give full consideration to the Principles of Good Governance and Code of Best Practice contained in The Combined Code on Corporate Governance (the "**Combined Code**") as annexed as an addendum to the Listing Rules issued by the UK Listing Authority, giving full consideration to the best practice provisions set out therein, including as to disclosure, remuneration policy, service contracts and compensation and taking account, as is seen fit, of other guidance issued by the Investment Committees of the Association of British Insurers, the National Association of Pension Funds and others, relating to corporate governance and executive remuneration;
- 5.7 report and account directly to the shareholders for their decisions, including the preparation of an annual report to shareholders forming a separate section within, or annexed to, the Company's annual report and accounts and containing the information required by the Directors' Remuneration Report Regulations 2002, the Combined Code and the Listing Rules (particularly Rule 12.43(A)). The Committee's report will include details of the frequency of, and attendance by members at, meetings of the Committee; and
- 5.8 be responsible for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee. Where such consultants are appointed, the Committee shall make available a statement of whether they have any other connection with the Company.
6. The Committee shall not consider the remuneration of any member of the Committee, which shall be a matter for the Board or, where required by the Articles of Association, the shareholders.

PROCEDURE

7. Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.
8. Meetings of the Committee shall be held not less than two times a year and at such other times as the Chairman of the Committee requires, normally immediately before or after regular meetings of the Board but formal meetings (particularly in relation to the formal grant of employee share options) may also be held by telephone conference. Meetings may also be called at the request of any member of the Committee.
9. At least 21 days' notice of any meeting of the Committee shall be given (confirming the venue, time and date of the meeting and attaching an agenda of items to be discussed (together with any supporting papers)) although such notice period may be waived or shortened with the consent of all the members of the Committee.
10. The minutes of the meetings of the Committee shall be circulated to all members of the Committee and the Board.
11. The Chairman of the Committee shall be available at the Annual General Meeting of the Company to answer questions arising from the Committee's annual report to shareholders and generally on remuneration principles and practice. He should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.

- 12.** The Company's Chief Executive and/or Finance Director and/or Personnel Director may be invited to attend and speak at meetings (or parts thereof) of the Committee. Other persons may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.
- 13.** The Committee shall take steps to ensure that it has access to reliable and up-to-date information about remuneration in other companies and it shall judge the implications of this information carefully. The Committee will be at liberty (at the cost of the Company) to draw on legal or other independent professional advice in carrying out its tasks and such persons shall be permitted to attend meetings of the Committee but shall not be members of it.
- 14.** All decisions of the Committee in respect of the specific remuneration package of each executive director shall be reported to the Board and the Committee should consult the Chairman of the Board and/or the Chief Executive of the Company about their proposals relating to the remuneration of other executive directors.
- 15.** The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

19 April 2004 (as amended 27 September 2004)