

THE TAKEOVER PANEL

NOMINATION COMMITTEE

Terms of Reference

1. Establishment

1.1 The Panel on Takeovers and Mergers (the "Panel") hereby establishes a committee of the Panel, to be known as the Nomination Committee (the "Committee").

1.2 The Panel hereby delegates certain functions (as set out in paragraph 2 below) to the Committee.

2. Purpose and functions of the Committee

The purpose of the Committee is:

2.1 to monitor the size, composition and balance of the Panel;

2.2 to oversee the initial selection and appointment process and the renewal of appointments process in relation to members of the Panel (other than the members of the Panel appointed by the bodies listed in paragraph 4(a)(iv) of the Introduction to The City Code on Takeovers & Mergers (the "Code")) and their designated alternates (where applicable) who are appointed after 20 May 2006, and to make recommendations to the Panel in connection with those processes;

2.3 in particular, to make recommendations to the Panel in relation to the initial appointment (and any renewal of appointment) of the following persons:

- (a) the Chairman of the Panel;
- (b) the Deputy Chairmen of the Panel;
- (c) the independent members of the Panel referred to in paragraph 4(a)(iii) of the Introduction to the Code and their designated alternates (where applicable); and
- (d) the Director General of the Panel,

and also as to which independent members of the Panel referred to in paragraph 4(a)(iii) of the Introduction to the Code should be designated by the Panel to sit on the Code Committee and the Hearings Committee;

2.4 to work closely with the Remuneration Committee of the Panel, in particular in relation to the terms of standard letters of appointment incorporating terms of service and confidentiality undertakings (the "Letters of Appointment"), and to consider, as and when necessary, whether any amendments are necessary to the standard Letters of Appointment; and

2.5 to consider such other matters which are related to those set out in this paragraph as may from time to time be referred to the Committee by the Panel.

3. Composition of the Committee

- 3.1 Membership of the Committee shall comprise persons drawn from the membership of the Panel and also a person nominated by the Bank of England, who shall act as an officer of the Panel in carrying out his or her functions as a member of the Committee. The Committee shall include:
- (a) the Chairman of the Panel and one of the Deputy Chairmen of the Panel;
 - (b) at least one member of the Panel who has been appointed by the Panel and designated by it to serve on its Hearings Committee;
 - (c) at least one member of the Panel who has been appointed by the Panel and designated by it to serve on its Code Committee;
 - (d) at least one member of the Panel who has been appointed by one of the independent bodies listed in paragraph 4(a)(iv) of the Introduction to the Code; and
 - (e) the Bank of England nominee.
- 3.2 Members of the Committee (other than the Bank of England nominee, who shall be appointed by the Bank of England) shall be appointed by the Panel.
- 3.3 The number of members of the Committee shall be determined by the Panel from time to time, provided that at no time shall there be less than six members of the Committee.
- 3.4 The Chairman of the Panel shall chair the Committee, save where he is unavailable, in which case the Deputy Chairman of the Panel who is a member of the Committee shall chair the Committee.
- 3.5 Members of the Committee shall serve until resignation or upon ceasing to be a member of the Panel, whichever is earlier.
- 3.6 The validity of any acts or proceedings of the Committee shall not be affected by any vacancy among the membership of the Committee or by any defect in the appointment of a Committee member (or designated alternate).

4. Meetings

- 4.1 The Chairman of the Committee may, at his or her discretion, convene meetings of the members of the Committee at such time and in such a manner as he or she considers appropriate in order to conduct any matters that fall within its functions. The Chairman of the Committee shall determine, from time to time, the applicable procedures by which the business of the Committee shall be conducted.
- 4.2 Any member of the Committee may request that the Chairman of the Committee call a meeting of the Committee.
- 4.3 The quorum for transaction of business at a meeting of the Committee shall be three, including the Chairman of the Panel or the Deputy Chairman of the Panel who is a member of the Committee.

- 4.4 In the event the Committee is required to consider the appointment, reappointment or renewal of appointment of a member of the Panel who is/has been designated by it to serve on the Code Committee, the quorum for business being transacted at that meeting shall include one member of the Code Committee.
- 4.5 All decisions and resolutions of the Committee shall be made by a majority vote of those members present at a meeting of the Committee.
- 4.6 No member of the Committee shall be involved in any determination relating to his or her appointment, reappointment or renewal of appointment.

5. Authority

- 5.1 The Committee or the Chairman of the Committee is hereby authorised by the Panel to do anything it or (s)he considers necessary or expedient for the purposes of, or in connection with its functions.
- 5.2 The Committee or the Chairman of the Committee is hereby authorised by the Panel to establish procedures for the performance of its functions and to vary or amend such procedures from time to time, as it or (s)he sees fit.
- 5.3 The Committee is hereby authorised by the Panel to act as it considers appropriate in making recommendations to the Panel, subject to the following guidelines:
- (a) the Chairman of the Panel should usually be a senior lawyer who has either held, or who would qualify for holding, high judicial office;
 - (b) the Deputy Chairmen of the Panel should usually have extensive experience of the Panel and the application of the Code;
 - (c) at least three of the members of the Panel appointed by the Panel and designated by it to serve on its Hearings Committee should usually be drawn from the boards of major listed companies and should have management experience at high level;
 - (d) at least one of the members of the Panel appointed by the Panel and designated by it to serve on its Hearings Committee should have experience of representing employee interests; and
 - (e) the members of the Panel appointed by the Panel and designated by it to serve on its Code Committee should represent a spread of shareholder, corporate, practitioner and other interests within the Panel's regulated community and may be drawn from the bodies listed in paragraph 4(a)(iv) of the Introduction to the Code.
- 5.4 The Committee is hereby authorised by the Panel to obtain external legal or other independent professional advice and to secure the attendance at its meetings of third parties with the relevant experience and expertise if it considers this to be necessary for the fulfilment of its duties, at the Panel's expense.