

easyJet plc

Remuneration Committee Terms of Reference

July 2009

1 Introduction

- 1.1 These Terms of Reference have been produced to identify and formalise the roles, tasks, responsibilities and rights of the Remuneration Committee, ('the Committee'), for compliance with the Combined Code on Corporate Governance appended to the Financial Services Authority Listing Rules (the 'Combined Code'), and to assist the Committee in achieving best practice in corporate governance. The board of directors of easyJet plc is referred to as 'the Board'.

2 Objectives

- 2.1 The primary function of the Committee is to make recommendations to the Board on executive remuneration packages.
- 2.2 The Committee's primary duties and responsibilities are to:
- make recommendations on the Company's framework of executive remuneration and its cost; this will include, as appropriate, the implementation and overview of the bonus and share option programmes;
 - to determine on the Board's behalf specific remuneration packages for each of the executive directors, including pension rights and any compensation payments;
 - have regard to the Combined Code

3 Membership

- 3.1 The members of the Committee shall be at least three non-executive directors who are independent of management and free of any business or other relationship (including, without limitation, cross-directorships or day to day involvement in the management of the business) which could interfere with the exercise of their independent judgement.

The current members are Keith Hamill, David Bennett, Prof Rigas Doganis and Sven Boinet.

- 3.2 The Chairman of the Committee, as appointed by the board, is Keith Hamill.

4 Secretary

- 4.1 The secretary of the Company shall be the secretary of the Committee.

Non-executive directors' fees

The board will be responsible for determining the fees of the non-executive directors.

5 **Meetings**

5.1 **Attendance**

- 5.1.1 The quorum of the Committee shall be at least two members.
- 5.1.2 An agenda, together with relevant papers are to be issued to all Committee members in advance of meetings giving them sufficient time to consider the papers.
- 5.1.3 The Chief Executive shall be invited to attend meetings to discuss the performance of executive directors and make proposals as necessary.
- 5.1.4 The Chief Executive will also report to the Committee on significant group-wide changes in salary structure and terms and conditions affecting other employees at senior executive level.

5.2 **Frequency**

- 5.2.1 Meetings shall be held not less than twice a year.
- 5.2.2 The meetings will be called to give sufficient time for the members to give attention to the information to be considered and for the Board to follow up any recommendations if necessary.

5.3 **Minutes**

- 5.3.1 Minutes of meetings of the Committee shall be prepared within two weeks of the meeting and circulated to all members of the Board.

6 **Authority**

- 6.1 The Committee is authorised by the board to seek appropriate professional advice inside and outside the group as and when it considers this necessary. Expenditure for this will be agreed in advance with the Chief Executive.

7 **Responsibilities**

7.1 **Remuneration policy**

- 7.1.1 The Committee will seek to provide the packages needed to attract, retain and motivate executive directors of the quality required without paying more than is necessary for this purpose.
- 7.1.2 The Committee will judge where to position the Company relative to other companies taking account of what comparable companies are paying and relative performance.
- 7.1.3 The Committee will be sensitive to the wider scene, including pay and employment conditions elsewhere in the company especially when determining annual salary increases.

7.2 ***Service contracts and compensation***

- 7.2.1 The Committee will determine the terms of any compensation package in the event of early termination of any executive director's contract in accordance with its terms.
- 7.2.2 The Committee will consider what compensation commitments, (including pension contributions), the executive directors' contracts of service, if any, would provide in the event of early termination. In addition the committee will consider the advantages of providing explicitly in the contract of service for such compensation commitments except in the case of removal for misconduct.

The Committee will have due regard for the provisions of the Combined Code in respect of a director's obligation to mitigate his loss and to avoid reward for poor performance in the event of early termination.

7.3 ***Remuneration packages***

- 7.3.1 The Committee shall
- make recommendations to the Board on the company's framework of executive remuneration and its cost and determine on behalf of the Board specific remuneration packages and conditions of employment, (including pension rights), for executive directors;
 - approve any contract of employment or related contract with executive directors on behalf of the Company.

8 **Reporting**

- 8.1 The Committee shall:
- make recommendations to the board regarding the content of the board's annual report to shareholders on directors' remuneration as required by the Directors' Remuneration Report Regulations 2002, (including the company's policy on executive directors' remuneration, details of individual remuneration or other terms and conditions);
 - make a formal annual report to the Board summarising its activities, conclusions and recommendations and implementation of recommendations within its remit that the Board has already approved which the Board considers as a separate agenda item.
 - make recommendations to the Board on an annual basis as to whether the circumstances are such that shareholders should be invited to approve the policy set out in the Board's remuneration report at the Company's AGM.