

NESTOR HEALTHCARE GROUP PLC

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF THE BOARD ADOPTED ON 28th JANUARY 1999 (amended 25th January 2001, 26th July 2001, 24th January 2002, 29th January 2004 and 10th April 2008)

1. Purpose

The underlying purpose of the Remuneration Committee is to:

1. Determine and advise the Board on the framework or broad policy for the remuneration of the Group's employees including long-term incentive schemes and to approve any major changes in the structure of employee benefits throughout the Group.
2. Determine and agree the specific terms of employment and remuneration packages of all Group employees in grade 15 and above, including all Executive Directors and the Company Secretary. The remuneration of non-executive directors (including the Chairman) shall be a matter for the executive members of the Board.

In determining the policy outlined in (1) and the terms in (2) above, it shall take account of such factors it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, taking into account current market practice.

3. Determine targets for any performance related pay schemes operated by the Company and applicable to employees in grade 14 or above. In addition, it shall determine the achievement of those targets in respect of Executive Directors. Further, the Committee may review and may challenge the Executive Directors' assessment of the achievement of targets set by the Committee in respect of those employees in grade 14.
4. Determine the policy for and scope of pension arrangements, service agreements, termination payments and compensation commitments for Group employees in Grade 14 and above. In determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code (as published from time to time) as well as the Rules of the UKLA and associated guidance. In particular, it shall ensure that contractual terms on termination and any payments made are fair to the individual and to the Company, that individuals are not

rewarded for failure and that an individual's duty to mitigate his loss is fully recognized.

5. Approve the grant and exercise of share options to any employee of the Group under any of its executive or savings-related share option schemes and exercise the powers vested in the Board by the rules of any such scheme, including powers of amendment.
6. Exercise the Board's power to allot shares pursuant to any exercise of share options or other issues of shares under any saving-related share option scheme, approve and issue applications for admission of such shares to the Official List of the London Stock Exchange and authorise the issue and sealing of relevant share certificates.
7. Ensure that provisions relating to the disclosure of directors' remuneration including pensions as contained in the Directors' Remuneration Report Regulations 2002 and as listed in Section 12.43A(c) of the UKLA's Listing Rules are fulfilled.
8. Produce an annual report of the Committee's remuneration policy which will form part of the Board's Annual Report to the shareholders of the Company on remuneration matters relating to the Company's directors and which complies with the Directors' Remuneration Report Regulations 2002 and the Combined Code.
9. At least once a year, review the reimbursement of any claims for expenses of the Chief Executive of the Company. The Committee has delegated its responsibility to authorise such reimbursement to the Chairman.
10. Establish the selection criteria, select, appoint and setting the terms of reference for any remuneration consultants who advise the Committee.
11. Ensure each year that the shareholders at the AGM are invited to approve the remuneration policy which has been set out in the Company's Annual Report and Accounts.
12. Ensure that the Chairman of the Committee or, in his absence, an appointed deputy attends the company's AGM to answer shareholders' questions about directors' remuneration.

2. Membership

1. The Remuneration Committee shall be appointed by the Board from time to time and shall in principle comprise at least three independent non-executive directors. Each member shall be independent of management and free from any business or other relationship that could interfere with the exercise of his independent judgement. The current members are Sir Andrew Foster, Mr John Rennocks and Mr Roger Dye.
2. The Chairman of the Committee shall be appointed by the Board. The Chairman is currently Sir Andrew Foster.
3. A quorum shall be any two members. 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. The Company Secretary or his/her nominee shall act as Secretary to the Committee. Currently the Human Resources Director has been so nominated and is acting as Secretary to the Committee.

3. Attendance

1. The Chief Executive and Human Resources Director of the company shall be entitled to attend and speak at meetings of the Committee; other executives may be called upon to attend and speak as the Committee shall direct. However, the Chief Executive and the Human Resources Director shall be obliged to excuse themselves from such meetings when the Committee is discussing matters concerning their remuneration.

4. Frequency

1. The Remuneration Committee will meet as and when necessary but for the time being there shall be at least one meeting a year.
2. A meeting of the Remuneration Committee may be called by the Secretary or his/her nominee at the request of any member thereof.
3. The Secretary or his/her nominee shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and decisions made.

5. Reporting Procedures

The Secretary or his/her nominee shall circulate minutes of meetings of the Remuneration Committee to all members of the Board and such other attendees of the meetings as the Chairman of the Remuneration Committee shall direct.

6. Authority

1. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
2. The Committee is authorised by the Board, in order properly to fulfil its duties, to obtain any outside legal or other professional advice, including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings and to obtain reliable, up to date information about remuneration policies and practices of other companies. The independent remuneration consultants used by the Committee are currently Hewitt New Bridge Street Consultants and this appointment will be reviewed by the Committee from time to time.