

CELTIC PLC

CONSTITUTION AND TERMS OF REFERENCE

of the

REMUNERATION COMMITTEE

**(Amended by resolution
of the Board of Directors
passed on 9 May 2005)**

Celtic plc
Corporate office
May 2005

CELTIC PLC
CONSTITUTION AND TERMS OF REFERENCE
OF THE REMUNERATION COMMITTEE

1 Constitution

On 14 September 1998, the Board of Directors of Celtic plc ("**the Company**") resolved to adopt Terms of Reference to regulate the function and define the responsibilities of the Remuneration Committee of the Board ("**the Committee**").

Those Terms of Reference were amended by Board resolution passed on 9 May 2005 and are set out in this document.

2 Membership

- 2.1 The members of the Committee shall be appointed by the Board solely from the non-executive Directors of the Company.
- 2.2 There shall be a minimum of three members of the Committee. Two members must be present to form a quorum.
- 2.3 If any member of the Committee is unable to attend a meeting of the Committee for any reason the remaining members of the Committee shall have the power to co-opt any other non-executive Director of the Company on to the Committee for the purposes of that meeting.
- 2.4 If any member of the Committee ceases for any reason to be a Director of the Company he shall automatically cease to be a member of the Committee.
- 2.5 None of the members of the Committee shall have any personal financial interest in the matters considered by the Committee other than in their capacity as shareholders of the Company.

3 Chairman

The Board shall appoint the Chairman of the Committee. If the Chairman of the Committee is unable to attend a meeting for any reason, the remaining members of the Committee may nominate one of their number to chair the Meeting.

4 Secretary

The Company Secretary shall be the Secretary to the Committee and shall maintain minutes of meetings of the Committee. The minutes shall be

circulated to the Committee members, and to other Board members as directed by the Chairman of the Committee.

5 Meetings

- 5.1 Meetings of the Committee shall be held as often as is considered necessary but in any event not less than twice during each financial year of the Company.
- 5.2 Meetings shall be convened by the Chairman of the Committee or by the Company Secretary at the request of any member of the Committee or further to a resolution of the Board.
- 5.3 Meetings shall be held at the time and place specified in the notice convening the meeting. A member may participate in a meeting of the Committee by way of conference telephone.
- 5.4 Executive Directors of the Company and the Company Secretary shall attend meetings if invited to do so by the Committee and shall supply timeously such information to the Committee as the Committee considers necessary to enable it to carry out its functions.

6 Function

- 6.1 The Committee has delegated to it by the Board the responsibility for determining the remuneration policy for and the specific remuneration of executive Directors, Company Secretary and senior executives of the Company. In particular, the Committee is responsible for: -
 - 6.1.1 determining, on behalf of the Board, the terms and conditions of appointment of any prospective executive Director or Company Secretary;
 - 6.1.2 reviewing the terms and conditions of employment of the executive Directors and the Company Secretary annually, including their participation in any share option schemes, bonus or other incentive scheme and all other elements of their remuneration packages and considering any proposed changes;
 - 6.1.3 reviewing the performance of executive Directors, the Company Secretary and senior executives in the context of any bonus scheme and approving any proposed award of bonus to them;
 - 6.1.4 consulting with the executive Directors on changes to the remuneration of senior executives;
 - 6.1.5 determining, on behalf of the Board, the extent of the participation of senior executives (including the football manager and backroom staff where participating) and any other employees in any share option schemes operated from time to time;

- 6.1.6 reviewing the recommendations of the executive Directors in relation to any proposed amendments to any share option scheme or the introduction or amendment of any profit related pay, incentive plan or similar scheme and to make such recommendations to the Board as it considers appropriate; and
 - 6.1.7 reporting to the shareholders of the Company and other parties, and taking such steps, as may be required by law or under the rules of the United Kingdom Listing Authority, the London Stock Exchange or other competent regulatory authority.
- 6.2 In implementing the functions referred to in paragraph 6.1, the Committee shall: -
- 6.2.1 consult with the Chairman of the Company concerning the proposals relating to the remuneration of the executive Directors of the Company;
 - 6.2.2 be entitled at the expense of the Company to have access to professional advice both inside and outside the Company; and
 - 6.2.3 be entitled, generally, to take such steps and actions as may be required by it to ensure compliance with the responsibilities set out in paragraph 6.

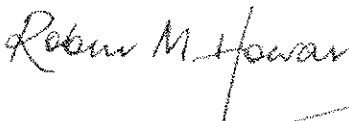
7 Amendment

These Terms of Reference may only be amended by authority of a resolution of the Board.

8 Articles of Association

Where applicable, the provisions of the Articles of Association of the Company shall apply to any meetings of the Committee and, in the event of conflict between the Articles of Association and this Constitution, the Articles of Association shall prevail.

By Order of the Board



Company Secretary
Date: 9 May 2005