

# Remuneration Committee Report

The report on directors' remuneration and interests has been prepared by the Remuneration Committee on behalf of the Board of Directors in accordance with the requirements of the Irish Stock Exchange's Combined Code on Corporate Governance.

## The Remuneration Committee

As at the date of this report, the Remuneration Committee consisted of the following non-executive directors:

- David Power (Chairman, Remuneration Committee);
- Fintan Drury;
- Nigel Northridge.

Nigel Northridge was appointed as a member of the Committee in July 2007. The members of the Committee have no personal financial interest (other than as shareholders) in the matters addressed by the Committee, and have no conflicts of interest arising from cross-directorships. The Committee met five times in 2007 and operated within agreed terms of reference. The Remuneration Committee has responsibility for making recommendations to the Board on the Group's general policy relating to executive remuneration, and to determine, on behalf of the Board, specific remuneration packages for the executive directors. Outside independent professional advice is sought where necessary. In addition to the remuneration of the executive directors, the Committee is also responsible for approving the remuneration of five of the most senior executives ('senior executives') as well as the bonus schemes in operation within the Group.

The remuneration of the Chairman of the Board is determined by the Board, excluding the Chairman. The remuneration of the non-executive directors is determined by the Board, including the non-executive directors.

## Remuneration Policy

### General

The Remuneration Committee determines the Group's policy on executive directors' and senior executives' remuneration. The objectives of the policy are:

- to reward executive directors and senior executives in a manner that ensures that they are properly rewarded and motivated to perform in the best interests of shareholders over the long term; and
- to provide the level of remuneration required to attract and retain executive directors and senior executives of an appropriate calibre.

Salaries and other benefits are reviewed annually. The Remuneration Committee takes into account the performance of the individual, comparisons with peer group companies, institutional guidelines and reports from specialist consultants. The experience of the individual and his/ her level of responsibility are also taken into account.

Consistent with this policy, the benefit packages awarded to executive directors are intended to be competitive and comprise a mix of performance-related and non-performance-related remuneration, designed to motivate them, but not to detract from the goals of corporate governance.

## Basic salaries and benefits

Salaries of executive directors are set by reference to those prevailing in the market. Employment related benefits relate principally to medical, life, and health insurances and to the provision of a company car or car allowance. No fees are payable to executive directors.

## Performance bonus

Under current arrangements, which are reviewed annually by the Remuneration Committee, executive directors have targeted bonuses of 40% to 50% of salary subject to the attainment of specific and stretching targets set for each individual. The level earned in any one year depends on the Committee's assessment of each individual's performance and the overall performance of the Group against predetermined targets for the year. The maximum payout under the bonus scheme can be twice the bonus target and this will only be achieved with substantial out-performance of strict financial targets that are set annually. The minimum payment is 30% of bonus target.

## Pension entitlements

The Group does not operate any defined benefit pension plan or Group defined contribution scheme for non-executive directors. The Group makes no pension provision in respect of the non-executive directors. Each executive director has an independent pension trust into which the Group makes defined contributions.

## Targeted remuneration

The targeted composition of each director's annual remuneration (excluding sundry benefits) is as follows:

	Performance related	Non-performance related
<b>Executive</b>		
Patrick Kennedy	32%	68%
Breon Corcoran *	26%	74%
Jack Massey	29%	71%
<b>Non-executive</b>		
Fintan Drury		100%
Tom Grace		100%
Stewart Kenny		100%
Nigel Northridge		100%
David Power		100%
Brody Sweeney		100%

\* this percentage excludes the possible impact of the long term incentive bonus plan outlined below.

## Long Term Incentive Plan

It is Group policy to motivate its senior management to deliver superior performance over the long term and, at the Annual General Meeting held on 22 June 2004, the shareholders approved the 2004 Long Term Incentive Plan ('LTIP'). This plan, details of which are included in Note 21 to the consolidated financial statements, allows shares conditionally awarded to executives to be earned over a three to five year period subject to the achievement of testing earnings per share growth targets. Details of share grants to the executive directors are included with the directors' and secretary's interests in the Directors' Report on page 26.

# Remuneration Committee Report

## (continued)

### Share options

The policy of the Remuneration Committee has been to motivate executives, excluding senior management eligible for LTIP awards, by granting them share options. Accordingly, options have been granted under the terms of employee share incentive plans approved by shareholders. Further details of these plans are given in Note 21 to the consolidated financial statements. Details of options granted to the executive directors prior to the introduction of the LTIP and options granted to executive directors under the Sharesave Schemes are included with the directors' and secretary's interests in the Directors' Report on page 26. All options are granted at the market price on the date of grant and, with the exception of options granted under Revenue Approved Sharesave Schemes, no options are granted at a discount.

The market price of the Company's shares at 31 December 2007 was €22.51 and, for the year then ended, the Company's daily closing share price ranged between €15.05 and €28.55.

### Long term incentive bonus plan

As first disclosed in the 2006 Annual Report, the Board, on the recommendation of the Remuneration Committee, adopted a long term incentive bonus plan on 18 October 2006 in favour of Breon Corcoran. Payment under the plan is dependent upon the combined online and telephone businesses ('non retail') achieving very challenging operating profit targets in the year ended 31 December 2009. Under the plan, Breon Corcoran has the potential to earn a cash payment of between €1.0m and €2.5m if the non retail business generates operating profit in 2009 above predefined thresholds. Whilst a related accrual has been made at year end, no payment obligation has crystallised under the plan at this point. Payment under the plan is scheduled for around March 2010, at which date Breon Corcoran must also be employed by the Group for a payment to be made to him. Payments under the plan are not pensionable. See Note 7 to the consolidated financial statements.

The Group has other cash-based long term incentive bonus schemes in place for some of its executives under which the executives are entitled to receive a cash bonus based on achievement of exacting performance targets.

### Managers' Deferred Share Award Scheme

As a means of rewarding strong performance in 2007 and retaining some key members of staff, the Board, on the recommendation of the Remuneration Committee, established in December 2007 a scheme to offer already issued shares to a small number of key Group employees (not including directors). The employees will only become entitled to receive these shares if they remain employed by the Group until March 2011. The total number of shares offered to employees under the scheme at 31 December 2007 was 86,221.

### Executive directors' service contracts

The notice period for Patrick Kennedy is 12 months, and it is six months for both Breon Corcoran and Jack Massey. All executive directors are employed on contracts with a normal retirement age of 65. No executive director is entitled to any contractual termination payment other than for payment in lieu of notice.

### Non-executive directors' service contracts

Non-executive directors, in accordance with best practice, are not appointed on service contracts, rather they are issued with a letter confirming the terms of their appointment. They are appointed for a fixed initial period of three years, and may be reappointed for further fixed periods, up to a total of six years unless there are exceptional circumstances. This is referred to in more detail in the Corporate Governance report. Non-executive directors are expected to give three months' notice of resignation, but this is without prejudice to their right to resign immediately if they feel it appropriate. None of the non-executive directors have an entitlement to a termination payment.

### Retirement of directors by rotation

At each Annual General Meeting of the Company, every director who has been in office at the completion of each of three successive Annual General Meetings since he was last appointed or reappointed, shall retire from office. Brody Sweeney and Breon Corcoran will retire at the 2008 AGM, and have indicated their willingness to be reappointed.

Details of the service periods of the directors are:

	Appointed by the Board	Last elected by shareholders	Term expires
Fintan Drury	29 August 2002	16 May 2006	AGM 2009
Patrick Kennedy	23 March 2004	22 May 2007	AGM 2010
Breon Corcoran	31 August 2004	17 May 2005	AGM 2008
Jack Massey	25 April 2006	16 May 2006	AGM 2009
Tom Grace	3 January 2006	16 May 2006	AGM 2009
Stewart Kenny	1 June 1988	22 May 2007	AGM 2010
Nigel Northridge	22 July 2003	22 May 2007	AGM 2010
David Power	1 June 1988	22 May 2007	AGM 2010
Brody Sweeney	16 February 2005	17 May 2005	AGM 2008

### Directors' detailed emoluments

Full details of the emoluments of the directors are set out in Note 7 to the consolidated financial statements on pages 55 and 56.



### David Power

Chairman, Remuneration Committee

29 February 2008