

# Remuneration Committee Report

## The Remuneration Committee

The Remuneration Committee operates within agreed terms of reference and 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 those other senior executives who report directly to the Chief Executive ('senior executives'). Membership of the Remuneration Committee is set out on page 53.

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 incentivised 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 revenue and profitability targets for the year. The maximum payout under the bonus scheme can be twice the bonus target (i.e. a maximum of 80% to 100% of salary) and this will only be achieved with substantial out-performance in the year under review.

### Pension entitlements

The Group does not operate any pension scheme or make pension provision for 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	28%	72%
Breon Corcoran*	24%	76%
Jack Massey	24%	76%
<b>Non-executive</b>		
Nigel Northridge	-	100%
Tom Grace	-	100%
Fintan Drury	-	100%
Stewart Kenny	-	100%
Jane Lighting	-	100%
Pádraig Ó Riordáin	-	100%
David Power	-	100%
William Reeve	-	100%
Brody Sweeney	-	100%

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

### Long Term Incentive Plan

It is Group policy to motivate its key executives 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 awards to the executive directors and the Company Secretary are included with the directors' and secretary's interests in the Directors' Report on page 46.

### Shareholding guidelines

The Group has put in place share ownership guidelines for executive directors to ensure the interests of executive directors are aligned with those of shareholders. In summary, the guidelines are that the current market value of the shares in the Company held by the relevant director should be at least 1.5 times salary for the Chief Executive and 1 times salary for other executive directors.

### Share options

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 46. All options are granted at the market price on the date of grant, with the exception of options granted under Revenue approved sharesave schemes which are granted at a discount. Further details of these plans are given in Note 21 to the consolidated financial statements.

The market price of the Company's shares at 31 December 2010 was €30.70 and, for the year then ended, the Company's daily closing share price ranged between €22.75 and €30.80.

### Long term incentive bonus plan

As first disclosed in the 2009 Annual Report, Breon Corcoran participates in a cash based long term incentive bonus plan in respect of the 2009 to 2012 period.

There are two components to the plan and payment there under is based on the achievement of two separate and very challenging performance targets, one based on operating profit in the Group's online and telephone divisions (excluding Australia) and the other on EBITDA in the Group's Australian business in the years ended 31 December 2012 and 30 June 2012, respectively.

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Under the plan, Breon Corcoran has the potential to earn a cash payment of between €0.25m and €1.5m if the online and telephone divisions (excluding Australia) generate operating profit in 2012 above challenging predefined thresholds and between €0.4m and €1.0m if EBITDA in the Group's Australian business in the year ended 30 June 2012 is above challenging predefined thresholds. The payment of 70% of any amount due under the plan is scheduled for around March 2013, at which date Breon Corcoran must also be employed by the Group for a payment to be made to him. The remaining 30% will be paid on the one year anniversary of the original payment date, provided that Breon is still an employee of the Company on that date.

The interests of Mr Corcoran under the plan did not change between the start and end of the financial period and no benefit crystallised in this period.

### **Executive directors' service contracts**

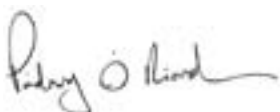
The notice period for Patrick Kennedy is 12 months, and it is six months for both Breon Corcoran and Jack Massey. All executive directors are employed on contracts with a normal retirement age of 65. No executive director is entitled to any contractual termination payment other than for payment in lieu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

### **Directors' detailed emoluments**

Full details of the emoluments of the directors are set out in Note 7 to the consolidated financial statements on pages 88 and 89.



**Pádraig Ó Riordáin**

*Chairman, Remuneration Committee*

4 March 2011