

# 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:

Stephen Thomas (Chairman)  
David Power  
Fintan Drury

The majority of members of the Committee are independent; they 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 meets as required, but at least twice each year, and operates within agreed terms of reference. The 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. The Committee is also responsible for approving executive remuneration of five of the most 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 entire Board, including the non-executive directors.

## Remuneration Policy

### General

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

- To reward executive directors in a manner that ensures that they are properly rewarded and motivated to perform in the best interests of shareholders.
- To provide the level of remuneration required to attract, retain and motivate executive directors 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 the 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

Salaries of executive directors are set by reference to those prevailing in the market.

## Performance Bonus

Under current arrangements, which are reviewed annually by the Remuneration Committee, executive directors have target 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.

## 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. This plan, details of which are included in Note 18 to the 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' interests in the Report of the Directors on pages 19 to 22.

## Share Options

The policy of the Remuneration Committee is to motivate its executive directors and other executives 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 18 to the financial statements. Details of options granted to the executive directors are included with the directors' interests in the Report of the Directors on pages 19 to 22. Non-executive directors are not eligible to participate in the employee share incentive plans.

The market price of the Company's shares at 31 December 2005 was €12.10 and for the year then ended, the Company's daily closing share price ranged between €10.37 and €15.95.

## 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	33%	67%
Breon Corcoran	29%	71%
<b>Non-Executive</b>		
Fintan Drury		100%
Stewart Kenny		100%
Nigel Northridge		100%
David Power		100%
Brody Sweeney		100%
Stephen Thomas		100%
Tom Grace		100%

## Directors' Service Contracts

The notice period for Patrick Kennedy and Breon Corcoran is one year. No executive director is entitled to any contractual termination payment other than for payment in lieu of notice.

Non-executive directors, in accordance with best practice, are not appointed on service contracts. They are appointed for a fixed initial period of three years, and may be re-appointed 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 issued on appointment or re-appointment 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. 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 re-appointed, shall retire from office. A director who retires at an Annual General Meeting may be re-appointed, if willing to act.

Executive directors are employed on rolling contracts with a retirement age of sixty five and all directors cease holding office on reaching their seventy fifth birthday.

The details of the service agreements for the non-executive directors throughout the year were as follows:

	Appointed by Board	Last elected by Shareholders	Term expires	Contractual termination payment
Fintan Drury	29 August 2002	3 June 2003	AGM 2006	Nil
Stewart Kenny	1 June 1988	22 June 2004	AGM 2007	Nil
Nigel Northridge	22 July 2003	22 June 2004	AGM 2007	Nil
David Power	1 June 1988	22 June 2004	AGM 2007	Nil
Stephen Thomas	29 August 2002	3 June 2003	AGM 2006	Nil
Brody Sweeney	16 February 2005	17 May 2005	AGM 2008	Nil
Tom Grace	3 January 2006	Proposed for AGM 2006	AGM 2009	Nil

## Directors' Pension Entitlements

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

## Directors' Detailed Emoluments

Full details of the emoluments of the directors are set out in Note 6 to the financial statements on pages 46 and 47.



**Stephen Thomas**

*Chairman, Remuneration Committee*

28 February 2006