

REPORT OF THE REMUNERATION COMMITTEE

The remuneration of executive directors and senior management is determined by the Remuneration Committee. The Remuneration Committee is composed exclusively of non-executive directors and its composition and duties are shown on page 33.

The Group recognises that its remuneration policy must properly reward the Group's senior executives and motivate them to perform in the best interests of shareholders.

In framing remuneration policy the remuneration committee has given full consideration to Section B of the Best Practice Rules annexed to the listing rules. Throughout the period the Group had procedures in place which met with the Best Practice Provisions as set out in Section A of the Irish Stock Exchange requirements on directors' remuneration.

Annual bonuses for executive directors are determined by the Remuneration Committee based on the achievement of the Group's profitability objectives.

Details of directors' remuneration for the year ended 31 December 2003 are set out below:

| | Salary | Performance pay | Benefits and other | Pension | Fees | Total 2003 | Total 2002 |
|--------------------------------|------------|-----------------|--------------------|-----------|------------|--------------|--------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Executive Directors | | | | | | | |
| E. Rothwell | 217 | 375 | 47 | 13 | - | 652 | 650 |
| G. O'Dea | 178 | 79 | 17 | 9 | - | 283 | 279 |
| T. Kelly | 115 | 90 | 19 | - | - | 224 | 212 |
| Non-Executive Directors | | | | | | | |
| T. Toner | - | - | - | - | 76 | 76 | 76 |
| J. McGuckian | - | - | - | - | 35 | 35 | 35 |
| L. Booth | - | - | - | - | 35 | 35 | 35 |
| A. Mullin | - | - | - | - | 40 | 40 | 45 |
| P. Crowley | - | - | - | - | 9 | 9 | - |
| | 510 | 544 | 83 | 22 | 195 | 1,354 | 1,332 |

No director had an interest in any material contract to which the Company or any subsidiary was a party during the financial year.

There are no directors' service contracts.

No element of remuneration, other than basic salary, is pensionable. The aggregate pension benefits attributable to the executive directors at 31 December 2003 are as follows:

| | Eamonn Rothwell | Gearoid O'Dea | Tony Kelly | Total |
|---|-----------------|---------------|------------|-------|
| | €'000 | €'000 | €'000 | €'000 |
| Increase in accumulated accrued annual benefits excluding inflation in the period | 4.4 | 4.0 | 2.2 | 10.6 |
| Transfer value of the increase in accumulated accrued benefits (excluding inflation) at year end (calculated in accordance with Actuarial Guidance Note GN11) | 33.0 | 32.6 | 16.7 | 82.3 |
| Accumulated accrued annual benefits on leaving service at year end | 103.6 | 61.2 | 57.5 | 222.3 |

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There are no long term incentive plans in place other than the Group's share option scheme.

The Group introduced a share option scheme in 1988 to encourage identification with shareholders' longer term interests. Since that date, options have been granted to directors and employees of the Group. The terms of the scheme were amended, following approval by shareholders, on a number of occasions, most recently in 1994 when the following performance criteria were introduced in respect of options granted after that date:

1. Certain options ("Three Year Options") could be exercised between the 3rd and 10th anniversary of grant only if earnings per share growth exceeded the rate of inflation for the period
2. Certain other options ("Five Year Options") could be exercised between the fifth and tenth anniversary of grant provided earnings per share growth would place the Group in the top quartile of companies in the ISEQ.

At 31 December 2003 919,950 options remained outstanding at a range of option prices. No further options may be granted under this scheme after 2 March 1998.

A new share option plan was approved by shareholders in March 1998 which incorporated the following amendments to the performance criteria for options granted after that date:

1. Three Year Options may only be exercised if earnings per share growth is at least 2% p.a. above inflation for the period,
2. Five year options may be exercised only if earnings per share growth is such to place the Group in the top quartile of ISEQ companies and the Group's earnings per share growth is at least 10% pa above inflation for the period.

No options were granted under this plan in 2003. At 31 December 2003 1,192,750 options remained outstanding.

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Directors' and Secretary's Share Options

The total number of options outstanding under the share option schemes at 31 December 2003 is 2.1 million of which 1.0 million are held by Directors and Secretary.

| Options at 31 Dec 2002 | Options Exercised | Options at 31 Dec 2003 | Exercise Price | Market price on exercise (cent)/ Exercise Period | Exercise Conditions |
|------------------------|-------------------|------------------------|----------------|--|---------------------|
| Eamonn Rothwell | | | | | |
| 75,000 | - | 75,000 | 530c | Jan.2000-Jan.2007 | Note 1 |
| 75,000 | - | 75,000 | 530c | Jan.2002-Jan.2007 | Note 2 |
| 25,000 | - | 25,000 | 1075c | Jan.2003-Jan.2010 | Note 3 |
| 25,000 | - | 25,000 | 1075c | Jan.2005-Jan.2010 | Note 4 |
| 100,000 | - | 100,000 | 735c | Jan.2005-Jan.2012 | Note 3 |
| 100,000 | - | 100,000 | 735c | Jan.2007-Jan.2012 | Note 4 |
| 50,000 | - | 50,000 | 530c | Sep.2005-Sep.2012 | Note 3 |
| 50,000 | - | 50,000 | 530c | Sep.2007-Sep.2012 | Note 4 |
| 500,000 | - | 500,000 | | | |
| Gearoid O'Dea | | | | | |
| 20,000 | (20,000) | - | 521c | 775c | |
| 10,000 | (10,000) | - | 521c | 1000c | |
| 37,500 | - | 37,500 | 530c | Jan.2000-Jan.2007 | Note 1 |
| 37,500 | - | 37,500 | 530c | Jan.2002-Jan.2007 | Note 2 |
| 12,500 | - | 12,500 | 1075c | Jan.2003-Jan.2010 | Note 3 |
| 12,500 | - | 12,500 | 1075c | Jan.2005-Jan.2010 | Note 4 |
| 50,000 | - | 50,000 | 735c | Jan.2005-Jan.2012 | Note 3 |
| 50,000 | - | 50,000 | 735c | Jan.2007-Jan.2012 | Note 4 |
| 15,000 | - | 15,000 | 530c | Sep.2005-Sep.2012 | Note 3 |
| 15,000 | - | 15,000 | 530c | Sep.2007-Sep.2012 | Note 4 |
| 260,000 | (30,000) | 230,000 | | | |
| Tony Kelly | | | | | |
| 10,000 | (10,000) | - | 521c | 1000c | |
| 2,500 | - | 2,500 | 603c | Jan.1999-Jan.2006 | Note 1 |
| 25,000 | - | 25,000 | 530c | Jan.2000-Jan.2007 | Note 1 |
| 25,000 | - | 25,000 | 530c | Jan.2002-Jan.2007 | Note 2 |
| 12,500 | - | 12,500 | 1075c | Jan.2003-Jan.2010 | Note 3 |
| 12,500 | - | 12,500 | 1075c | Jan.2005-Jan.2010 | Note 4 |
| 25,000 | - | 25,000 | 735c | Jan.2005-Jan.2012 | Note 3 |
| 25,000 | - | 25,000 | 735c | Jan.2007-Jan.2012 | Note 4 |
| 12,500 | - | 12,500 | 530c | Sep.2005-Sep.2012 | Note 3 |
| 12,500 | - | 12,500 | 530c | Sep.2007-Sep.2012 | Note 4 |
| 162,500 | (10,000) | 152,500 | | | |

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Directors' and Secretary's Share Options - continued

| Options at 31 Dec 2002 | Options Exercised | Options at 31 Dec 2003 | Exercise Price | Market price on exercise (cent)/ Exercise Period | Exercise Conditions |
|------------------------|-------------------|------------------------|----------------|--|---------------------|
| Alex Mullin | | | | | |
| 15,000 | - | 15,000 | 521c | May 1999-May 2004 | |
| 12,500 | - | 12,500 | 530c | Jan.2000-Jan.2007 | Note 1 |
| 12,500 | - | 12,500 | 530c | Jan.2002-Jan.2007 | Note 2 |
| 40,000 | - | 40,000 | | | |
| Thomas Corcoran | | | | | |
| 5,000 | (5,000) | - | 521c | 775c | |
| 5,000 | (5,000) | - | 521c | 1000c | |
| 5,000 | - | 5,000 | 530c | Jan.2000-Jan.2007 | Note 1 |
| 5,000 | - | 5,000 | 530c | Jan.2002-Jan.2007 | Note 2 |
| 2,500 | - | 2,500 | 1075c | Jan.2003-Jan.2010 | Note 3 |
| 2,500 | - | 2,500 | 1075c | Jan.2005-Jan.2010 | Note 4 |
| 5,000 | - | 5,000 | 660c | Jan.2004-Jan.2011 | Note 3 |
| 5,000 | - | 5,000 | 660c | Jan.2006-Jan.2011 | Note 4 |
| 5,000 | - | 5,000 | 735c | Jan.2005-Jan.2012 | Note 3 |
| 5,000 | - | 5,000 | 735c | Jan.2007-Jan.2012 | Note 4 |
| 45,000 | (10,000) | 35,000 | | | |

Note 1: These options are exercisable only if growth in the Group's EPS is higher than the increase in the Consumer Price Index.

Note 2: These options are exercisable only if the Group's EPS growth places it in the top quartile of ISEQ companies.

Note 3: These options are exercisable only if growth in the Groups EPS is at least 2% p.a. above the increase in the Consumer Price Index.

Note 4: These options are exercisable only if growth in the Group's EPS places it in the top quarter of ISEQ companies and also only if the growth in the Group's EPS is at least 10% p.a. above the increase in the Consumer Price Index.

No options were granted during the year.

The market price of the shares at 31 December 2003 was 1070c and the range during the year was 655c to 1070c.