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BUSINESS



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Eircom chief set for €4m bonus

Restructuring plan could give Paul Donovan backdated sum while staff accept 10% pay cut

Aine Coffey

PAUL DONOVAN, the Eircom chief executive, is poised to benefit from a cash bonus that could be worth more than €4m, on top of an annual €800,000 salary, in a restructuring plan for the company.

Eircom staff voted on Thursday to accept pay cuts to achieve savings of €92m at the company over three years. A 10% pay cut, that will affect 400 unionised staff at the company, will be achieved by cutting working hours.

Donovan and more than 400 managers and employees at

salaries restored under the restructuring plan. That will increase Donovan's basic salary from €720,000 to €800,000, which is €50,000 more than that of Rex Comb, his predecessor.

Donovan also benefits from a discretionary cash bonus of up to 175% of his salary annually, or up to €1.4m, according to the annual report to Eircom's bondholders for the year to June 2010, which was distributed last October.

A three-year accumulation of that bonus, earned if targets set by the board every year are met, is due to be paid out in



Donovan: difficult decisions

remuneration package, but confirmed that the restructuring plan provided for the restoration of previous salaries where voluntary cuts had been taken in 2009. Those employees had "already taken the pain", a spokesman said.

we have communicated that intention with our employees," said the company. "No decision has been taken, nor will it be taken until the consultation period with staff has concluded."

Eircom, which has debts of €3.8 billion, also plans to cut 1,000 jobs. The key lenders to the company, now majority-owned by Singapore Technologies Telemedia, have formed a committee to negotiate.

"It is extremely encouraging to know that our employees throughout the organisation are prepared to make difficult but necessary decisions to help secure the long-term financial future of the company," Donovan said last week on the staff vote.

"Eircom has tried to apply a principle of fairness towards all employees regarding pay during current consultations

