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dividend payments. The amounts shown represent the annual dividend accrual rather than the cash payments made in each year.

Dividend Data

Prudential's dividend policy is to increase dividends in line with the underlying growth in earnings of its principal businesses, with due regard for its cash and balance sheet position. Future dividends will depend on Prudential's results of operations, financial condition, cash requirements, future prospects and other factors. Under UK company law, Prudential may pay dividends only if "distributable profits" are available for that purpose. "Distributable profits" are accumulated, realized profits not previously distributed or capitalized less accumulated, realized losses not previously written off. Even if distributable profits are available, Prudential pays dividends only if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves (such as, for example, the share premium account and the capital redemption reserve) and the payment of the dividend does not reduce the amount of its net assets to less than that aggregate.

As a holding company, Prudential is dependent upon dividends and interest from its subsidiaries to pay cash dividends. Many of its insurance subsidiaries are subject to regulations that restrict the amount of dividends that they can pay to Prudential. These restrictions are discussed in more detail in Item 4, "Information on the Company Supervision and Regulation of Prudential UK Supervision and Regulation Insurance Regulation Distribution of Profits".

Historically, Prudential has declared an interim and a final dividend for each year (with the final dividend being paid in the year following the year to which it relates). Subject to the restrictions set out above, Prudential's directors have the discretion to determine whether to pay a dividend and the amount of any such dividend but must take into account the company's financial position.

Under the UK-US Income Tax Treaty, some US holders of Prudential ordinary shares and ADSs are entitled to a UK tax credit, also called the associated UK tax credit, in respect of a dividend from Prudential equal to the tax credit to which UK resident individuals generally are entitled in respect of the dividend. This UK tax credit, however, is subject to a withholding tax under the UK-US Income Tax Treaty. See Item 10, "Additional Information Taxation UK Taxation of Dividends" for a more detailed description of the withholding tax.

The following table shows certain information regarding the dividends that Prudential paid for the periods indicated in pounds sterling and converted into US dollars at the noon buying rate in effect on each payment date. The final dividend with respect to any calendar year is paid in the following calendar year after approval at Prudential's annual general meeting. Interim dividends for a specific year have generally had a record date in September and a payment date in November of that year, and final dividends have generally had a record date in the following March and a payment date in the following May.

Historical Dividend Information

Year	Interim Dividend per Share	Interim Dividend per Share	Final Dividend Per Share	Final Dividend per Share
	(pence)	(US Dollars)	(pence)	(US Dollars)
1997	6.4	0.10700	12.7	0.20736
1998	7.0	0.11598	14.0	0.22369
1999	7.7	0.12292	15.3	0.24620
2000	8.2	0.11652	16.3	0.23105
2001	8.7	0.12528	16.7	0.24048

Exchange Rate Information

Prudential publishes its consolidated financial statements in pounds sterling. References in this document to "US dollars", "US\$", "\$" or "¢" are to US currency, references to "pounds sterling", "£", "pounds", "pence" or "p" are to UK currency (there are 100 pence to each pound) and references to "euro" or "€" are to the European single currency. The following table sets forth the average noon buying rate on the last business day of each month, as certified for customs purposes by the Federal Reserve Bank of New York, for pounds sterling expressed in US dollars per pound sterling for each of the five most recent fiscal years. Prudential has not used these rates to prepare its consolidated financial statements.

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Year Ended December 31,	Average
1997	1.64
1998	1.66
1999	1.61
2000	1.50
2001	1.46

The following table sets forth the high and low noon buying rates for pounds sterling expressed in US dollars per pound sterling for each of the previous six months:

	High	Low
November 2001	1.46	1.41
December 2001	1.46	1.42
January 2002	1.46	1.41
February 2002	1.43	1.41
March 2002	1.43	1.41
April 2002	1.46	1.43

On May 15, 2002, the noon buying rate in New York City was £1.00 = \$1.46.

Forward-Looking Statements

This annual report contains certain "forward-looking statements". All statements regarding Prudential's future financial condition, results of operations and businesses, strategy, plans and objectives are forward-looking. Statements containing the words "believes", "intends", "expects" and words of similar meaning are also forward-looking. Such statements involve unknown risks, uncertainties and other factors that may cause Prudential's results, performance or achievements or conditions in the markets in which it operates to differ from those expressed or implied in such statements. These factors include regulatory changes, technological development, globalization, levels of spending in major economies, the levels of marketing and promotional expenditures, actions of competitors, employee costs, future exchange and interest rates, changes in tax rates and future business combinations or dispositions, together with other factors discussed in " Risk Factors".

In particular, the following are forward-looking in nature:

certain statements in Item 4, "Information on the Company" with regard to strategy and management objectives, trends in market shares, prices, market standing and product volumes and the effects of changes or prospective changes in regulation, and

certain statements in Item 5, "Operating and Financial Review and Prospects" with regard to trends in results, prices, volumes, operations, margins, overall market trends, risk management and exchange rates and with regard to the effects of changes or prospective changes in regulation.

Prudential may also make or disclose written and/or oral forward-looking statements in reports filed or furnished to the US Securities and Exchange Commission, Prudential's annual report and accounts to shareholders, proxy statements, offering circulars, registration statements and prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Prudential to third parties, including financial analysts. Prudential undertakes no obligation to update any of its forward-looking statements. accounting and financial controls and the outside auditors to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or outside auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the A - 3 Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. IV. Duties and Powers of the Audit Committee: To carry out its purposes, the Audit Committee shall have the following duties and powers: 1. with respect to the outside auditor, (i) to be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of disagreements between management and the independent auditors regarding financial reporting), who shall report directly to the Audit Committee ; (ii) to be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services, which firm shall also report directly to the Audit Committee; (iii) to pre-approve or adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors , and to review the fees charged by the outside auditors for audit and non-audit services; (iv) to ensure that

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the outside auditors prepare and deliver annually a Statement as to Independence (it being understood that the outside auditors are responsible for the accuracy and completeness of this Statement), to discuss with the outside auditors any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Company's outside auditors and to recommend that the Board of Directors take appropriate action in response to this Statement to satisfy itself of the outside auditors' independence; (v) to consider whether the outside auditors' provision of non-audit services to the Company is compatible with maintaining the independence of the outside auditors; and (vi) to instruct the outside auditors that the outside auditors are ultimately accountable to the Board of Directors and Audit Committee; (vii) to obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing critical accounting policies and practices used, alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and A - 4 the treatment preferred by the independent auditors and management, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences; (viii) to review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors; (ix) to discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner, and to consider whether there should be a regular rotation of the audit firm itself; (x) to review and approve all related party transactions of the Company ; and (xi) to take into account the opinions of management and the internal officer or officers of the Company responsible for internal accounting and financial controls in assessing the independent auditors' qualifications, performance and independence; 2. with respect to the internal officer or officers of the Company responsible for internal accounting and financial controls, (i) to review the appointment and replacement of the officer or officers of the Company responsible for internal accounting and financial controls; and (ii) to advise that he or she is, or they are, expected to provide to the Audit Committee summaries of and, as appropriate, the significant reports to management prepared by any internal or other auditor and management's responses thereto; 3. with respect to accounting principles and policies, financial reporting and internal control over financial reporting, (i) to advise management and officers responsible for internal accounting and financial controls that they are expected to provide to the Audit Committee a timely communication of significant financial reporting issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting; (ii) to consider any reports or communications (and management's and any other internal responses thereto) submitted to the Audit Committee by the outside auditors, including, but not limited to, reports or communications required by or referred to in Statements on Auditing Standards Nos. 61, 89 and 90 (as codified by AU Section 380), as may be modified or supplemented, including reports and communications related to: A - 5 o deficiencies noted in the audit in the design or operation of internal controls including significant deficiencies or material weaknesses, in internal control identified during the audit or other matters relating to internal control over financial reporting; o consideration of fraud in a financial statement audit; o detection of illegal acts; o the outside auditor's responsibility under generally accepted auditing standards; o any restriction on audit scope o significant accounting policies, or matters that otherwise are required to be disclosed to the Audit Committee, which the Audit Committee may discuss with the auditor's national office as the Audit Committee may deem necessary, with respect to auditing or accounting issues presented by the engagement team; o management judgments and accounting estimates; o any accounting adjustments arising from the audit that were noted or proposed by the auditors but were passed (as immaterial or otherwise); o the responsibility of the outside auditor for other information in documents containing audited financial statements; o disagreements with management; o consultation by management with other accountants; o major issues discussed with management prior to retention of the outside auditor; o difficulties encountered with management in performing the audit; o the outside auditor's judgments about the quality of the entity's accounting principles; and o reviews of interim financial information conducted by the outside auditor; A - 6 (iii) to meet with management, the officer or officers of the Company responsible for internal accounting and financial controls and/or the outside auditors: o to discuss the scope of the annual audit; o to discuss the audited financial statements, including the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations ; o to discuss any significant matters arising from any audit or report or communication referred to in items 2(ii) or 3(ii) above, whether raised by management, the officer or officers of the Company responsible for internal accounting and financial controls, or the outside auditors, relating to the Company's financial statements; o to discuss significant changes to the Company's financial and accounting principles, policies, controls, procedures and practices proposed or contemplated by the outside auditors, the officer or officers of the Company responsible for internal accounting and financial controls or management; and o to inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks;to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management; o to discuss any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company; o to review the form of opinion the independent auditors propose to render to the Board of Directors and shareholders; and o to discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditors setting forth significant financial A - 7 reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; (iv) to inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; (v) to obtain from the outside auditors assurance that the audit was conducted in a manner consistent with the auditing standards generally accepted in the United States of America and with applicable standards adopted or required by other regulators with respect to certain procedures to be followed in any audit of financial statements; to discuss with the Company's General Counsel any significant legal matters that may have a material effect on the financial statements, the Company's compliance policies, including material notices to or inquiries received from governmental agencies; to discuss and

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review the type and presentation of information to be included in earnings press releases; (viii) to discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies; (ix) to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters; (x) to review and discuss any reports concerning material violations submitted to it by Company attorneys or outside counsel pursuant to the SEC attorney professional responsibility rules or otherwise; and (xi) to establish hiring policies for employees or former employees of the independent auditors. 4. with respect to reporting and recommendations, (i) to prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement; (ii) to review this Charter at least annually and recommend any changes to the full Board of Directors; A - 8 (iii) to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate. (iv) to prepare and review with the Board an annual performance evaluation of the Audit Committee, which evaluation must compare the performance of the Audit Committee with the requirements of this charter. The performance evaluation by the Audit Committee shall be conducted in such manner as the Audit Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Audit Committee or any other member of the Audit Committee designated by the Audit Committee to make this report. V. Delegation to Subcommittee. The Audit Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Audit Committee. The Audit Committee may, in its discretion, delegate to one or more of its members the authority (i) to pre-approve any audit or non-audit services to be performed by the independent auditors, and/or (ii) to pre-approve related party transactions, provided, in both cases, that any such approvals are presented to the Audit Committee at its next scheduled meeting. VI. Resources and Authority of the Audit Committee: The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage outside auditors for special audits, reviews and other procedures and to retain special counsel and other experts or consultants without seeking approval of the Board or management. The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for payment of: 1. Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; 2. Compensation of any advisers employed by the Audit Committee; and; 3. Ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. A - 9 ANNEX B CONMED CORPORATION COMPENSATION COMMITTEE CHARTER Purpose of Committee The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Conmed Corporation (the "Company") is to discharge the Committee's responsibilities relating to compensation of the Company's executives and to produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") and applicable law. Committee Membership Except as permitted by Nasdaq rule 4350(c)(3), the Committee shall consist solely of "independent directors," i.e., those directors who neither are officers or employees of the Company or its subsidiaries nor have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who are otherwise "independent" under the rules of the Nasdaq Stock Market, Inc. Members shall be appointed by the Board based on nominations by the Company's Corporate Governance Nominating and Committee and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. Committee Structure and Operations The Committee shall designate one member of the Committee as its chairperson. [In the event of a tie vote on any issue, the chairperson's vote shall decide the issue.] The Committee shall meet in person or telephonically at least twice a year, and perhaps more frequently, in conjunction with regularly scheduled meetings of the Board at regularly scheduled times and places determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. The Company's Chief Executive Officer ("CEO") may not be present during any voting or deliberations of the Committee regarding the CEO's compensation. Committee Duties and Responsibilities The following are the duties and responsibilities of the Committee: 1. In consultation with senior management, to establish the Company's general compensation philosophy, and to oversee the development and implementation of compensation programs. 2. To review and approve corporate goals and objectives relevant to the compensation of the CEO, to evaluate the performance of the CEO in light of those goals and objectives, and to determine, or recommend to the Board for determination, the CEO's compensation level based on this evaluation. In determining or recommending the long-term incentive B - 1 component of CEO compensation, the Committee shall consider, among other factors, the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years, and other factors that the Committee deems appropriate. 3. To determine, or recommend to the Board for determination, the compensation of all other executive officers of the Company. 4. To make recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans, including the Conmed Corporation 1992 Stock Option Plan and the Conmed Corporation 1999 Long-Term Incentive Plan, to oversee the activities of the individuals and committees responsible for administering these plans, to approve grants and issuances under these plans, and to discharge any responsibilities imposed on the Committee by any of these plans. 5. To approve issuances under, or any material amendment of, any tax qualified, non-discriminatory employee benefit plan or parallel nonqualified plan pursuant to which a director, officer, employee or consultant will acquire stock or options. 6. To approve issuances under, or any material amendment of, any stock option or other similar plan pursuant to which a person not previously an employee or director of the Company, as an inducement material to the individual's entering into employment with the Company, will acquire stock or options, upon recommendation and approval of President or CEO. 7. In consultation with management, to oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code. 8. To review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Company. 9. To prepare and issue the evaluations and reports required under "Committee Reports" below. 10. To perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs. Delegation to Subcommittee The Committee may, in its discretion, delegate all or a portion of its duties and

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responsibilities to a subcommittee of the Committee consisting of one or more members. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time, and (ii) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time.

Committee Reports The Committee shall produce the following reports and provide them to the Board.

1. An annual report of the Compensation Committee on executive compensation for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
2. An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this charter. The performance evaluation should also recommend to the Board any improvements to this charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.
3. A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

Resources and Authority of the Committee The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management with respect to compensation consultants retained to assist in the evaluation of director, CEO or executive officer compensation, this authority shall be vested solely in the Committee.

B - 3 ANNEX C CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER Amended and Restated as of February 29, 2004

I. Purpose of Committee The purpose of the Corporate Governance and Nominating Committee (the "Committee") of the Board of Directors (the "Board") of Conmed Corporation (the "Company") is to recommend individuals to the Board for nomination as members of the Board and its committees and to develop and recommend to the Board a set of corporate governance principles applicable to the Company. The Committee shall report to the Board on a regular basis and not less than once a year.

II. Committee Membership The Committee shall consist solely of three or more members of the Board, each of whom is, in the business judgment of the Board, "independent" under the rules of the NASDAQ, or any other similar national stock exchange on which the Company's stock may be listed. The initial members of the Committee shall be appointed by the Board. Candidates to fill subsequent vacancies in the Committee shall be nominated by the Committee as set forth below and appointed by the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

III. Committee Structure and Operations The Committee shall designate one member of the Committee as its chairperson. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue. The Committee shall meet in person or telephonically at least twice a year at a time and place determined by the Committee chairperson, with further meetings to occur when deemed necessary or desirable by the Committee or its chairperson.

IV. Committee Duties and Responsibilities The following are the duties and responsibilities of the Committee:

1. To make recommendations to the Board from time to time as to changes that the Committee believes to be desirable to the size of the Board.
2. To identify individuals believed to be qualified to become Board members, and to recommend to the Board the nominees to stand for election as directors at the annual meeting of stockholders or, if applicable, at a special meeting of stockholders. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the board), the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by stockholders. In nominating candidates, the Committee shall take into consideration such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. The Committee shall consider all candidates recommended by the Company's shareholders in accordance with the procedures set forth in the Company's annual proxy statement. The Committee may also consider candidates proposed by management, but is not required to do so.
3. To identify Board members qualified to fill vacancies on any committee of the Board (including the Committee) and to recommend that the board appoint the identified member or members to the respective committee. In nominating a candidate for committee membership, the Committee shall take into consideration the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members.
4. Establish procedures for the Committee to exercise oversight of the evaluation of the Board and management.
5. Develop and recommend to the Board a set of corporate governance principles applicable to the Company, and to review those principles at least once a year.
6. Prepare and issue the evaluation required under "Performance Evaluation" below.
7. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the nomination of Board and committee members.

V. Performance Evaluation The Committee shall produce and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation shall also recommend to the Board any improvements to the Committee's charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the committee deems appropriate. The report to the Board may take the form of any oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

VI. Delegation to Subcommittee The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

VII. Resources and Authority of the Committee The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants. The Committee shall have the sole authority to select and retain a consultant or search firm, to terminate any consultant or search firm retained by it, and to approve the consultant or search firm's fees and other retention terms.

C - 2