

CONMED CORP
Form DEF 14A
April 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

CONMED CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(3) Filing Party:

(4) Date Filed:

CONMED CORPORATION

525 French Road

Utica, New York 13502

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of CONMED Corporation (the "Company") will be held at the offices of the Company at 525 French Road, Utica, New York on Thursday, May 15, 2008 at 3:30 p.m. (New York time), for the following purposes:

- (1) To elect seven directors to serve on the Company's Board of Directors;
- (2) To ratify the appointment of PricewaterhouseCoopers, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008; and
- (3) To transact such other business as may properly be brought before the meeting or any adjournment thereof.

The shareholders of record at the close of business on March 31, 2008, are entitled to notice of, and to vote at the Annual Meeting or any adjournment thereof.

Even if you plan to attend the Annual Meeting in person, we request that you mark, date, sign and return your proxy in the enclosed self-addressed envelope as soon as possible so that your shares may be certain of being represented and voted at the meeting. Any proxy given by a shareholder may be revoked by that shareholder at any time prior to the voting of the proxy.

By Order of
the Board of
Directors,

/s/ Heather L.
Cohen

Heather L.
Cohen
Secretary

April 14, 2008

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2008
ANNUAL
MEETING OF SHAREHOLDERS TO BE HELD MAY 15, 2008

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The Company's Proxy Statement for the 2008 Annual Meeting of Shareholders, the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2007 and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 are available at www.conmed.com under Investors under Shareholder Meeting Information.

CONMED CORPORATION
525 French Road
Utica, New York 13502

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 15, 2008

The enclosed proxy is solicited by and on behalf of the Board of Directors of CONMED Corporation (the "Company") for use at the Annual Meeting of Shareholders to be held on Thursday, May 15, 2008, at 3:30 p.m. (New York time), at the offices of the Company at 525 French Road, Utica, New York, and any adjournment thereof ("the Annual Meeting"). The matters to be considered and acted upon at the Annual Meeting are described in the foregoing notice of the meeting and this proxy statement. This proxy statement, the related form of proxy and the Company's Annual Report to Shareholders are being mailed on or about April 14, 2008, to all shareholders of record on March 31, 2008. Shares of the Company's common stock, par value \$.01 per share ("Common Stock"), represented in person or by proxy will be voted as described in this proxy statement or as otherwise specified by the shareholder. Any proxy given by a shareholder may be revoked by the shareholder at any time prior to the voting of the proxy by delivering a written notice to the Secretary of the Company, by executing and delivering a later-dated proxy or by attending the meeting and voting in person.

The persons named as proxies are Joseph J. Corasanti and Daniel S. Jonas, who are, respectively, the Chief Executive Officer and President, and the Vice President – Legal Affairs and General Counsel of the Company. The cost of preparing, assembling and mailing the proxy, this proxy statement and other material enclosed, and all clerical and other expenses of solicitations, will be borne by the Company. In addition to the solicitation of proxies by use of the mail, directors, officers and employees of the Company and its subsidiaries may solicit proxies by telephone, telegram or personal interview. The Company also will request brokerage houses and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of Common Stock held of record by such parties and will reimburse such parties for their expenses in forwarding soliciting material.

Votes at the 2008 Annual Meeting will be tabulated by a representative of the Registrar and Transfer Company, which has been appointed by the Company's Board of Directors to serve as inspector of election.

VOTING RIGHTS

The holders of record of the 28,627,208 shares of Common Stock outstanding on March 31, 2008 will be entitled to one vote for each share held on all matters coming before the meeting. The holders of record of a majority of the outstanding shares of Common Stock present in person or by proxy will constitute a quorum for the transaction of business at the meeting. Shareholders are not entitled to cumulative voting rights. Under the rules of the Securities and Exchange Commission, or the SEC, boxes and a designated blank space are provided on the proxy card for shareholders if they wish either to abstain on one or more of the proposals or to withhold authority to vote for one or more nominees for director. In accordance with New York State law, such abstentions are not counted in determining the votes cast at the meeting. With respect to Proposal (1), the director nominees who receive the greatest number of votes at the meeting will be elected to the Board of Directors of the Company. Votes against, and votes withheld in respect of, a candidate have no legal effect. Proposal (2) requires the affirmative vote of the holders of a majority of the votes cast at the meeting in order to be approved by the shareholders.

When properly executed, a proxy will be voted as specified by the shareholder. If no choice is specified by the shareholder, a proxy will be voted “for” all portions of items (1) and (2) and in the proxies’ discretion on any other matters coming before the meeting.

Under the rules of the New York Stock Exchange, Inc., which effectively govern the voting by any brokerage firm holding shares registered in its name or in the name of its nominee on behalf of a beneficial owner, Proposals (1) and (2) are considered “discretionary” items upon which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions within ten days prior to the Annual Meeting.

PROPOSALS TO BE SUBMITTED AT THE ANNUAL MEETING

There are two proposals expected to be submitted for shareholder approval at the Annual Meeting. The first concerns the election of directors. The second concerns ratifying the appointment of PricewaterhouseCoopers, LLP, as the Company’s independent registered public accounting firm (independent accountants). These proposals are more fully described below.

PROPOSAL ONE: ELECTION OF DIRECTORS

At the Annual Meeting, seven directors are to be elected to serve on the Company’s Board of Directors. The shares represented by proxies will be voted as specified by the shareholder. If the shareholder does not specify his or her choice, the shares will be voted in favor of the election of the nominees listed on the proxy card, except that in the event any nominee should not continue to be available for election, such proxies will be voted for the election of such other persons as the Corporate Governance and Nominating Committee of the Board of Directors may recommend. The Company does not presently contemplate that any of the nominees will become unavailable for election for any reason. The director nominees who receive the greatest number of votes at the meeting will be elected to the Board of Directors of the Company. Votes against, and votes withheld in respect of, a candidate have no legal effect. Shareholders are not entitled to cumulative voting rights.

The Board of Directors presently consists of eight directors. Mr. Matthews has chosen not to stand for re-election. Directors hold office for terms expiring at the next annual meeting of shareholders and until their successors are duly elected and qualified. Each of the nominees proposed for election at the Annual Meeting is presently a member of the Board of Directors and has been elected by the shareholders

The following table sets forth certain information regarding the members of, and nominees for, the Board of Directors:

NOMINEES FOR ELECTION AT THE 2008 ANNUAL MEETING

Name	Age	Served As Director Since	Principal Occupation or Position with the Company
Eugene R. Corasanti	77	1970	Chairman of the Board of Directors and Vice Chairman of the Company.
Joseph J. Corasanti	44	1994	Chief Executive Officer and President of the Company; Director of the Company; Director of II-VI, Inc. (Nasdaq: IIVI).
Bruce F. Daniels	73	1992	Executive, retired; former Controller of Chicago Pneumatic Tool Company; Director of the Company. As noted below, the Board of Directors has determined that Mr. Daniels is independent, and is a financial expert.
Jo Ann Golden	60	2003	Partner of Dermody, Burke and Brown, CPAs, LLC (accountants); Director of the Company. As noted below, the Board of Directors has determined that Ms. Golden is independent, and is a financial expert.
Stephen M. Mandia	43	2002	Chief Executive Officer of East Coast Olive Oil Corp.; Director of the Company. As noted below, the Board of Directors has determined that Mr. Mandia is independent.
Stuart J. Schwartz	71	1998	Physician, retired; Director of the Company. As noted below, the Board of Directors has determined that Dr. Schwartz is independent.
Mark E. Tryniski	47	2007	President and Chief Executive Officer of Community Bank System, Inc. in DeWitt, New York (NYSE: CBU); former partner of PricewaterhouseCoopers LLP in Syracuse, New York; Director of the Company. As noted below, the Board of Directors has determined that Mr. Tryniski is independent, and is a financial expert.

More information concerning the directors and nominees is set forth below under the heading Corporate Governance Matters – Directors, Executive Officers, Senior Officers and Nominees for the Board of Directors.

The Board of Directors recommends a vote FOR this proposal.

PROPOSAL TWO: INDEPENDENT ACCOUNTANTS

The independent accountants for the Company have been PricewaterhouseCoopers LLP since 1982. The Audit Committee appointed PricewaterhouseCoopers LLP to be nominated as independent accountants for 2008, subject to shareholder ratification.

Unless otherwise specified, shares represented by proxies will be voted for the ratification of the appointment of PricewaterhouseCoopers LLP as independent accountants for 2008. Neither our certificate of incorporation nor our by-laws require that the shareholders ratify the appointment of PricewaterhouseCoopers LLP as our independent accountants. We are doing so because we believe it is a matter of good corporate governance. If the shareholders do not ratify the appointment, the Audit Committee will reconsider whether to retain PricewaterhouseCoopers LLP, but may elect to retain them. Even if the appointment is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such change would be in the best interests of the Company and its shareholders.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the meeting. Those representatives will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The affirmative vote of the holders of a majority of votes cast at the meeting is necessary for the ratification of the appointment of PricewaterhouseCoopers LLP as independent accountants for the Company for 2008.

The Board of Directors recommends a vote FOR this proposal.

OTHER BUSINESS

Management knows of no other business which will be presented for consideration at the Annual Meeting, but should any other matters be brought before the meeting, it is intended that the persons named in the accompanying proxy will vote such proxy at their discretion.

SHAREHOLDER PROPOSALS FOR 2009 ANNUAL MEETING

Any shareholder desiring to present a proposal to the shareholders at the 2009 Annual Meeting, which currently is expected to be scheduled on or about May 14, 2009, and who desires that such proposal be included in the Company's proxy statement and proxy card relating to that meeting, must transmit that proposal to the Company so that it is received by the Company at its principal executive offices on or before December 15, 2008. All such proposals should be in compliance with applicable SEC regulations. The Company's Corporate Governance and Nominating Committee will consider nominees for election as directors who are proposed by shareholders if the following procedures are followed. Shareholders wishing to propose matters for consideration at the 2009 Annual Meeting or to propose nominees for election as directors at the 2009 Annual Meeting must follow specified advance notice procedures contained in the Company's by-laws, a copy of which is available on request to the General Counsel of the Company, c/o CONMED Corporation, 525 French Road, Utica, New York 13502 (Telephone (315) 797-8375). As of the date of this proxy statement, shareholder proposals, including director nominee proposals, must comply with the conditions set forth in Section 1.13 of the Company's by-laws and to be considered timely, notice of a proposal must be received by the Company between February 13, 2009 and March 15, 2009.

CORPORATE GOVERNANCE MATTERS
DIRECTORS, EXECUTIVE OFFICERS, SENIOR OFFICERS AND
NOMINEES FOR THE BOARD OF DIRECTORS

Director Nominees

EUGENE R. CORASANTI (age 77) has served as Chairman of the Board of the Company since its incorporation in 1970. Mr. Corasanti also served as the Company's Chief Executive Officer since its founding through December 31, 2006 and continues to serve as Vice Chairman. Prior to the founding of the Company, Mr. Corasanti was an independent public accountant. Mr. Corasanti holds a B.B.A. degree in Accounting from Niagara University. Eugene R. Corasanti's son, Joseph J. Corasanti, is Chief Executive Officer and President and a Director of the Company.

JOSEPH J. CORASANTI (age 44) has served as Chief Executive Officer and President since January 1, 2007, having served as President and Chief Operating Officer of the Company since August 1999 and as a Director of the Company since May 1994. Mr. Corasanti is also a member of the Board of Directors of II-VI, Inc. (Nasdaq: IIVI), a manufacturer of optical and electro-optical components and devices for infrared, e-ray, gamma-ray, telecommunication and other applications, where Mr. Corasanti is a member of the audit committee. He also served as General Counsel and Vice President-Legal Affairs of the Company from March 1993 to August 1998 and Executive Vice-President/General Manager of the Company from August 1998 to August 1999. Prior to that time he was an Associate Attorney with the law firm of Morgan, Wenzel & McNicholas, Los Angeles, California from 1990 to March 1993. Mr. Corasanti holds a B.A. degree in Political Science from Hobart College and a J.D. degree from Whittier College School of Law. Joseph J. Corasanti is the son of Eugene R. Corasanti, Chairman of the Board and Vice Chairman of the Company.

BRUCE F. DANIELS (age 73) has served as a Director of the Company since August 1992. Mr. Daniels is a retired executive. From August 1974 to June 1997, Mr. Daniels held various executive positions, including a position as Controller with Chicago Pneumatic Tool Company. Mr. Daniels holds a B.S. degree in Business from Utica College of Syracuse University. The Board of Directors has determined that Mr. Daniels is independent, and that he is an audit committee financial expert, within the meaning of the rules of the Securities and Exchange Commission.

JO ANN GOLDEN (age 60) has served as a Director of the Company since May 2003. Ms. Golden is a certified public accountant and has been the managing partner of the New Hartford, New York office of Dermody Burke and Brown, CPAs, LLC, an accounting firm. Ms. Golden was the past President of the New York State Society of Certified Public Accountants ("the State Society"), having served previously as the Secretary and Vice President of the State Society. In addition, Ms. Golden was a president of the New York State Society's Foundation for Accounting Education. Ms. Golden served as a member of the governing Council of the American Institute of Certified Public Accountants ("AICPA"), and was a member of the AICPA's Global Credential Survey Task Force in 2001. Ms. Golden holds a B.A. from the State University College at New Paltz, and a B.S. in Accounting from Utica College of Syracuse University. The Board of Directors has determined that Ms. Golden is independent, and that she is an audit committee financial expert, within the meaning of the rules of the Securities and Exchange Commission.

STEPHEN M. MANDIA (age 43) has served as a Director of the Company since July 2002. Mr. Mandia has been the Chief Executive Officer of East Coast Olive Oil Corp. since 1991. Mr. Mandia also possesses financial ownership and sits on the board of ECOO Realty Corp. and Northside Gourmet Corporation. Mr. Mandia holds a B.S. Degree from Bentley College, located in Waltham, Massachusetts, having also undertaken undergraduate studies at Richmond College in London. The Board of Directors has determined that Mr. Mandia is independent within the meaning of the rules of the Securities and Exchange Commission.

STUART J. SCHWARTZ (age 71) has served as a Director of the Company since May 1998. Dr. Schwartz is a retired physician. From 1969 to December 1997 he was engaged in private practice as an urologist. Dr. Schwartz holds a B.A. degree from Cornell University and an M.D. degree from SUNY Upstate Medical College, Syracuse. The Board of Directors has determined that Dr. Schwartz is independent within the meaning of the rules of the Securities and Exchange Commission.

MARK E. TRYNISKI (age 47) has served as a Director of the Company since May 2007. He is the President and Chief Executive Officer of Community Bank System, Inc. (NYSE:CBU), where he served as Executive Vice President and Chief Operating Officer from February 2004 through August 2006. From June 2003 through February 2004, Mr. Tryniski was the Chief Financial Officer. Prior to joining Community Bank in June 2003, Mr. Tryniski was a partner with PricewaterhouseCoopers LLP in Syracuse, New York. Mr. Tryniski holds a B.S. degree from the State University of New York at Oswego. The Board of Directors has determined that Mr. Tryniski is independent, and an audit committee financial expert, within the meaning of the rules of the Securities and Exchange Commission.

The Board of Directors has determined that Messrs. Daniels, Mandia, and Tryniski, and Ms. Golden and Dr. Schwartz, have no material relationship with the Company and are independent under the standards of the Nasdaq Stock Market.

After conducting a self-assessment, the Board agreed that the independent directors would meet in executive session after at least two Board meetings each year. Currently there is no lead director, and the independent directors designate, on a rotational basis, which director will preside at each executive session.

The Company's Directors are elected at each annual meeting of shareholders and serve until the next annual meeting and until their successors are duly elected and qualified. Mr. Matthews, a director since 1997, has decided not to stand for election at the 2008 Annual Meeting. Eugene R. Corasanti's employment is subject to an employment agreement which is terminable at will, as further described below. Joseph J. Corasanti's employment is subject to an amended and restated employment agreement which expires on December 31, 2009. The Company's other officers are appointed by the Board of Directors and, except as set forth below, hold office at the will of the Board of Directors.

Executive Officers

WILLIAM W. ABRAHAM (age 76) joined the Company in May 1977 as General Manager. He served as the Company's Vice President-Manufacturing and Engineering from June 1983 until October 1989. In November of 1989 he was named Executive Vice President and in March 1993, he was named Senior Vice President of the Company. Mr. Abraham holds a B.S. degree in Industrial Management from Utica College of Syracuse University.

DAVID A. JOHNSON (age 45) joined the Company as VP, Operations in February and became the VP, Global Operations and Supply Chain in February 2008. Prior to joining the Company, Mr. Johnson held positions of VP, Global Operations and VP/GM at Invacare. He also held various Operations and General Manager roles at Chattanooga Group and Stryker Corporation. He holds a B.A. degree in Biology/Business from Albion College and an MBA in Operations/Supply Chain from Michigan State.

DANIEL S. JONAS (age 44) joined the Company as General Counsel in August 1998 and in addition became the Vice President-Legal Affairs in March 1999. In September 1999 through July 2005, Mr. Jonas assumed responsibility for certain of the Company's Regulatory Affairs and Quality Assurance Departments. In March 2003, Mr. Jonas also became responsible for the administration of the Company's ethics policy. Mr. Jonas is also a director and secretary of MedTech Association, Inc. Prior to his employment with the Company, Mr. Jonas was a partner with the law firm of Harter, Secrest & Emery, LLP in Syracuse from January 1998 to August 1998, having joined the firm as an Associate Attorney in 1995. Mr. Jonas holds an A.B. degree from Brown University and a J.D. from the University of Pennsylvania Law School.

JANE E. METCALF (age 51) joined the Company in July 2005 as the Vice President of Corporate Regulatory Affairs. Prior to her employment with the Company, Ms. Metcalf was the Vice President of Quality Assurance and Regulatory Affairs at 3F Therapeutics in Lake Forest, California, from June 2003 through June 2005, and held the position of Vice President Development Systems and Vice President Quality Assurance and Regulatory Affairs for Avail Medical in Santa Ana, California, from April 2000 through May 2003. Prior to that, Ms. Metcalf held management positions with Medtronic and Allergan. Ms. Metcalf holds a B.S. in Chemical Engineering from the University of Massachusetts, and an M.B.A. from the University of California.

LUKE A. POMILIO (age 43) joined the Company as Controller in September 1995. In addition, in September 1999, Mr. Pomilio became a Vice President with responsibility for certain of the Company's manufacturing and research and

development activities. Prior to his employment with the Company, Mr. Pomilio served as Controller of Rome Cable Corporation, a wire and cable manufacturer. He was also employed as a certified public accountant for Price Waterhouse LLP where he most recently served as an audit manager. Mr. Pomilio graduated with a B.S. degree in Accounting from Clarkson University.

ROBERT D. SHALLISH, Jr. (age 59) joined the Company as Chief Financial Officer and Vice President-Finance in December 1989 and has also served as an Assistant Secretary since March 1995. Prior to this he was employed as Controller of Genigraphics Corporation in Syracuse, New York since 1984. He was employed by Price Waterhouse LLP as a certified public accountant and senior manager from 1972 through 1984. Mr. Shallish graduated with a B.A. degree in Economics from Hamilton College and holds a Master's degree in Accounting from Syracuse University.

Senior Officers

TERENCE M. BERGÉ (age 38) joined the Company in June 1998 as Assistant Corporate Controller and has served as the Company's Treasurer since March 2008. Prior to joining the Company, Mr. Bergé was employed by Price Waterhouse LLP from 1991 through 1998 where he served most recently as an audit manager. Mr. Bergé is a certified public accountant and holds a B.S. degree in Accounting from the State University of New York at Oswego.

HEATHER L. COHEN (age 35) joined the Company in October 2001 as Associate Counsel, has served as Deputy General Counsel since March 2002 and as the Company's Secretary since March 2008. Prior to joining the Company, Ms. Cohen was an Associate Attorney with the law firm Getnick Livingston Atkinson Gigliotti & Priore, LLP from 1998 to 2001. Ms. Cohen holds a B.A. in Political Science and Education from Colgate University and a J.D. from Emory University.

DAVID R. MURRAY (age 60) joined the Company in July 2004 as the President of CONMED Electrosurgery. Mr. Murray was self-employed as a consultant to medical device businesses from 2001 through 2004, and served as the President and Chief Executive Officer of Cryogen, Inc. from 1996 through 2001. Mr. Murray holds a B.S. in Industrial Management from Purdue University, and an M.B.A. in Finance from the Wharton School of the University of Pennsylvania.

JOHN J. STOTTS (age 51) joined the Company as Vice President-Marketing and Sales for Patient Care in July 1993 and became Vice President-Marketing in December 1996. In January 2000, Mr. Stotts became Vice President - Marketing and Sales for Patient Care Products, a position now referred to as Vice President - Patient Care. Prior to his employment with the Company, Mr. Stotts served as Director of Marketing and Sales for Medtronic Andover Medical, Inc. Mr. Stotts holds a B.A. degree in Business Administration from Ohio University.

DENNIS M. WERGER (age 54) joined the Company in November 2004 as the Vice President and General Manager of CONMED Endoscopic Technologies ("CET"). From October 2002 until November 2004, Mr. Werger was the President and Chief Operating Officer of Granit Medical Innovations, LLC in Nashua, N.H. and New York, N.Y. Prior to that, Mr. Werger was the Vice President of Marketing for the Endoscopic Technologies division of C.R. Bard in Billerica, MA, having held other positions with C.R. Bard prior to that. Mr. Werger holds a B.S. in Accounting degree from Mt. St. Mary's College, and a Masters in Business Administration from the University of Phoenix in Denver, Colorado.

FRANK R. WILLIAMS (age 59) joined the Company in 1974 as Sales Manager and Director of Marketing and became Vice President-Marketing and Sales in June 1983. In September 1989, Mr. Williams was named Vice President-Business Development. In November 1995, he was named Vice President-Technology Assessment and in January 2000, was also named Vice President-Research and Development and Marketing for Minimally Invasive Surgical Products, a position now known as Vice President - Endosurgery. Mr. Williams graduated with a B.A. degree from Hartwick College in 1970 as a biology major and did his graduate study in Human Anatomy at the University of Rochester College of Medicine.

MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES

The full Board of Directors met six times in person or by telephone conference call, and did not have any votes by unanimous consent during 2007. Each director attended or acted upon 100% of the total 2007 full board meetings except one director was unable to attend one meeting.

Board Committees:

The Company's Board of Directors currently has three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. Members of the individual committees are named below:

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Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Bruce F. Daniels, Chairman	William D. Matthews, Chairman	Stephen M. Mandia, Chairman
Jo Ann Golden	Bruce F. Daniels	William D. Matthews
William D. Matthews	Stephen M. Mandia	Stuart J. Schwartz
Mark E. Tryniski	Stuart J. Schwartz	

The Audit Committee consists of four independent directors. As more fully detailed in its charter, the Audit Committee is charged with (a) oversight of the Company's accounting and financial reporting principles, policies and internal accounting controls and procedures; (b) oversight of the Company's financial statements and the independent audit thereof; (c) nominating the outside auditors to be proposed for shareholder approval; (d) evaluating and, where deemed appropriate, replacing the independent auditors; (e) pre-approving all services permitted by law to be performed by the independent auditors, (f) approving all related-party transactions; and (g) establishing procedures for (i) the receipt, retention and treatment of complaints by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Audit Committee has delegated its authority to pre-approve work by the independent auditors and related party transactions to the Chairman of the Audit Committee, who is required to disclose any such pre-approvals at the Audit Committee's next meeting. The Audit Committee met eleven times during 2007. All members of the Audit Committee attended every meeting, with the exception of one director who was unable to attend one meeting. The current Audit Committee Charter is available in the corporate governance section of the Company's web site at (<http://www.conmed.com>) by first clicking on "INVESTORS", then "SEC FILINGS" and then "CORPORATE GOVERNANCE". The charter is also available in print to any shareholder who requests it.

The Compensation Committee consists of four independent directors. As set forth in its charter the Compensation Committee is charged with reviewing and establishing levels of salary, bonuses, benefits and other compensation for the Company's officers. The Compensation Committee met five times during 2007. All members of the Compensation Committee attended every meeting. Dr. Schwartz was nominated and elected by the Board of Directors to the Committee in November 2007. He attended all meetings since his election. The current Compensation Committee Charter is available in the corporate governance section of the Company's web site at (<http://www.conmed.com>) by first clicking on "INVESTORS", then "SEC FILINGS" and then "CORPORATE GOVERNANCE". The charter is also available in print to any shareholder who requests it.

The Corporate Governance and Nominating Committee consists of three independent directors. As stated in its charter, the Corporate Governance and Nominating Committee is responsible for recommending individuals to the full Board of Directors for nominations as members of the Board of Directors, and for developing and recommending to the full Board of Directors a set of corporate governance principles. The Corporate Governance and Nominating Committee will consider, but is not obligated to accept, shareholder recommendations for individuals to be nominated provided that such recommendations are submitted in writing to the Company's General Counsel within the time frame for Shareholder Proposals for the Annual Meeting. The Corporate Governance and Nominating Committee met three times during 2007. All members of the Corporate Governance and Nominating Committee attended every meeting. The current Corporate Governance and Nominating Committee Charter and Corporate Governance Principles are available in the corporate governance section of the Company's web site at (<http://www.conmed.com>) by first clicking on "INVESTORS", then "SEC FILINGS" and then "CORPORATE GOVERNANCE". The charter is also available in print to any shareholder who requests it.

AUDIT COMMITTEE REPORT

The role of the Audit Committee is to assist the Board of Directors in its oversight of the Company's financial reporting process. The Board of Directors, in its business judgment, has determined that all members of the Audit Committee are "independent", as required by applicable listing standards of the Nasdaq Stock Market, in that no member of the Audit Committee has received any payments, other than compensation for Board services, from the Company. Although not currently engaged professionally in the practice of auditing or accounting, the Audit Committee and Board of Directors have determined that Messrs. Daniels, Matthews and Tryniski qualify as "audit committee financial experts" within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002 and the implementing regulations. In addition, the Audit Committee and Board of Directors have determined that Ms. Golden, who is engaged professionally in the practice of auditing and accounting (although her service on the Board and on the Committee is not an engagement for the purpose of auditing or accounting), qualifies as an "audit committee financial expert" within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002 and the implementing regulations. The Audit Committee operates pursuant to a Charter that was last amended and restated by the Board of Directors on March 17, 2004. A copy of the amended and restated charter was attached to the 2004 proxy statement and is available on the Company's Web site.

Management is responsible for CONMED's internal controls, financial reporting process and compliance with laws and regulations. The independent accountants are responsible for performing an integrated audit of CONMED's consolidated financial statements and of its internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). The Audit Committee's responsibility is to monitor and oversee these processes, as well as to attend to the matters set forth in the amended and restated charter.

In this context, the Audit Committee has met on numerous occasions and held discussions with management and with the independent auditors, including executive meetings without management present. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Audit Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards Nos. 61, 89 and 90 (Communication with Audit Committees).

CONMED's independent auditors also provided to the Audit Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent accountants their independence. In this regard, the Audit Committee has determined that the provision of non-audit services by the independent auditors is compatible with the auditors' independence in light of the nature and extent of permissible non-audit services provided to the Company.

Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal control and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Company's auditors are in fact "independent."

Based upon the Audit Committee's review and discussions referred to above, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Charter, the Audit Committee recommended that the Board of Directors include the Company's audited consolidated financial statements in CONMED's Annual

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Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission.

Submitted by the Audit Committee,

Bruce F. Daniels (Chair) Jo Ann Golden
William D. Matthews Mark E. Tryniski

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE REPORT

The role of the Corporate Governance and Nominating Committee 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 Board of Directors, in its business judgment, has determined that all members of the Corporate Governance and Nominating Committee are “independent,” as required by applicable listing standards of the Nasdaq Stock Market, in that no member of the Corporate Governance and Nominating Committee has received any payments, other than compensation for Board services, from the Company. The Corporate Governance and Nominating Committee operates pursuant to a Charter that was last amended and restated by the Board of Directors on February 29, 2004. A copy of the amended and restated charter is attached to the 2004 proxy statement and is available on the Company’s web site.

The Corporate Governance and Nominating Committee has no fixed process for identifying and evaluating potential candidates to be nominees. To date, the Corporate Governance and Nominating Committee has not retained the services of any third party to assist in the process of identifying or evaluating candidates, although this could change should circumstances warrant the services of a third party. Likewise, the Corporate Governance and Nominating Committee has no fixed set of qualifications that must be satisfied before a candidate will be considered. Rather, the Corporate Governance and Nominating Committee has opted to retain the flexibility to consider 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 may consider candidates proposed by management, but is not required to do so. As previously disclosed, the Corporate Governance and Nominating Committee will consider any nominees submitted to the Company by shareholders wishing to propose nominees for election as directors at the 2009 Annual Meeting, provided that the shareholders proposing any such nominees have adhered to specified advance notice procedures contained in the Company’s by-laws, a copy of which is available on request to the General Counsel of the Company, CONMED Corporation, 525 French Road, Utica, New York 13502 (Telephone (315) 797-8375).

Submitted by the Corporate Governance and Nominating Committee,

Stephen M. Mandia William D. Matthews
(Chair)
Stuart J. Schwartz

SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders who wish to communicate with the Board of Directors may do so by sending correspondence to the attention of the General Counsel of the Company at 525 French Road, Utica, New York 13502 with a cover letter explaining that the correspondence is intended for the Board of Directors. At this time, no communications received by the Company in this manner will be screened, although this could change without prior notice. In addition, questions may be posed to directors during the question and answer period at the Annual Meeting of Shareholders. The Company has no formal policy requiring that directors attend the Annual Meeting of Shareholders, although the Company’s expectation is that all directors will attend absent exceptional circumstances. Historically, all directors have attended the Annual Meeting of Shareholders, and all but one director were present at the 2007 Annual Meeting of Shareholders.

ETHICS DISCLOSURE

The Company has adopted, as of March 31, 2003, an ethics program which applies to all employees, including senior financial officers and the principal executive officer. The ethics program is generally available through the “Investors” section of the CONMED Corporation web site (<http://www.conmed.com>), and is administered by the Company’s General Counsel. The Program codifies standards reasonably necessary to deter wrongdoing and to promote honest and ethical conduct, avoidance of conflicts of interest, full, fair, accurate, timely and understandable disclosure, compliance with laws, prompt internal reporting of code violations and accountability for adherence to the code and permits anonymous reporting by employees to an independent third-party, which will alert the Chair of the Audit Committee of the Board of Directors if and when it receives any anonymous reports. No waivers under the Ethics Policy have been granted.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate fees and expenses billed by PricewaterhouseCoopers LLP for professional services rendered for the audit of the Company's annual financial statements for the years ended December 31, 2006 and December 31, 2007, for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for those years, for the audit of the Company's internal control over financial reporting as of December 31, 2006 and December 31, 2007, and all other audit related, and tax consulting and other fees and expenses, are set forth in the table below.

Fee Summary	2007	2006
Audit Fees and Expenses:		
Audit of Annual Financial Statements and Interim Reviews	\$1,120,000	\$1,254,000
Audit of Internal Control over Financial Reporting	Included above	Included above
SEC Registration Statements	\$7,500	\$10,000
Total Audit Fees and Expenses	\$1,127,500	\$1,264,000
Audit Related:		
Benefit Plan Audits	\$0	\$0
Tax:		
Tax Compliance and Consulting Services	\$135,000	\$351,300
All Other:		
Research Service License	\$1,500	\$1,500
	\$1,264,000	\$1,616,800

Total Fees and
Expenses

The Audit Committee has adopted procedures requiring prior approval of particular engagements for services rendered by the Company's independent auditors. Consistent with applicable laws, the procedures permit one or more members of the Audit Committee to approve such services pursuant to authority delegated by the Audit Committee, provided the Audit Committee is informed.

COMPENSATION DISCUSSION AND ANALYSIS

The Company believes that compensation should be heavily influenced by the Company's financial performance. The objective of the compensation program is to provide a balance between short and long term performance, and to attract, motivate and retain executives. In particular, the executive compensation program is designed to reward improvements in earnings, sales and other financial metrics, as well as operating results and improvements in individual performance. Further, executive employment, advancement and compensation is contingent on demonstrating high ethical standards and compliance with governmental and regulatory standards. Competition for and retention of executives with the experience and qualifications to achieve our business goals are key considerations in the compensation program.

The current compensation is comprised of five components:

- Salary: a base salary based on position;
- Non-Equity Incentive Plans: executive and senior officers participate in an annual Executive Incentive Plan, generally based on corporate-wide or division-specific earnings-related objectives measured over the course of a particular year, paid in cash;
- Discretionary Bonuses: executive and senior officers may be awarded a discretionary bonus from time to time;
- Equity Compensation: equity compensation is awarded to align the interests of management with the interests of shareholders over the long term; and
- Perquisites: the Company provides certain perquisites that are deemed customary and necessary to attract and retain executive talent.

The components, or elements within a component, may change to adjust to the market competitiveness for executive talent. There is no pre-established formula setting the relative weight to these components.

The Compensation Committee is responsible for and oversees all aspects of compensation for executive and senior officers as well as certain other key employees. The Committee relies on certain executive officers, and the Chief Executive Officer in particular, to make recommendations on compensation levels.

The Compensation Committee reviews compensation for similar positions at other corporations within a designated peer group of companies that includes other public medical device companies. Some of the peer companies are larger, and some smaller when measured both with respect to revenues and/or market capitalization. The purpose of the review is to ensure that the Company's overall compensation levels, and the components thereof, are appropriate in light of the nature of the medical device business and the talent for which we compete. There is no fixed formula or percentile of market-established compensation levels which the Company strives to meet. The list of such companies reviewed may from time to time include the following: American Medical Holdings, Inc., Arthrocare Corporation, CR Bard, Inc., Datascope Corp., Integra Life Sciences Holdings Corporation, Orthofix International N.V., and Wright Medical Group, Inc..

The Compensation Committee may revise the list of peer companies used for benchmarking purposes as appropriate for reasons including, but not limited to, changes in revenues, market capitalization, and the medical device industry so that the peer companies include those companies with whom we compete for executive talent. We have revised the list of peer companies from 2006 to focus on comparable medical device companies as well as to eliminate those companies that have since been privatized.

Salary

Base salary is an integral component of the total compensation program.

A named executive officer's (an "NEO") salary is initially established based upon an evaluation of the marketplace and the responsibilities of the NEO. Absent a promotion or some other unusual circumstance, salaries are reviewed once per year. Although there is no fixed formula used to select the amount of the increase, the criteria considered include the individual NEO's performance and responsibilities, the Company's performance, and any increase in the cost of living, although no specific inflation index is used for this factor. In this review process, the Compensation Committee considers the recommendation of the CEO in reviewing and approving the base salaries of the executive and senior officers at a meeting of the Compensation Committee in the April/May time frame, with the final decisions made by the Compensation Committee and Board of Directors following the annual shareholders meeting in May.

Under the terms of the CEO's employment agreement, there is a specified minimum level of salary and deferred compensation that must be awarded to the CEO and under the terms of his employment agreement as amended as of October 31, 2006 and effective as of January 1, 2007, the minimum amounts were \$450,000 in salary, and \$150,000 in deferred compensation. In 2007, as a result of interim raises in salary, the base salary for the CEO, was increased by five percent from \$450,000 to \$472,500. The Company increased the other NEOs' salaries by five to six percent during 2007.

Non-Equity Incentive Plans

The performance goal and target bonus percentage for the Executive Incentive Plan are established in the first quarter of the year, with the approval of the Compensation Committee and the Board of Directors at the meeting typically held in late February or early March. For 2007, the performance goal for NEOs at a corporate level was \$1.20 earnings per share, net of unusual charges or credits, and specifically excluded any recovery realized or expenditures incurred in litigation against Johnson & Johnson. For 2007, the Executive Incentive Plan for NEOs at a business unit level was based on earnings before interest and taxes of the applicable unit. The target bonus percentage for NEOs in 2007 with corporate-wide responsibility was 30% of base salary, with a maximum incentive payment of 70% of salary if earnings per share of 112.5% or more of target was achieved. For Mr. Woodard, the target bonus percentage was 40% of base salary, with a maximum incentive payment of 100% if 105.5% or more of the target was achieved.

In 2007, the actual incentive earned by Mr. J. Corasanti, Mr. Shallish, Mr. Jonas, and Mr. Pomilio was 70% of base salary based on the Company achieving \$1.37 earnings per share excluding unusual or extraordinary charges or credits, and exclusive of the expenses and recovery from Johnson & Johnson in the antitrust litigation. For Mr. Woodard, the actual incentive earned was 70% of salary based on the results of his business unit.

For the NEOs with corporate-wide responsibilities, the 2008 Executive Incentive Plan establishes a performance goal of \$1.50 earnings per share, net of unusual charges or credits, which is within the range of \$1.48 to \$1.56 that the Company provided as guidance in the first quarter of 2008. The minimum target bonus percentage remains at 30% of base salary.

Discretionary Bonus

The Committee also has the discretion, upon the recommendation of the CEO and certain executive officers, to review at year-end a business unit's actual results, and may consider certain mitigating factors, such as one-time costs or other unique events not contemplated at the time the goals were established. The Committee in such circumstances may also consider the need to attract and retain executive talent. In such instances, a discretionary bonus may be awarded to adjust for these factors. No NEOs earned a discretionary bonus in 2007.

Equity Compensation

Equity compensation, in the form of stock options, stock appreciation rights ("SARs") or restricted stock units ("RSUs"), is awarded to align the interests of NEOs with those of shareholders, encourage long-term retention, and to provide a counter-balance to the incentives offered by the Executive Incentive Plan which reward the achievement of short-term performance goals.

The Company's equity compensation awards generally provide for no shorter than five year vesting periods. The exercise price on all outstanding options and SARs is equal to the quoted fair market value of the stock at the date of grant. RSUs are valued at the market value of the underlying stock on the date of grant. Stock options, SARs and

RSUs are generally non-transferable other than on death and expire ten years from date of grant. SARs are only settled in shares of the Company's stock.

During 2007, Mr. J. Corasanti, received 25,000 RSUs and 62,500 SARs. Mr. Shallish, Mr. Jonas and Mr. Pomilio each received 4,000 RSUs and 10,000 SARs. Mr. Woodard received 2,000 RSUs and 5,000 SARs.

For NEOs, the process for the awarding of equity compensation generally coincides with annual salary increases reviewed in the April/May time frame. Beginning in 2008, equity compensation may be determined during the April/May timeframe with the grant not to be awarded until June 1st or the closest business day to this date for ease of administration.

Retirement Benefits

All employees, including the NEOs, in the United States are eligible to participate in the Retirement Pension Plan and Retirement Savings Plan. The following summary of the terms of these plans is qualified in its entirety by reference to the complete plan documents.

Retirement Pension Plan

As of January 1, 2004, the Aspen Laboratories, Inc. Retirement Plan ("Aspen Plan") and the Linvatec Corporation Income Plan ("Linvatec Plan") were merged with the CONMED Corporation Pension Plan "D" ("CONMED Plan") which was renamed the CONMED Corporation Retirement Pension Plan ("Retirement Plan").

Under the Retirement Plan, upon the later of the attainment of age 65 or the completion of 5 years of participation, employees are entitled to annual pension benefits equal to the greater of: (a) 1.65% of a participant's average monthly compensation multiplied by years of benefit service with the product being reduced by 0.65% of a participant's monthly covered wages multiplied by years of benefit service (not to exceed 35) or (b) the benefit the participant would have been entitled to prior to December 31, 2003. Special plan provisions exist for early retirement, deferred retirement, death or disability prior to eligibility for retirement and lump sum benefit payments. A participant is 100% vested after five years of service. The participant may elect one of the following forms of payment: lump sum distribution for benefits earned through December 31, 2003, single life annuity or joint and survivor annuity.

For employees who met the eligibility requirements of the CONMED Plan as of December 31, 2003, the calculation of benefits under the Retirement Plan is the greater of (i) the benefit earned under the CONMED Plan as of December 31, 2003 is calculated or (ii) the benefit under the new formula provided by the Retirement Plan is calculated based on the date of retirement or otherwise terminate employment.

For employees who met the eligibility requirements of the Linvatec Plan as of December 31, 2003, the calculation of benefits under the Retirement Plan is the greater of (i) the benefit earned under the Linvatec Plan as of December 31, 2003 is calculated or (ii) the benefit under the new formula provided by the Retirement Plan is calculated based on the date of retirement or otherwise terminate employment.

For employees who met the eligibility requirements of the Aspen Plan as of December 31, 2003, the calculation of benefits under the Retirement Plan is the greater of (i) the benefit earned under the Aspen Plan as of December 31, 2003 is calculated or (ii) the benefit under the new formula provided by the Retirement Plan is calculated based on the date of retirement or otherwise terminate employment.

Retirement Savings Plan

The Savings Plan is a tax-qualified retirement savings plan pursuant to which all employees are eligible after completing three months of service, including the NEO's who meet the Plan's requirements. A participant can contribute 1 to 50 percent (16% prior to January 1, 2002) of his or her annual compensation, as defined, up to the maximum annual limitations as provided by the Internal Revenue Code ("IRC"). The Company matches 50 percent of each participant's contribution up to a maximum of 6 percent of participant compensation. All employee contributions

are fully vested upon contribution. All matching contributions vest upon completion of five years of service.

Perquisites

The Company also provides certain perquisites to the NEOs, to provide convenience and support services that the Company views as customary and necessary to attract, motivate and retain executive talent. These include car allowances (although in limited cases the Company has also leased the NEOs' cars directly), long term care insurance, and reimbursement of country club dues. These perquisites are discussed in more detail below in the Summary Compensation Table.

In the case of Mr. J. Corasanti, the Company is contractually obligated to reimburse certain legal or accounting fees and to provide payments to Mr. J. Corasanti in an amount sufficient to allow him to continue to pay the premiums due on a split-dollar life insurance policy. During 2007, \$47,654 was awarded to Mr. J. Corasanti, of which \$27,020 related to premium and \$20,634 was intended as a “gross-up” to reimburse Mr. J. Corasanti for the tax liability created by the payment.

Employment Contracts

As a general matter, NEOs are employees at will and have no employment contracts. The exception to this general policy is the employment agreement for the CEO as well as Change in Control severance agreements for all NEOs.

A. CEO Employment Agreement

Consistent with the Company’s compensation policy, the Board of Directors believes that compensation of Joseph J. Corasanti, the Company’s Chief Executive Officer, should be heavily influenced by company performance, long-term growth and strategic positioning, as well as regulatory and ethics compliance. Therefore, although there is necessarily non-performance-based pay reflected in providing a salary to him, major elements of the compensation package are directly tied to company performance, long-term growth and strategic positioning. Mr. J. Corasanti has an employment agreement with the Company, extending from January 1, 2000 through December 31, 2009 (the “CEO Employment Agreement”). This agreement was amended and restated as of November 12, 2004 whereby Mr. J. Corasanti began serving as the Chief Operating Officer of the Company and received an annual salary of not less than \$375,000. Mr. J. Corasanti also received deferred compensation of \$100,000 per year with interest at 10% per annum for payments accrued through December 31, 2004, with payments of \$125,000 to accrue in each year commencing December 31, 2005 with interest at two percent above prime per annum, payable upon his departure or retirement, or to his beneficiaries at death. This agreement was amended October 31, 2006 and became effective January 1, 2007 increasing the minimum base annual salary to \$450,000 and increasing the minimum award of deferred compensation to \$150,000 per annum before interest in connection with Mr. J. Corasanti assuming the expanded role and responsibilities of the Chief Executive Officer (“CEO”) position. Mr. J. Corasanti is entitled to participate in the Company’s employee equity compensation plan and pension and other employee benefit plans and such bonus or other compensatory arrangements as may be determined by the Board of Directors. Mr. J. Corasanti is also entitled to be paid an amount sufficient after the payment of applicable taxes to permit Mr. J. Corasanti to purchase certain life insurance policies. In the event that the Board of Directors should fail to re-elect Mr. J. Corasanti as chief executive officer or should terminate his employment for reasons other than just cause, Mr. J. Corasanti will become entitled to receive a lump sum payment equal to the result of multiplying the greater of three or the number of years and fraction thereof then remaining in the term of employment by his base annual salary plus the average of the bonuses, deferred compensation and incentive compensation awarded to Mr. Corasanti during the three fiscal years prior to such early termination, and shall continue to receive other employment benefits, for the greater of three years or the balance of the CEO Employment Agreement’s term. In the event of Mr. J. Corasanti’s death or disability, Mr. J. Corasanti or his estate or beneficiaries will be entitled to receive 100% of his base annual salary and other employment benefits (other than deferred compensation) for the balance of the CEO Employment Agreement’s term and in the case of life and health insurance benefits, such coverage will continue through the terms of his and his wife’s lives. If, during the term of Mr. J. Corasanti’s employment under the CEO Employment Agreement and within two years after a Change in Control, his employment with the Company is terminated by the Company, other than for Cause or by him for Good Reason (as such capitalized terms are defined in the Employment Agreement), Mr. J. Corasanti will be entitled to receive (a) a lump sum payment equal to three times the sum of (i) his base salary on the date of such termination or his base salary in effect immediately prior to the Change in Control, whichever is higher, plus (ii) the average of the bonuses, deferred compensation and incentive compensation awarded to Mr. J. Corasanti during the three years prior to such termination; (b) continued coverage under the benefit plans in which he participates for a period of three years

from the date of such early termination; (c) a lump sum payment equal to the aggregate amount credited to his deferred compensation account; and (d) awards for the calendar year of such termination under incentive plans maintained by the Company as though any performance or objective criteria used in determining such awards were satisfied.

B. Change In Control Severance Agreements

As a general rule, the Company does not enter into separate severance or employment agreements other than with the Chief Executive Officer and the Vice Chair. The Company, however, does have outstanding agreements with the NEOs. These agreements provide that the NEOs will not, in the event of the commencement of steps to effect a Change in Control (defined generally as an acquisition of 25% or more of the outstanding voting shares or a change in a majority of the Board of Directors) voluntarily leave the employ of the Company until the potential Change in Control has been terminated or until a Change in Control has occurred.

In the event of a termination of the individual's employment other than for cause as that term is defined in the agreement, or if the executive resigns for good reason as that term is defined within the agreement, within two years and six months of a Change in Control, the NEO is entitled to three years' salary and bonus (calculated as the largest bonus earned by the executive in the preceding three years), retirement benefits equal to the benefits he would have received had he completed three additional years of employment, continuation of all life, accident, disability, health, or other fringe benefits for three years, as well as a gross-up for any excise or other tax that may become due as a result of such Change in Control.

The Board of Directors of the Company may terminate any such agreement upon three years prior written notice. The Board of Directors may also, at any time, terminate an agreement with respect to any NEO who is affiliated with any group seeking or accomplishing a Change in Control.

All of the Company's equity compensation awards contain provisions that accelerate vesting upon a change in control, which is defined generally as an acquisition of 25% or more of the outstanding voting shares or a change in a majority of the Board of Directors.

C. Split-Dollar Life Insurance

Prior to December 31, 2001, the Company had paid certain premiums associated with split-dollar life insurance policies with face amounts totaling \$2,500,000 for the benefit of Joseph J. Corasanti. The Company has not paid or accrued premiums since fiscal year 2001. Premiums paid by the Company in prior years are treated by the Company as a loan to Mr. J. Corasanti, and at December 31, 2007, the aggregate amount due the Company from Mr. J. Corasanti related to these split-dollar life insurance policies is \$279,740. This amount (and loans, if any, for future premiums) will be repaid to the Company on Mr. J. Corasanti's death and the balance of the policy will be paid to Mr. J. Corasanti's estate or beneficiaries.

In connection with the enactment of the Sarbanes-Oxley Act of 2002 (the "Act") and the general prohibition against loans to officers, subject to an exception for certain pre-existing loan arrangements, the Board of Directors and management opted, as of October 2002, to stop making the premium payments which previously had been accounted for as loans pending further clarification of the regulations and interpretation of the Act. The policies for which the Company had previously been funding premium payments have cash balances sufficient to permit the payment of premiums. The Board of Directors and management may, however, elect to resume such payments if management and the Board of Directors conclude that the obligation to make such payments was maintained by the Company on the date of the enactment of the Act and was not materially modified pursuant to Section 402 of the Act and the implementing regulations, or if such payments are otherwise permitted.

Tax Considerations

Although the Company's Board of Directors, including its Compensation Committee, retains full discretion to structure executive compensation in the best overall interests of the Company, the Board of Directors will consider the implications of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder in structuring and managing executive compensation. The Board's consideration of Section 162(m) may include, among other things, structuring compensation as qualified performance-based compensation, requesting that executive officers defer compensation in excess of \$1 million per year, and requesting that executive officers delay the exercise of stock options if such exercise would lead to the related compensation being non-deductible under Section 162(m).

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee,

William D. Matthews (Chair)	Bruce F. Daniels
Stephen M. Mandia	Stuart J. Schwartz

Summary Compensation Table

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified		
		(1)	(2)	(3)	(4)	(5)			