

CAD-03259



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18 March 1992

Sir Adrian

I thought you might like to see the attached exchange of correspondence between myself and Chris Wysock Wright on the subject of arrangements for "part-time" chairmen.

Brian

Mr C R W Wysock Wright
Wrightson Wood
3 Halkin Street
London
SW1X 7DJ

18 March 1992

Many thanks for your letter of 16 March - interesting information. I hope you won't mind but I have passed the substance of this to Adrian Cadbury, since I am sure it will be of interest to him.

Best wishes.

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Sir Brian Corby
Chairman
The Prudential Corporation plc
1 Stephen Street
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16th March 1992

*Rec'd
17/3*

Dear Brian,

Thank you very much indeed for your courtesy in replying to my letter concerning the contractual arrangements for part-time Chairmen. I thought that you may be interested to know the result. There was a common theme as follows :-

- This was a matter that had not been addressed seriously by a number of Boards.
- There was no common pattern.
- Most of the discussions were extremely constructive with chairmen saying that this was an issue that should be addressed.
- The average contracted period for a Chairman was three-years fixed. In some cases there were three-year evergreens and in some cases there were no contracts and, at the other end of the extreme, there were five-year fixed contracts with one year renewals.

The net result was that we recommended to the Organisation & Remuneration Committee that the Chairman and Chief Executive should continue with his three-year evergreen contract until one year before the Chief Executive is planned to be appointed. From that moment it should waste down but at the sametime roll up on the other side as a two-year evergreen contract in his position as part-time Chairman, obviously at a substantially reduced salary.

Continued.....

As I mentioned above, this is an issue that has really not been addressed in a systematic manner and if you would like any further information on the subject I would be very happy to supply it.

Very many thanks once again.



C.R.W. Wysock Wright

Mr C R W Wysock Wright
Wrightson Wood
3 Halkin Street
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21 January 1992

I am replying to your letter of 16 January regarding the rôle of a part-time Chairman.

The first thing I suppose to say is that the description "part-time" is not wholly appropriate, since one is Chairman the whole time. I take it therefore it means more that one is not required, or expected in normal circumstances, to devote a substantial amount of one's time to the position and that there is a separate Chief Executive.

I am not sure of the common pattern and I can only say that in the case of the Prudential the Chairman's term of office is limited to 5 years. Although that is not in the Articles, nevertheless it is a rule we would be extremely reluctant to break.

It does seem to me wise to have this sort of rule - it certainly avoids trouble if an incumbent Chairman is proving difficult. In a sense, it is probably more important to have this rule if the Chairman had previously been Chief Executive.

I hope these comments are helpful.

Best wishes.

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Sir Brian Corby
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16th January 1992

*Recd
1/11*

Jan Boin

I am writing to ask for your guidance.

One of our clients, British based with a market capitalisation of flbn. has asked us to advise on the contractual arrangements for the Chairman and Chief Executive who, on reaching the statutory retirement age as an executive director, will give up the role of Chief Executive and become a part-time Chairman. Remuneration and related matters are not a concern. What I am trying to establish is if there is any common pattern for the period of contract for a part-time Chairman.

I would greatly appreciate any help that you can give and look forward to hearing from you.

Many thanks for your help and I look forward to seeing you soon.

y

C.R.W.

C.R.W. Wysock Wright