SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 14, 1995
Amendment Number 1 to Form 8-K dated March 28, 1995

CONMED CORPORATION

(Exact name of registrant as specified in its charter)

New York	0-16093	16-0977505
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

310 Broad Street, Utica, New York	13501
(Address of principal executive offices)	(Zip Code)

(315) 797-8375

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changes since last report)

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

Report of Independent Accountants

Consolidated Balance Sheets of Birtcher Medical Systems, Inc. as of June 30, 1993 and 1994

Consolidated Statements of Operations of Birtcher Medical Systems, Inc. for the years ended June 30, 1992, 1993 and 1994

Consolidated Statements of Shareholders' Equity of Birtcher Medical Systems, Inc. for the years ended June 30, 1992, 1993 and 1994

Consolidated Statements of Cash Flows of Birtcher Medical Systems, Inc. for the years ended June 30, 1992, 1993, and 1994

Notes to Consolidated Financial Statements

The financial statements of Birtcher Medical Systems, Inc. set forth above are attached hereto beginning on page 3.

(b) Unaudited Pro Forma Consolidated Financial Information

Unaudited Pro Forma Consolidated Balance Sheet as of December 30, 1994

Unaudited Pro Forma Consolidated Statement of Income (Loss) for the year ended December 30, 1994

Notes to Unaudited Pro Forma Consolidated Financial Information

The unaudited pro forma financial information is attached hereto beginning on page 22.

BIRTCHER MEDICAL SYSTEMS, INC.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Birtcher Medical Systems, Inc.

We have audited the accompanying consolidated balance sheets of Birtcher Medical Systems, Inc. as of June 30, 1994 and 1993, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended June 30, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Birtcher Medical Systems, Inc. at June 30, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 1994, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company's recurring losses from operations and working capital deficiency raise substantial doubt about its ability to continue as a going concern. Management's plans as to these matters are also described in Note 1. The 1994 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ERNST & YOUNG LLP

Orange County, California
August 19, 1994

BIRTCHER MEDICAL SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS
ASSETS

	June 30	
	1993	1994
Current assets:		
Cash and cash equivalents	$ 94,000	$ 510,000
Accounts receivable, net of allowance for doubtful accounts of $587,000 in 1993 and $689,000 in 1994	9,661,000	7,158,000
Inventories	13,041,000	4,781,000
Dealer receivables	604,000	--
Prepaid expenses and other current assets	525,000	386,000
Refundable income taxes	633,000	--
Demonstration equipment, net	3,728,000	900,000
Total current assets	28,286,000	13,735,000
Equipment and leasehold improvements, net	2,439,000	1,429,000
Intangible assets, net	11,334,000	5,405,000
Total assets	$42,059,000	$20,569,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	$ 5,980,000	$ 5,025,000
Accounts payable	5,664,000	4,423,000
Accrued expenses and other current liabilities	1,885,000	2,839,000
Current portion of long-term debt	2,823,000	1,901,000
Total current liabilities	16,352,000	14,188,000
Other long-term liabilities	494,000	1,205,000
Commitments and contingencies		

	1993	1994
Shareholders' equity:		
Preferred stock:		
Authorized shares -- 505,000		
Issued and outstanding shares -- 468,000; aggregate liquidation value $4,680,000 at June 30, 1993 and 1994	4,680,000	4,680,000
Common stock, no par value:		
Authorized shares -- 50,000,000		
Issued and outstanding shares -- 9,109,000 in 1993 and 10,096,000 in 1994	24,940,000	25,788,000
Retained earnings (deficit)	(3,991,000)	(24,876,000)
Notes receivable from shareholders	(416,000)	(416,000)
Total shareholders' equity	25,213,000	5,176,000
Total liabilities and shareholders' equity	$42,059,000	$ 20,569,000

See accompanying notes.

BIRTCHER MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended June 30 1992	1993	1994
Net sales	$52,446,000	$42,029,000	$ 34,254,000
Operating costs and expenses:			
Cost of sales	24,961,000	23,886,000	21,137,000
Engineering and development	4,044,000	5,229,000	4,683,000
Selling, general and administrative	17,533,000	16,683,000	13,380,000
Acquisition and restructuring charges	6,600,000	--	14,941,000
License fee income	--	(2,500,000)	--
	53,138,000	43,298,000	54,141,000
Loss from operations	(692,000)	(1,269,000)	(19,887,000)
Other income (expense):			
Interest, net	(210,000)	(617,000)	(686,000)
Loss before provision for taxes	(902,000)	(1,886,000)	(20,573,000)
Provision for income taxes	329,000	--	--
Net loss	$(1,231,000)	$(1,886,000)	$(20,573,000)
Net loss attributable to common stock	$(1,231,000)	$(1,990,000)	$(20,885,000)
Net loss per share	$ (.14)	$ (.22)	$ (2.28)

See accompanying notes.

BIRTCHER MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Preferred stock	Common stock	Retained earnings (deficit)	Notes receivable from shareholders	Total shareholders' equity
Balance at June 30, 1991	--	$ 23,620,000	$ 2,046,000	$ (839,000)	$ 24,827,000
Exercise of stock options	--	738,000	--	--	738,000
Reduction of shareholder notes receivable	--	--	318,000	318,000	
Distributions to Solos shareholders	--	--	(2,816,000)	--	(2,816,000)
Tax benefit of stock option exercise	--	535,000	--	--	535,000
Net loss	--	--	(1,231,000)	--	(1,231,000)
Balance at June 30, 1992	--	24,893,000	(2,001,000)	(521,000)	22,371,000
Exercise of stock options	--	47,000	--	--	47,000
Reduction of shareholder notes receivable	--	--	--	105,000	105,000
Issuance of preferred stock	4,680,000	--	--	--	4,680,000
Dividends accrued on preferred stock	--	--	(104,000)	--	(104,000)
Net loss	--	--	(1,886,000)	--	(1,886,000)
Balance at June 30, 1993	4,680,000	24,940,000	(3,991,000)	(416,000)	25,213,000
Issuance of common stock	--	848,000	--	--	848,000
Dividends accrued on preferred stock	--	--	(312,000)	--	(312,000)
Net loss	--	--	(20,573,000)	--	(20,573,000)
Balance at June 30, 1994	$ 4,680,000	$ 25,788,000	$ (24,876,000)	$ (416,000)	$ 5,176,000

See accompanying notes.

BIRTCHER MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended June 30		
	1992	1993	1994
Operating activities			
Net income (loss)	$ (1,231,000)	$ (1,886,000)	$ (20,573,000)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,662,000	1,539,000	1,861,000
Deferred income taxes	62,000	412,000	--
Net write-off of accounts receivable	184,000	(817,000)	(882,000)
Loss on disposal of equipment	600,000	21,000	103,000
Write down of intangible assets	--	--	5,918,000
Change in assets and liabilities, excluding effects from purchase of Beacon in 1993:			
(Increase) decrease in accounts receivable	(1,856,000)	1,500,000	3,385,000
(Increase) decrease in inventories	(2,673,000)	1,322,000	7,780,000
(Increase) decrease in demonstration equipment	--	(2,602,000)	2,828,000
(Increase) decrease in dealer receivables	(2,306,000)	1,702,000	604,000
(Increase) decrease in prepaid expenses and other current assets	(660,000)	442,000	126,000
(Increase) decrease in income tax receivable	--	(296,000)	633,000
(Increase) in notes receivable	--	(189,000)	--
Payments received on notes receivable	--	25,000	--
Increase (decrease) in accounts payable	(295,000)	1,582,000	(1,241,000)
Increase in income tax payable	--	114,000	--
Increase (decrease) in accrued expenses and other current liabilities	259,000	(1,123,000)	954,000
Increase (decrease) in other long-term liabilities	5,000	(25,000)	399,000
Total adjustments	(5,018,000)	3,607,000	22,468,000
Net cash provided by (used in) operating activities	(6,249,000)	1,721,000	1,895,000

BIRTCHER MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Years ended June 30		
	1992	1993	1994
Investing activities			
Patent expenditures	(919,000)	(258,000)	(383,000)
Cash expenditures for Beacon acquisition	--	(339,000)	(68,000)
Net cash acquired in purchase of Beacon	--	37,000	--
Proceeds from sale of product line	--	--	280,000
Purchase of equipment and other assets	(1,573,000)	(913,000)	(241,000)
Net cash used in investing activities	(2,492,000)	(1,473,000)	(412,000)
Financing activities			
Proceeds from revolving line of credit	10,252,000	4,160,000	2,645,000
Proceeds from note payable to bank	4,000,000	--	--
Payments received on of notes receivable from shareholders	318,000	105,000	--
Distributions to Solos shareholders	(2,816,000)	--	--
Repayment of revolving line of credit	(7,059,000)	(3,600,000)	
Repayment of long-term debt	(400,000)	(815,000)	(960,000)
Issuance of preferred and common stock, net	--	47,000	848,000
Proceeds from exercise of options	738,000	--	--
Net cash provided by (used in) financing activities	5,033,000	(683,000)	(1,067,000)
Net increase (decrease) in cash and equivalents	(3,708,000)	(435,000)	416,000
Cash and equivalents at beginning of year	4,237,000	529,000	94,000
Cash and equivalents at end of year	$ 529,000	$ 94,000	$ 510,000

BIRTCHER MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Years ended June 30		
	1992	1993	1994
Supplemental disclosure of noncash investing and financing activities			

Acquisition of Beacon Laboratories, Inc.:			
Value of preferred stock issued for the fair value of assets, net of selected liabilities	$ --	$4,680,000	$ --
Tax benefit of stock option exercise	535,000	--	--
Equipment purchased under capitalized lease obligations	--	30,000	38,000
Note receivable from sale of product line	--	--	200,000
Accrual of preferred stock dividends	--	104,000	312,000
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Taxes	417,000	95,000	--
Interest	414,000	617,000	686,000

See accompanying notes.

BIRTCHER MEDICAL SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Summary of Significant Accounting Policies

Business

Birtcher Medical Systems, Inc. (the Company) is engaged in the design, manufacture and sale of advanced surgical products. The Company markets a broad line of electrosurgery products for the hospital, the outpatient surgery center, and the private practitioner in the conventional and endoscopic surgery markets.

Results of Operations and Management's Plans

In fiscal 1994, the Company incurred a loss of approximately $20,900,000 due to a restructuring charge of $14,900,000 and an operating loss of $6,000,000. In management's opinion, the continuing losses since 1992 are attributable to the Company's costs being higher than its break-even sales level and the expenditure of resources to support the unprofitable endoscopic product line. Consequently, in fiscal 1994, the Company decided to divest itself of the Solos(R) endoscopic product line and take a restructuring charge for the write-down of the related assets including inventory, demonstration equipment, accounts receivable, intangible assets and expenses related to facility closures and severance. In addition, management reduced headcount, subleased excess facilities and reduced operating costs wherever possible to reduce losses and achieve profitability and a positive cash flow and is evaluating financing and other alternatives. The 1994 financial statements do not include any adjustments that might result from the possible inability of the Company to continue as a going concern.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash and Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially expose the Company to concentrations of credit risk, as defined by Financial Accounting Standards Board's Statement No. 105, "Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk," consist primarily of accounts receivable with the Company's various customers, which include a variety of health care organizations and distributors throughout the United States and the world. No single customer represents more than 10% of sales or accounts receivable for any period. The Company provides for uncollectible amounts upon recognition of revenue and when specific credit problems arise. Management's estimates have been adequate during historical periods and management believes that all significant credit risks have been identified at June 30, 1994.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and consist of the following at June 30:

	1993	1994
Finished goods	$ 5,937,000	$ 751,000
Work-in-process	2,356,000	899,000
Materials and parts	4,748,000	3,131,000
	$13,041,000	$4,781,000

Demonstration Equipment

During fiscal 1993, the Company implemented a strategy to replace many of its independent dealers with an internal sales force. The Company has also provided its internal sales force with equipment to be utilized for demonstration purposes.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from two to twelve years. Leasehold improvements and property under capital leases are amortized over the lives of the assets or term of the lease, whichever is shorter, and this amortization is included in depreciation expense.

Income Taxes

Effective July 1, 1992, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. The primary difference between Statement No. 109 and the accounting method previously utilized by the Company, Statement of Financial Accounting Standards No. 96, effecting the Company, relates to the recognition of deferred tax assets.

Sales and Revenue Recognition

The Company recognizes revenue on the sale of its products at the time of shipment to the customer. The Company extends up to a one year warranty for its products and accrues related estimated costs as the revenue is recognized.

Export sales, primarily to Europe, Asia, Central and South America, were $13,580,000, $12,179,000 and $9,866,000 during the years ended June 30, 1992, 1993 and 1994, respectively. No single export area represents more than 10% of total sales.

Export sales by geographic area were as follows:

	1992	1993	1994
		($ in millions)	
Euro	$ 1.8	$2.16	$2.1
Asia	2.7	6.5	4.1
Latin America	1.3	1.1	1.5
Middle East	0.6	1.1	1.0
Other	7.2(1)	0.9	1.2
Total	$13.6	$12.2	$9.9

(1) Prior to its acquisition by the Company in fiscal 1992, Solos did not maintain records of export sales by geographic region. All fiscal 1992 Solos export sales are included in "Other."

Per Share Information

Per share amounts are based on the weighted average number of shares of common stock and dilutive common stock equivalents outstanding (9,103,000, 9,109,000 and 9,168,000 for the years ended June 30, 1992, 1993 and 1994, respectively). Stock options are included in the weighted average number of common shares outstanding utilizing the treasury stock method, in years in which the impact is dilutive. The Company's preferred shares are not considered to be common stock equivalents and, therefore, have not been included in primary earnings per share. Fully diluted earnings per share are not presented as the effect is antidilutive.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to the current year's presentation.

2. Acquisitions and Related Expenses

On March 1, 1993, the Company purchased certain assets and assumed certain liabilities of Beacon Laboratories, Inc. (Beacon) in Broomfield, Colorado. The consideration for the purchase of Beacon consisted of 468,399 shares of preferred stock (Note 10)and cash expenditures of $339,000. The purchase price has been allocated to the underlying assets and liabilities based on their respective fair values at the date of acquisition. The excess of cost over net assets was deemed to be impaired in 1994 and has been written down to its expected net realizable value of $1,000,000 which is being amortized over a five-year period on a straight-line basis (Note 4).

The following table presents unaudited pro forma results of operations as if the acquisition of Beacon had occurred on July 1, 1991. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition taken place at the beginning of fiscal 1992 or results which may occur in the future. Furthermore, no effect has been given in the pro forma information for operating benefits because precise estimates of such benefits cannot be quantified.

	Year ended June 30	
	1992	1993
Net sales................................	$53,793,000	$43,479,000
Net loss.................................	(2,787,000)	(1,699,000)
Net loss per share of common stock.......	(.31)	(.19)

During fiscal 1992, the Company acquired all of the outstanding shares of Solos(R) Endoscopy, Inc. in exchange for 2,233,000 shares of Birtcher common stock, in a transaction accounted for as a pooling of interests. Concurrent with the acquisition, the Company recorded the impact of a restructuring plan designed to increase the overall profitability of the Company by closing or scaling back certain operations and product lines that have not met profitability expectations. Acquisition and restructuring charges of $6.6 million represent acquisition fees, provisions for closure and lease termination costs, write-down of related assets and severance pay.

3. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following at June 30:

	1993	1994
Machinery and equipment..	$2,493,000	$1,703,000
Tools and dies..	1,511,000	1,845,000
Furniture, fixtures and leasehold improvements..............................	1,538,000	1,340,000
	5,542,000	4,888,000
Less accumulated depreciation and amortization..............................	3,103,000	3,459,000

	$2,439,000	$1,429,000

4. Intangible Assets

Intangible assets consist of the following at June 30:

	1993	1994
Patents and other acquired product technology	$ 5,978,000	$5,750,000
Cost in excess of net assets acquired	7,330,000	1,000,000
	13,308,000	6,750,000
Less accumulated amortization	1,974,000	1,345,000
	$11,334,000	$5,405,000

The carrying value of intangible assets is reviewed if the facts and circumstances suggest that they may be impaired. If this review indicates that intangible assets will not be recoverable, determined using a discounted cash flow analysis of the related product line over the estimated remaining useful life, the carrying value of the intangible asset is reduced.

During fiscal 1994, net income was reduced by $5,918,000 for a noncash write-down of the Company's intangible assets. In 1994, the Company determined the value of these intangible assets had been impaired due to the lower than expected sales on the related product lines. The remaining intangible assets are being amortized using the straight line basis over their estimated useful lives ranging from five to fifteen years.

5. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at June 30:

	1993	1994
Accrued salaries and related expenses	$ 937,000	$ 715,000
Accrued restructuring charges	319,000	1,423,000
Other liabilities	629,000	701,000
	$1,885,000	$2,839,000

6. Debt

Long-term debt consists of the following at June 30:

	1993	1994
Note payable to bank bearing interest at prime plus .75%, principal and interest due monthly through December 31,	$2,800,000	$1,887,000
Other	23,000	14,000
	2,823,000	1,901,000
Less current portion	2,823,000	1,901,000
	$ --	$ --

The Company has a line of credit agreement with a bank which allows for maximum indebtedness of $7,500,000 of which $5,025,000 was outstanding at June 30, 1994. The borrowings bear interest at a rate of prime plus 1.5% and are due and payable on November 30, 1994. The line of credit and the note payable to bank are collateralized by substantially all of the assets of the Company. The loan agreements require the Company to maintain certain covenants and financial conditions related to profitability, working capital and shareholders' equity. The Company was in violation of all covenants as of June 30, 1994. The bank has waived these violations and deferred principal payment on the note payable through November 30, 1994. The Company anticipates that it may not be in compliance with these covenants subsequent to the waiver date and has, therefore, reclassified the long-term debt as current.

Interest expenses for each of the three years in the period ended June 30, 1994 was $686,000, $617,000 and $414,000, respectively. The prime rate was 6.5%, 6.0% and 7.25% at June 30, 1992, 1993 and 1994, respectively.

7. Income Taxes

As discussed in Note 1, the Company adopted the provisions of Statement No. 109 as of July 1, 1992. Financial statements for the year ended June 30, 1992 have not been restated to apply the provisions of Statement No. 109.

A summary of income tax (benefit) expense follows:

	Years ended June 30 1992	1993	1994
Current:			
Federal	$ 197,000	$(412,000)	$ --
State	70,000	--	--
Tax benefit from exercise of stock options	(535,000)	--	--
	(268,000)	(412,000)	--
Deferred:			
Federal	(9,000)	327,000	--
State	71,000	85,000	--
	62,000	412,000	--
Credit to paid-in capital	535,000	--	--
	$ 329,000	$ --	$ --

The actual tax expense differs from the "expected" tax expense by applying the statutory U.S. federal tax rate of 34% to loss before income tax as follows:

	Years ended June 30 1992	1993	1994
Expected income tax expense (benefit)	$(307,000)	$(641,000)	$(6,995,000)
State taxes, net of federal benefit	46,000	--	--
Tax effect of Solos income which was not subject to federal income tax due to S corporation status	(497,000)	--	--
Financial reporting net operating loss carryforward (utilized)	470,000	--	--
Nondeductible expense	573,000	249,000	--
Increase in valuation allowance included in income tax expense	--	412,000	6,875,000
Other	44,000	(20,000)	120,000
	$ 329,000	$ --	$ --

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows at June 30:

	1993	1994
Deferred tax assets:		
Depreciation	$ 109,000	$ 263,000
Inventory capitalization rules	119,000	180,000
Inventory and demonstration equipment reserves	1,072,000	1,675,000
Allowances for doubtful accounts	212,000	253,000

Acquisition and restructuring accruals	154,000	636,000
Warranty, vacation and other accrued expenses	300,000	559,000
Goodwill amortization	--	1,382,000
Other	40,000	2,000
Net operating losses available for future use	2,024,000	6,041,000
	4,030,000	10,991,000
Deferred tax liabilities:		
Patent costs, net of accumulated amortization	(771,000)	(857,000)
Net deferred tax assets	3,259,000	10,134,000
Less valuation allowance	(3,259,000)	(10,134,000)
Net deferred tax assets	$ --	$ --

At June 30, 1994, the Company has available for offset against future federal taxable income net operating loss carryforwards of approximately $15,918,000 which begin to expire in 2008. The use of the Company's net operating loss carry forwards could be limited by a subsequent change of ownership.

The Company also has net operating loss carryforwards of approximately $10,315,000 available for offset against future taxable income for state income tax purposes. These net operating loss carryforwards begin to expire in 1998. These net operating loss carryforwards could be subject to similar limitation as the federal net operating loss carryforwards, described above.

8. Commitments and Contingencies

Contingencies

During fiscal 1992, the Company was party to a patent infringement action by Valleylab, Inc., a wholly owned subsidiary of Pfizer, Inc. (Valleylab). On August 21, 1992, the Company settled this matter through granting a nonexclusive worldwide license of its argon beam coagulation technology to Valleylab. Under the license agreement, Valleylab paid the Company a one-time license fee of $2.5 million and will pay a 5% royalty on all present and future gas-related products sold by Valleylab for the life of the underlying patent.

The Company is currently engaged in patent litigation in which Aspen Laboratories (Aspen) alleges that certain of the Company's products infringe a patent held by Aspen. Discovery in this case is continuing, and the Company is presently unable to predict the outcome of this matter; however, if the Company should lose this lawsuit, the Company's electrosurgical business could be negatively affected or the Company could be forced to pay a royalty to Aspen for the use of its patent. The Company anticipates that the ultimate resolution of this matter will not be determinable until sometime in fiscal 1996.

From time to time during fiscal 1994 and thereafter, the Company has been in default under leases pursuant to which Birtcher's executive offices and certain manufacturing operations are leased.

In addition to the matters described above, the Company is subject to litigation during the normal course of business. In management's opinion, any such contingencies would not materially affect the Company's financial position or operating results.

The Company is subject to regulatory requirements throughout the world. During the normal course of business, these regulatory agencies may require companies in the medical industry to change their products or operating procedures, which could affect the Company. The Company regularly incurs expenses to comply with these procedures and may be required to incur additional expenses. Management is not able to estimate any additional expenditure outside the normal course of operations which will be incurred by the Company in future periods in order to comply with these regulations.

Operating Leases

The Company lease of its corporate offices and primary manufacturing facility in Irvine, California expires on August 22, 2000. The Company also leases facilities under operating leases in El Paso, Texas and Juarez, Mexico.

In June 1994, the Company assigned its lease obligation for a 10,318 square foot building in Braintree, Massachusetts, to the purchaser of the Solos product line. In August 1994, the Company subleased a portion of its Irvine facilities for $16,667 per month for six years.

The aggregate annual rental commitments for all operating leases, net of sublease income, subsequent to June 30, 1994 are as follows:

Years ending June 30	Operating leases
1995	$1,662,000
1996	1,380,000
1997	1,163,000
1998	1,042,000
1999	1,068,000
Thereafter	720,000
	$7,035,000

Aggregate rent expense for the years ended June 30, 1992, 1993 and 1994 was $1,058,000, $1,729,000 and $1,842,000, respectively.

9. Shareholders' Equity

In fiscal 1994, the Company issued 987,000 shares of common stock pursuant to a Regulation S exemption. The average price per share was $.93.

Under the Company's 1990 Equity Incentive Plan, as amended, the 1992 Employee Stock Option Plan, and the 1992 Non-Employee Director Plan a maximum aggregate of 1,300,000 shares of common stock are reserved for grant. The Company has also granted nonqualified stock options to individuals outside of the stock option plan. The plan provides for the issuance to key employees of options to purchase shares of the Company's common stock at no less than 100% of the fair value on the date of the grant. Options become exercisable in varying amounts over periods of one to four years from the date of grant. Certain of the Company's stock options become immediately exercisable upon the occurrence of a change of control of the Company, as defined.

In an effort to provide additional incentive to its key employees, on March 25, 1994, the Company repriced options to purchase 238,500 shares of common stock to an exercise price of $2.875, the fair market value on the date of repricing. On April 1, 1992 the Company canceled options to purchase 127,900 shares of common stock at an exercise price of $16.75 and regranted the options at an exercise price of $10.50, the fair market value of the stock as of the date of the cancellation and regrant. On September 30, 1992, options to purchase 338,500 shares of common stock at exercise prices ranging from $10.50 to $16.75 per share were canceled and regranted at an exercise price of $5.375 per share which represented the fair market value of the stock at that date. Each cancellation and regrant resulted in a restated 48 month vesting period.

On August 18, 1994, the Company's Board of Directors approved the repricing of options to purchase 361,915 shares of common stock to an exercise price of $1.00, the fair market value on the date of repricing.

Following is a summary of the option activity under the Company's stock option plans and nonqualified stock options:

	Shares	Option price per share
Options outstanding at June 30, 1991	820,807	$2.50-$ 9.75
Granted	747,100	$6.50-$16.75
Exercised	(141,050)	$2.50-$ 9.75
Surrendered, forfeited or expired	(465,884)	$4.75-$10.50
Options outstanding at June 30, 1992	960,973	$2.75-$16.75
Granted	224,200	$3.50-$ 7.88
Exercised	(9,900)	$4.75
Surrendered, forfeited or expired	(337,765)	$4.75-$10.50

Options outstanding at June 30, 1993	837,508	$2.75-$ 9.75
Granted	173,943	$1.25-$ 4.25
Exercised	--	N/A
Surrendered, forfeited or expired	(331,691)	$3.00-$ 9.75
Options outstanding at June 30, 1994	679,760	$1.25-$ 7.00
Exercisable options at June 30, 1994	406,341	$1.25-$ 7.00

Notes receivable from shareholders bearing interest at 9% or at prime plus .5% payable annually amounting to $416,000 are secured by 186,600 shares of common stock. On June 17, 1993, the maturity of the notes receivable was extended to December 31, 1994, when all principal and accrued interest is due and payable in full.

10. Preferred Stock

The Company has authorized 505,000 shares of preferred stock, which is to be issued in one series, Series A. On March 1, 1993, the Company issued 468,399 shares of preferred stock for certain assets and the assumption of certain liabilities of Beacon Laboratories (Note 2). Each share of preferred stock is convertible into one share of common stock, at any time, at the option of the shareholders. The preferred shares automatically convert into shares of common stock in the event that the public trading price of the Company' s common stock exceeds $10.00 per share for a period of twenty consecutive days. The conversion factor is also subject to adjustment in certain situations.

Preferred shareholders have the right to vote with common shareholders based upon the number of shares into which the preferred shares may convert. The Company, at its option, may redeem the preferred shares at a price of $10.00 per share at any time. In the event that the Company liquidates, winds down, or dissolves, preferred shareholders are entitled to $10.00 per share plus unpaid dividends prior to any payments to the common shareholders.

Dividends are cumulative and are to be paid to the preferred shareholders based upon the following schedule:

Period	Dividends per share
July 1, 1994 to June 30, 1996	$.15 per quarter
July 1, 1996 to June 30, 1997	$.175 per quarter
July 1, 1997 and thereafter	$.20 per quarter

The Company has accrued dividends of approximately $104,000 and $312,000 during the period from March 1, 1993 to June 30, 1993 and the year ended June 30, 1994, respectively, the Company will continue to accrue dividends at an estimated average dividend rate over the life of the preferred stock.

11. Selected Quarterly Financial Data (Unaudited)

Selected quarterly financial data for 1994 and 1993 are as follows:

	Three months ended (1994)			
	September 30	December 31	March 31	June 30
	(In thousands, except per share data)			
Net sales	$10,081	$10,088	$6,804	$7,281
Gross margin	4,445	4,150	(1,065)	2,494
Net loss	(507)	(796)	(17,597)	(1,673)
Net loss per common share	(.06)	(.10)	(1.94)	(.19)

	Three months ended (1993)			
	September 30	December 31	March 31	June 30
	(In thousands, except per share data)			
Net sales	$12,319	$11,025	$9,650	$9,035
Gross margin	5,811	4,485	4,022	3,825
Net (loss) income	1,990	(892)	(947)	(2,037)
Net (loss) income per common share	.22	(.10)	(.10)	(.24)

During the three months ended March 31, 1994, the Company decided to divest itself of the Solos(R) endoscopic product line and recorded a one-time charge of $14,900,000 for the write-down of the related assets (Note 1). Operating results for the quarters ended March 31 and June 30, 1994 were negatively impacted by lower than expected sales.

During the quarter ended June 30, 1993, the Company experienced unusually high operating costs due to the recent acquisition of Beacon (Note 2).

CONMED CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

On March 14, 1995, CONMED Corporation ("CONMED") acquired Birtcher Medical Systems Inc. ("Birtcher"), through an exchange of the Company's common stock for all of the outstanding common and preferred stock of Birtcher. Each share of Birtcher's common stock was converted into 1/12 of a share of CONMED common stock and each share of Birtcher's preferred stock was converted into 1/2 of a share of CONMED common stock. As a result of the exchange of stock, Birtcher became a wholly owned subsidiary of CONMED. Approximately 1,080,000 shares of the CONMED common stock was issued to effect the acquisition. The value of the stock issued together with cash acquisition costs approximates $25,000,000.

The acquisition was accounted for using the purchase method of accounting. Allocations of the purchase price have been determined based upon preliminary estimates of fair market value and, therefore, are subject to change. Differences between the amounts included herein and the final allocations are not expected to be material. The proforma statements should be read in conjunction with the historical financial statements.

The following pro forma consolidated statement of income for the year ended December 30, 1994 has been prepared as if the purchase transaction and the related bank financing had occurred at the beginning of 1994. The pro forma balance sheet at December 30, 1994 has been prepared as if the purchase accounting had been applied at that date. The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable.

The pro forma statements do not purport to represent what CONMED's results of operations would actually have been if such transactions had occurred at the beginning of the period or to project the results of operations as of any future date or for any future period.

CONMED Corporation
Unaudited Pro Forma Consolidated Balance Sheet
December 30, 1994
(in thousands)

	Historical CONMED	Historical Birtcher	Adjustments	Pro Forma
ASSETS				
Current assets:				
Cash	$ 3,615	$ 72	$ --	$ 3,687
Accounts receivable, net	13,141	5,987	(500)(2)	18,628
Inventories	9,620	4,547	205 (1)&(2)	14,372
Demonstration equipment	--	805	(805)(1)	--
Deferred income tax	1,494	--	--	1,494
Prepaid expenses	451	493	--	944
Total current assets	28,321	11,904	(1,100)	39,125
Property, plant and equipment	16,227	1,009	(400)(2)	16,836
Covenant not to compete	1,530	--	--	1,530
Goodwill	13,109	--	25,645(2)	38,754
Patents, and other assets	2,917	5,148	(2,648)(2)	5,417
Total Assets	$ 62,104	$ 18,061	$ 21,497	$ 101,662

CONMED Corporation
Unaudited Pro Forma Consolidated Balance Sheet (Continued)
December 30, 1994
(in thousands)

	Historical CONMED	Historical Birtcher	Adjustments	Pro Forma
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Current portion of long-term debt	$ 2,500	$ 1,754	$ (1,754)(3)	$ 2,500

Bank line of credit	4,467	(4,467)(3)	--	
Accounts payable	1,539	6,501	--	8,040
Income taxes payable	455	--	--	455
Accrued payroll and withholdings	2,571	--	--	2,571
Accrued pension	307	--	--	307
Accrued patent litigation	2,360	--	--	2,360
Other current liabilities	430	--	3,561(2)	3,991
Total current liabilities	10,162	12,722	(2,660)	20,224
Long-term debt	6,875	--	6,221(3)	13,096
Deferred income taxes	1,011	--	--	1,011
Accrued pension	276	--	--	276
Deferred compensation	719	--	--	719
Other long term liabilities	--	1,341	4,200(2)	5,541
Total liabilities	19,043	14,063	7,761	40,867
Shareholders' Equity:				
Preferred stock	--	4,650	(4,650)(4)	--
Common stock	60	25,805	(25,795)(4)	70
Paid in capital	23,532	17,724(4)	41,256	
Retained earnings	19,469	(26,041)	26,041(4)	19,469
Shareholders' notes receivable	--	(416)	416(4)	--
Total Shareholders' equity	43,061	3,998	13,736	60,795
Total Liabilities and Shareholders' Equity	$ 62,104	$ 18,061	$ 21,497	$ 101,662

See notes to unaudited pro forma financial information.

CONMED Corporation
Unaudited Pro Forma Consolidated Statement of Income (Loss)
For the Year Ended December 30, 1994
(in thousands, except per share amounts)

	Historical CONMED	Historical Birtcher	Adjustments	Pro Forma
Net Sales	$ 71,064	$ 28,417	$ (416)(1)	$ 99,065
Cost of sales	38,799	17,794	394(1)	56,987
Selling and administrative expense	20,979	11,450	(5,889)(2)	26,540
Research and development expense	2,352	3,843	(2,428)(1)&(2)	3,767
Restructuring charge	--	14,941	(14,941)(2)	--
	62,130	48,028	(22,864)	87,294
Income (loss) from operations	8,934	(19,611)	22,448	11,771
Interest income (expense)	(628)	(667)	--	(1,295)
Income (loss) before income taxes	8,306	(20,278)	22,448	10,476
Provision (benefit) for income taxes	2,890	--	1,082(3)	3,972
Net income (loss)	$ 5,416	$ (20,278)	$ 21,366	$ 6,504
Weighted average number of shares and equivalents outstanding	6,416		1,080(4)	7,496
Earnings per common and common equivalent shares	$ .84			$ .87

See notes to unaudited pro forma financial information.

CONMED CORPORATION

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
(dollar amounts in thousands)

Notes to the Unaudited Pro Forma consolidated Balance Sheet

1. Demonstration equipment of Birtcher has been reclassified to inventory to conform to the classification methodology of CONMED.

2. The acquisition of Birtcher was effected by the issuance of approximately 1,080,000 shares of CONMED Common Stock for all of the outstanding shares of Birtcher Common Stock and Birtcher Preferred Stock. The transaction will be accounted for as a purchase. The total purchase price, historical book value and preliminary adjustments of book value resulting from the acquisition are summarized as follows:

Acquisition costs to reflect the financing of the purchase price are set forth below:

Fair market value of CONMED Common Stock issued	$ 17,734
Adjustments to determine Goodwill:	
Historical book value of net assets acquired	(3,998)
To adjust historical value of accounts receivables inventory and property plant and equipment to estimated fair value	1,500
To eliminate Birtcher good will and adjust other intangible assets to estimate fair market value	2,648
Increase in current liabilities for costs relating to severance costs associated with reduced employment levels, other change in control costs and financial advisory, legal, accounting, printing and similar expenses	3,561
Increase in other long-term liabilities relating to accrued change in control costs	4,200
Total adjustments	7,911
Goodwill	$ 25,645

3. Current portion of long-term debt ($1,754) and bank line of credit ($4,467) for Birtcher have been adjusted to reflect the repayment of Birtcher's outstanding debt. This debt will be refinanced with a borrowing under a credit facility of CONMED. CONMED has received a commitment from a bank to refinance CONMED's and Birtcher's existing bank debt. The commitment includes a $30,000,000 term facility that is payable over five years at an interest rate of 1.625% over LIBOR. A 1/8% change in the LIBOR rate would have approximately a $20,000 annual effect on interest cost. The committed credit facility also includes a $10,000,000 line of credit with interest at LIBOR plus 1.5%. No adjustment for interest has been made to the Pro Forma Statements of Income (Loss) because the net change from current interest rates for CONMED and Birtcher to the refinanced interest rate is not material.

4. Entries to reflect the changes to pro forma shareholders' equity of CONMED to reflect the acquisition of Birtcher pursuant to the purchase method of accounting are set forth below:

Write-off of Birtcher shareholders' notes receivable which were foreclosed	$ 416
Adjustments to eliminate Birtcher's shareholders' equity accounts (after giving effect to write-off of shareholder's notes receivable):	
Fair market value of CONMED Common Stock issued:	
Preferred stock	$ (4,650)
Common Stock	(25,805)
Retained earnings	26,041
Total capital account adjustment	4,414
Entries to record fair value of CONMED Common Stock to be issued:	
Common Stock	10
Paid in capital	17,724
Total purchase price	17,734
Total adjustment to shareholders' equity	$ 13,320

Notes to the Unaudited Pro Forma Consolidated Statement of Income (Loss)

1. Sales and cost of sales have been adjusted for sales of products by CONMED to Birtcher ($416 for the year ended December 30, 1994). Cost of sales and engineering and development expense have been adjusted to conform to CONMED's presentation for the year ended December 30, 1994.

2. Selling, general and administrative expense has been increased $154 for the year ended December 30, 1994 reflecting the additional amortization of intangible assets resulting from purchase accounting adjustments using the straight-line method over the estimated remaining useful lives of the acquired assets. Patents are amortized over a ten-year period corresponding to the average life remaining on significant patents. Goodwill is amortized over a 40-year period.

Selling, general ad administration expense has been reduced $6,043 for the year ended December 30, 1994 due to the reduction in costs implemented by CONMED at the acquisition date which included reductions in administration, sales and marketing staffs and the closing of Birtcher's headquarters.

Research and development expense has been reduced $635 for the year ended December 30, 1994 for the cost of consultants paid by Birtcher for research activities which will not be continued by CONMED.

The Birtcher restructuring change of $14,941 recorded by Birtcher in 1994 has been eliminated from the pro forma Statement of Income for the year ended December 30, 1994 because the costs associated with this restructuring would have been provided for in purchase accounting adjustments effective at the beginning of 1994.

3. Entry to reflect estimated tax effect of Birtcher's historical loss and the pro forma adjustments.

4. The acquisition of Birtcher was effected by the issuance of approximately 1,080,000 shares of CONMED Common Stock for all of the outstanding shares of Birtcher Common Stock and Birtcher Preferred Stock.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONMED CORPORATION

By: /s/ Robert D. Shallish, Jr.

Robert D. Shallish, Jr.
Vice President-Finance

Dated: May 29, 1995