SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended March 31, 1997 Commission File Number 0-16093

CONMED CORPORATION
(Exact name of the registrant as specified in its charter)

New York	16-0977505
(State or other jurisdiction of incorporation or organization)	(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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [x] No [ ]

The number of shares outstanding of registrant's common stock, as of May 9, 1997 is 15,013,574 shares.

CONMED CORPORATION

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Item 1.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 1996 and 1997
(thousands except per share amounts)
(unaudited)

	1996	1997
Net sales	$ 29,200	$ 31,472
Cost and expenses:		
Cost of sales	15,167	16,475
Facility consolidation expense (Note 7)	--	2,328
Selling and administrative	7,556	8,336
Research and development	683	751
Total operating expenses	23,406	27,890
Income from operations	5,794	3,582
Interest income (expense), net	(682)	262
Income before taxes	5,112	3,844
Provision for income taxes	1,840	1,384
Net income	$ 3,272	$ 2,460
Weighted average common shares and equivalents	12,570	15,205
Earnings per share	$ .26	$ .16

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)
(unaudited)

	December 1996	March 1997

Current assets:		
Cash and cash equivalents	$ 20,173	$ 28,175
Accounts receivable, net	26,336	26,615
Income taxes receivable	766	--
Inventories (Note 4)	23,187	21,790
Deferred income taxes	626	626
Prepaid expenses and other current assets	740	1,094
Total current assets	71,828	78,300
Property, plant and equipment, net	26,458	26,462
Deferred income taxes	1,246	1,246
Covenant not to compete	713	603
Goodwill	64,283	64,449
Patents, trademarks, and other assets	5,555	5,420
Total assets	$170,083	$176,480

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 2,433	$ 2,321
Income taxes payable	--	1,426
Accrued payroll and withholdings	2,037	1,798
Accrued pension	333	627
Accrued facility consolidation (Note 7)	--	2,328
Other current liabilities	951	1,045
Total current liabilities	5,754	9,545
Accrued pension	276	276
Deferred compensation	1,033	1,085
Long-term leases	2,924	2,937
Other long-term liabilities	1,461	1,461
	11,448	15,304

CONMED CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)
(unaudited)
(continued)

	December 1996	March 1997
Shareholders' equity:		
Preferred stock, par value $.01 per share; authorized 500,000 shares; none outstanding	--	--
Common stock, par value $.01 per share; 40,000,000 authorized; 14,988,783 and 14,998,983 issued and outstanding in 1996 and 1997, respectively	150	150
Paid-in capital	111,867	111,948
Retained earnings	46,618	49,078
	158,635	161,176
Total liabilities and shareholders' equity	$170,083	$176,480

See notes to consolidated financial statements.

CONMED CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 1996 and 1997
(in thousands)
(unaudited)

	1996	1997
Cash flows from operating activities:		
Net income	$ 3,272	$ 2,460
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	800	946
Amortization	631	799
Increase (decrease) in cash flows from changes in assets and liabilities		
Accounts receivable	1,290	(279)
Inventories	(445)	1,213
Prepaid expenses and other current assets	117	(354)
Other assets	(1,244)	(19)
Accounts payable	581	(112)
Income taxes payable	2,258	2,192
Income tax benefit of stock option exercises	1,032	--
Accrued payroll and withholdings .	1,362	(239)
Accrued pension	193	294
Accrued facility consolidation ...	--	2,328
Other current liabilities	(1,337)	(410)
Deferred compensation and other long-term liabilities	(273)	52
	4,965	6,411
Net cash provided by operating activities .	8,237	8,871
Cash flows from investing activities:		
Acquisition of NDM, net of cash acquired	(30,721)	--
Acquisition of property, plant, and equipment	(1,015)	(950)
Net cash used by investing activities	(31,736)	(950)

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 1996 and 1997
(in thousands)
(unaudited)
(continued)

	1996	1997
Cash flows from financing activities:		
Proceeds of long term debt	32,660	--
Proceeds from issuance of common stock	65,990	81
Payments on long-term debt and leases	(65,141)	--
Net cash provided by financing activities	33,509	81
Net increase in cash and cash equivalents	10,010	8,002
Cash and cash equivalents at beginning of period ...	1,539	20,173
Cash and cash equivalents at end of period	$ 11,549	$ 28,175

Supplemental disclosures of cash flow information:
Cash paid during the quarter for:

Interest	$ 882	$ --
Income taxes	124	182

See notes to consolidated financial statements.

CONMED CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Consolidation

The consolidated financial statements include the accounts of CONMED Corporation (the Company), and its subsidiaries. The Company is primarily engaged in the development, manufacturing and marketing of disposable medical products and related devices. All significant intercompany accounts and transactions have been eliminated in consolidation.

Note 2 - Interim financial information

The statements for the three months ended March 1996 and 1997 are unaudited; in the opinion of the Company such unaudited statements include all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation of the results for such periods. The consolidated financial statements for the year ending December 1997 are subject to adjustment at the end of the year when they will be audited by independent accountants. The results of operations for the three months ended March 1996 and 1997 are not necessarily indicative of the results of operations to be expected for any other quarter nor for the year ending December 1997. The consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes for the years ended December 1995 and 1996 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.

Note 3 - Earnings per share

Earnings per share was computed by dividing net income by the weighted average number of shares of common stock and common stock equivalents outstanding during the quarter.

Note 4 - Inventories

The components of inventory are as follows (in thousands):

	December 1996	March 1997
Raw materials	$ 7,079	$ 7,354
Work-in-process	7,541	6,927
Finished goods	8,567	7,509
Total	$23,187	$21,790

Note 5 - Business Acquisition

On February 23, 1996, the Company acquired the business and certain assets of New Dimensions in Medicine, Inc. ("NDM") for a cash purchase price of approximately $31.6 million and the assumption of $3.3 million of liabilities. The acquisition was accounted for using the purchase method of accounting. Accordingly, the results of operations of the acquired business are included in the consolidated results of the Company from the date of acquisition. Goodwill associated with the acquisition is being amortized on a straight-line basis over a 40 year period.

On an unaudited pro forma basis, assuming the NDM acquisition had occurred as of the beginning of 1996, the consolidated results of the Company for the quarter ended March 1996 would have been as follows: (in thousands, except per share amounts):

Pro forma revenues	$32,700
Pro forma net income	$ 3,576
Pro forma earnings per common and common equivalent shares	$ .28

Note 6 - Stock Offering

On March 20, 1996, the Company completed a public offering of its common stock whereby 3,000,000 and 850,000 shares of common stock were sold by the Company and certain shareholders, respectively. The common shares sold by the shareholders were received upon the exercise of a warrant and options during the first quarter of 1996. Net proceeds to the Company related to the sale of 3,000,000 shares and exercise of the warrant and options amounted to approximately $62,500,000 and $3,500,000, respectively. Of the aggregate proceeds, $65,000,000 was used to eliminate the Company's indebtedness under its credit agreements.

Note 7 - Facility Consolidation

During the first quarter of 1997, the Company recorded a pre-tax charge of $2,328,000 related to the closure of the Company's Dayton, Ohio manufacturing facility. Operations of the Dayton facility, which was acquired in connection with the February 1996 acquisition of NDM, will be transferred to the Company's manufacturing location in Rome, New York over the remainder of 1997. The components of the charge consist primarily of estimated costs associated with employee severance and termination, and the impairment of the carrying value of fixed assets.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three months ended March 1997 compared to three months ended March 1996

Sales for the quarter ended March 1997 were $31,472,000, an increase of 7.8% compared to sales of $29,200,000 in the quarter ended March 1996. The increase was primarily a result of the NDM acquisition that was reflected in 1996 results only from February 23, 1996, the date of acquisition. Offsetting the incremental NDM sales volume was the effects of realignment of the Company's domestic sales force effective January 1, 1997.

Prior to 1997, the Company maintained separate salesforces, each of which sold only a portion of the Company's product offerings. With the realignment, each of the Company's territory managers sell the entire produce line of the Company. While management believes that this change will ultimately enhance the Company's sales efforts, first quarter sales were negatively impacted by this change due to training issues. Further, management believes that sales for the second quarter of 1997 may also be affected as the domestic sales force completes their transition to new responsibilities.

Additionally, during the second quarter of 1997, the Company announced that it would immediately discontinue certain end of quarter dealer incentives which had previously been offered. Management believes that this may have a negative timing effect on the Company's sales in the second quarter of 1997 by as much as $2.0 million. However, after the second quarter of 1997, sales should return to normal levels as dealers utilize regular ordering patterns rather than relying on end of period purchases to meet hospital needs.

Cost of sales increased to $16,475,000 in the current quarter compared to the $15,167,000 in the same quarter a year ago as a result of increased sales volume. The Company's gross margin percentage was 47.7% for the first quarter of 1997 as compared to 48.1% in the first quarter of 1996. The slight deterioration in gross margin percentage reflects the effects of lower pricing primarily on ECG electrodes and the effects of the NDM product line, which generally have lower gross margin percentages than the Company's overall gross margin percentage.

During the first quarter of 1997, the Company recorded a charge of $2,328,000 related to the closure of its Dayton, Ohio manufacturing facility. Operations of the Dayton facility, which was acquired in connection with the

February 1996 acquisition of NDM, will be transferred to the Company's manufacturing location in Rome, New York.

Selling and administrative costs increased to $8,336,000 in the current quarter as compared to $7,556,000 in the first quarter of 1996. As a percentage of sales, selling and administrative expense was 26.5% in the first quarter of 1997 as compared to 25.9% in the comparable 1996 period. This increase reflects the first quarter 1997 sales shortfall discussed above compounded by incremental first quarter 1997 expenses related to domestic sales force realignment and training.

Research and development expense was $751,000 in the first quarter of 1997 as compared to $683,000 in the first quarter of 1996. The increase reflects incremental expense related to the NDM acquisition.

The first quarter of 1997 had interest income of $262,000 compared to interest expense of $682,000 in the first quarter of 1996. As discussed under Liquidity and Capital Resources, maximum borrowings during the first quarter of 1996 were $65,000,000 of which $32,660,000 related to borrowings associated with the February 23, 1996 acquisition of NDM. All such indebtedness was repaid in late March 1996 with proceeds from the Company's equity offering.

The provision for income taxes decreased in 1997 due to the lower income before tax.

Liquidity and Capital Resources

Cash flows provided or used by operating, investing and financing activities for the first three months of 1996 and 1997 are disclosed in the Consolidated Statements of Cash Flows. Net cash provided by operations was $8,871,000 for the first three months of 1997 as compared to $8,237,000 for the first three months of 1996. Operating cash flows for the first three months of 1997 were negatively impacted by lower net income as compared to the first three months of 1996. Depreciation and amortization in 1997 increased primarily due to the effects of the NDM acquisition. Operating cash flows for the first three months of 1997 were positively impacted by an accrual for facility consolidation, a reduction in inventories and an increase in income taxes payable. Adversely impacting operating cash flows for the first three months of 1997 was an increase in prepaid expenses and other current assets, and a reduction in other current liabilities.

Net cash used by investing activities was $950,000 in the first three months of 1997 compared to $31,736,000 in the first three months of 1996. During the first three months of 1997, additions to property, plant and equipment amounted to $950,000. Cash used for the 1996 acquisition of NDM approximated $30.7 million. Additions to property, plant and equipment for the first three months of 1996 amounted to $1,015,000.

Cash flows from financing activities were $81,000 for the first three months of 1997 as compared to $33,509,000 for the first three months of 1996. In connection with the NDM acquisition on February 23, 1996, the Company borrowed $32,660,000 bringing aggregate borrowings under its credit facility to $65,000,000. On March 20, 1996, the Company completed an equity offering of common stock and used $65,000,000 of the proceeds to eliminate the indebtedness of the Company.

Management believes that cash generated from operations, its current cash resources and funds available under its banking agreement will provide sufficient liquidity to ensure continued working capital for operations and funding of capital expenditures in the foreseeable future.

The Company's credit facility consists of a $60,000,000 secured revolving line of credit which expires on March 2001. This facility carries an interest rate of 0.5%-1.25% over LIBOR depending on defined cash flow performance ratios. There were no borrowings outstanding under this facility during the quarter ended March 1997.

Item 5. Other Information

On May 6, 1997, the Company announced that its Board of Directors authorized the Company to repurchase $30,000,000 of its common stock. The repurchase program calls for shares to be purchased in the open market or in private transactions from time to time. The Company may suspend or discontinue the program at any time. The timing of the purchases will depend upon market conditions, the market price of the common stock and management's assessment of the Company's liquidity and cash flow needs. The Company will finance the repurchases from cash-on-hand and amounts available under the Company's bank credit facility.

Item 6. Exhibits and Reports on Form 8-K

List of Exhibits

Exhibit No.	Description of Instrument
11	Computation of weighted average number of shares of common stock

Reports on Form 8-K

None

SIGNATURES

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
(Registrant)

Date: May 9, 1997

/s/ Robert D. Shallish, Jr.

Robert D. Shallish, Jr.
Vice President - Finance
(Principal Financial Officer)

Exhibit Index

Exhibit

11	- Computations of weighted average number of shares of common stock

EXHIBIT 11

Computation of weighted average number of shares of common stock

	For the three months ended March (in thousands)	
	1996	1997
Shares outstanding at beginning of period...............	11,000	14,989
Weighted average shares issued	396	8
Incremental shares of common stock outstanding giving effect to stock options and warrant	1,174	208
	12,570	15,205

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