

CONMED CORP
Form DEF 14A
April 13, 2007

**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.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- | | |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
| (5) | Total fee paid: |
- Fee paid previously with preliminary materials.
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- | | |
|-----|---|
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |

(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 17, 2007 at 3:30 p.m. (New York time), for the following purposes:

- (1) To elect eight directors to serve on the Company's Board of Directors;
- (2) To ratify the appointment of independent registered public accounting firm for the Company for 2007;
- (3) To approve the 2007 Non-Employee Director Equity Compensation Plan; and
- (4) 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 30, 2007, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

Even if you plan to attend the 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,

Thomas M. Acey
Secretary

April 13, 2007

CONMED CORPORATION
525 French Road
Utica, New York 13502

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 17, 2007

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 17, 2007, 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 matters to be considered and acted upon at such 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 13, 2007, to all shareholders of record on March 30, 2007. 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 Eugene R. Corasanti and Daniel S. Jonas, who are, respectively, the non-executive Chairman of the Board, 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 mails, 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 2007 Annual Meeting will be tabulated by a representative of 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 28,173,442 shares of Common Stock outstanding on March 30, 2007 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. Proposals (2) and (3) require 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), (2) and (3) 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. Proposal (3) is considered “non discretionary” and brokers who have received no instructions from their clients do not have discretion to vote on this item. The broker non-votes will be treated in the same manner as votes present.

PROPOSALS TO BE SUBMITTED AT THE SHAREHOLDERS MEETING

There are three proposals expected to be submitted for shareholder approval. The first concerns the election of directors. The second concerns ratifying the appointment of the Company’s independent registered public accounting firm (independent accountants). The third concerns approval of a new non-employee director equity compensation plan. These proposals are more fully described below.

PROPOSAL ONE: ELECTION OF DIRECTORS

At the meeting, eight 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 seven directors. 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 other than Mr. Tryniski 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 2007 ANNUAL MEETING

<u>Name</u>	<u>Age</u>	<u>Served As Director Since</u>	<u>Principal Occupation or Position with the Company</u>
Eugene R. Corasanti	76	1970	Chairman of the Board of Directors and Vice Chairman of the Company.
Joseph J. Corasanti	43	1994	Chief Executive Officer and President of the Company; Director of the Company; Director of II-VI, Inc. (Nasdaq: IIVI).
Bruce F. Daniels	72	1992	Executive, retired; former Controller of the international division 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	59	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	42	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.
William D. Matthews	72	1997	Retired Chairman of the Board of Directors and retired Chief Executive Officer of Oneida Ltd. (NYSE: OCQ), Chairman of the Board of Directors of Oneida Financial Corporation (Nasdaq: ONFC) and a former director of Coyne Textile Services; Director of the Company. As noted below, the Board of Directors has determined that Mr. Matthews is independent, and is a financial expert.
Stuart J. Schwartz	70	1998	Physician, retired; Director of the Company. As noted below, the Board of Directors has determined that Dr. Schwartz is independent.
Mark E. Tryniski	46	N/A	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.

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.

3

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 2007, 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 2007. 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. Such 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 2007.

The Board of Directors recommends a vote FOR this proposal.

PROPOSAL THREE: THE 2007 NON-EMPLOYEE DIRECTOR EQUITY COMPENSATION PLAN

On March 2, 2007, upon the recommendation of our Compensation Committee, our Board of Directors unanimously approved the 2007 Non-Employee Director Equity Compensation Plan, subject to approval by our shareholders. The 2007 Non-Employee Director Equity Compensation Plan (the “2007 NED Plan”) will be applicable only to awards granted on or after the date the 2007 NED Plan is approved by shareholders (the “Effective Date”).

The following summary of the material terms of the 2007 NED Plan is qualified in its entirety by reference to the complete text of the 2007 NED Plan, which is attached hereto as Exhibit A.

Overview

The purpose of the 2007 NED Plan is to attract, retain and motivate directors who serve on the Board of Directors for the Company, to compensate them for their contributions to the long-term growth and profits of the Company and to encourage them to acquire a proprietary interest in the success of the Company. The 2007 NED Plan will be administered by the Compensation Committee, which may delegate any of its powers under the Plan to a subcommittee thereof. Awards may be made to any non-employee director who may perform services for the Company and its subsidiaries and affiliates selected by the Compensation Committee. The 2007 NED Plan provides for grants of stock appreciation rights (“SARs”), restricted stock units (“RSUs”), and other equity-based and equity-related awards (collectively, “Awards”).

Shares Subject to the Plan; Other Limitations of Awards

The total number of shares of Common Stock that may be delivered pursuant to Awards granted under the 2007 NED Plan may not exceed 125,000 shares, plus any shares remaining available for issuance under the 1996 Non-Employee

Director Plan. These shares may be authorized but unissued shares of Common Stock or authorized and issued shares of Common Stock held in our treasury or otherwise acquired for the purposes of the 2007 NED Plan. If, after the Effective Date, any Award that is granted on or after the Effective Date (or under the 1996 Non-Employee Director Plan) is forfeited or otherwise terminates or is canceled without the delivery of shares of Common Stock or shares of Common Stock are surrendered or withheld from any Award to satisfy any obligation of the Award recipient (including federal, state or foreign taxes) then the shares covered by such forfeited, terminated or canceled Award or which are equal to the number of shares surrendered or withheld will again become available to be delivered pursuant to Awards granted under the 2007 NED Plan.

Types of Awards

The 2007 NED Plan provides for Awards in the form of SARs, RSUs and other equity-based or equity-related awards pursuant to which Common Stock, cash or other property may be delivered to the Award recipient. Each Award will be

evidenced by an award agreement (an “Award Agreement”) which will govern that Award’s terms and conditions.

Each non-employee director will annually receive 2,500 SARs (with a reference price equal to the fair market value of a share of Common Stock on the date on which the SAR is granted) on the first business day following the Company’s annual meeting with such SARs vesting no earlier than one year after they are granted. It is the Compensation Committee’s intention that SARs granted to non-employee directors in 2007 will vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of the grant date. The Board may also make other grants of SARs to non-employee directors, but only when they are appointed to the Board outside of the context of an election at the Company’s Annual Meeting of Shareholders. A SAR entitles the recipient to receive shares of Common Stock, cash or other property equal in value to the appreciation of the Common Stock over the reference price specified by the Compensation Committee in the recipient’s Award Agreement. The reference price for each SAR will be fixed by the Compensation Committee at the time the SAR is granted, but it will always be at least equal to the fair market value of a share of Common Stock on the date on which the SAR is granted. Any other terms and conditions of the SAR shall be determined by the Compensation Committee and shall be set forth in the Award Agreement. All SARs must be exercised by the tenth anniversary of their grant date.

Each non-employee director will annually receive 1,000 RSUs on the first business day following the Company’s annual meeting with such RSUs vesting no earlier than one year after they are granted. It is the Compensation Committee’s intention that RSUs granted to non-employee directors in 2007 will vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of the grant date. The Board may also make other grants of RSUs to non-employee directors, but only when they are appointed to the Board outside of the context of an election at the Company’s Annual Meeting of Shareholders. An RSU is an unfunded, unsecured right to receive a share of Common Stock (or cash or other securities or property) at a future date upon satisfaction of the conditions specified by the Compensation Committee in the recipient’s Award Agreement.

Other Provisions

When a non-employee director ceases being a non-employee director, his or her vested SARs will be exercisable until the earlier of the expiration date of the SARs or the first anniversary of his or her termination. His or her vested RSUs will also be delivered to the grantee. Any unvested SARs or RSUs will terminate upon the non-employee director ceasing to be a non-employee director unless otherwise provided in the relevant award agreement. It is the Compensation Committee’s intention that the SARs and RSUs to be granted to non-employee directors in 2007 and which remain unvested when a non-employee director leaves the Board will immediately vest and become exercisable (in the case of SARs) if the non-employee director remained on the Board through the first anniversary of the grant date of such SARs or RSUs. In that event, such SARs will be exercisable until the earlier of the expiration date of the SARs or the first anniversary of the non-employee director’s termination. If the non-employee director did not remain on the Board through the first anniversary of the grant date of such SARs or RSUs, the awards will terminate immediately upon his or her leaving the Board.

In the event of a “Change in Control” (as defined in the 2007 NED Plan), (i) each outstanding SAR will fully vest and become exercisable, (ii) the restrictions applicable to all outstanding RSUs shall lapse and such RSUs will fully vest, (iii) any performance conditions will be deemed satisfied in full, and (iv) all outstanding RSUs will be paid in cash if so specified by the Compensation Committee.

The Board may suspend, discontinue, revise or amend the 2007 NED Plan in any respect whatsoever, but no amendment may materially adversely affect a recipient without his or her prior written consent. Unless sooner terminated by the Board, the 2007 NED Plan will terminate on the day before the tenth anniversary of the Effective Date, but any Award granted prior to that date shall continue pursuant to its terms and the terms of this Plan.

U.S. Federal Tax Implications of Options and RSUs

The following summary generally describes the principal Federal (but not state and local) income tax consequences of the issuance and exercise of Awards under the 2007 NED Plan. It is general in nature and is not intended to cover all tax consequences that may apply to a particular participant or the Company. The provisions of the Internal Revenue Code and the regulations thereunder relating to these matters are complex and subject to change and their impact in any one case may depend upon the particular circumstances.

A non-employee director will not realize any income, and the Company will not be entitled to a deduction, at the time that a SAR is granted under the 2007 NED Plan. Upon exercising a SAR, a non-employee director will realize ordinary income (not as capital gain), and the Company will be entitled to a corresponding deduction, in an amount equal to the fair market value on the exercise date of the shares subject to the SAR over the reference price of the SAR. The Company generally will be entitled to a tax deduction equal to the amount recognized as ordinary income (not as capital gain) by the non-employee director in connection with the exercise of a SAR.

Generally, the grant of an RSU does not result in taxable income to the participant or a deduction to the Company. Upon distribution of the shares (or cash) underlying the RSUs, a non-employee director will recognize as ordinary income an amount equal to the cash and/or fair market value (measured on the distribution date) of the shares (or cash) received, and such amount may be deductible by the Company.

New Plan Benefits

Other than for grants of awards to non-employee directors when they are appointed to the Board outside of the context of an election at the Company's Annual Meeting of Shareholders, each non-employee director will annually receive 2,500 SARs and 1,000 RSUs.

The Board of Directors recommends a vote FOR this proposal.

As of March 30, 2007, the closing price of a share of Common Stock on the Nasdaq Stock Market was \$29.23.

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 2008 ANNUAL MEETING

Any shareholder desiring to present a proposal to the shareholders at the 2008 Annual Meeting, which currently is expected to be scheduled on or about May 15, 2008, and who desires that such proposal be included in the Company's proxy statement and proxy card relating to that meeting, must transmit such proposal to the Company so that it is received by the Company at its principal executive offices on or before December 17, 2007. 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 2008 Annual Meeting or to propose nominees for election as directors at the 2008 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 15, 2008 and March 17, 2008.

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

Director Nominees

EUGENE R. CORASANTI (age 76) 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, having served as President and Chief Operating Officer from its founding until August 1999. 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 43) 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 72) 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 59) was elected to the Board of Directors in 2003 following the recommendation of the Corporate Governance and Nominating Committee, which nomination was approved by the full Board of Directors in February 2003. Ms. Golden is a certified public accountant and the managing partner of the New Hartford, New York office of Dermody Burke and Brown, CPAs, LLC, an accounting firm. Ms. Golden is 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 is a past president of the New York State Society's Foundation for Accounting Education. Ms. Golden is also a past 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 42) 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 Gem Packing Corp., Utica Plastics, LLC, ECOO Realty Corp., Olive Transport Corp. and Northside Gourmet Corp., which are all affiliated with East Coast Olive Oil Corp. 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.

7

WILLIAM D. MATTHEWS (age 72) has served as a Director of the Company since August 1997.