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, 2001 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 3, 2001 is 15,430,275 shares.

CONMED CORPORATION

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Item 1.

CONMED CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
Three Months Ended March 2000 and 2001
(in thousands except per share amounts)
(unaudited)

	2000	2001
Net sales	$102,811	$105,909
Cost of sales	48,661	49,674
Selling and administrative expense	30,762	34,829
Research and development expense	3,406	3,696
	82,829	88,199
Income from operations	19,982	17,710
Interest expense, net	8,405	8,331
Income before income taxes	11,577	9,379
Provision for income taxes	4,168	3,376
Net income	$ 7,409	$ 6,003
Per share data:		
Net income		
Basic	$ .48	$ .39
Diluted	48	.39
Weighted average common shares		
Basic	15,286	15,371
Diluted	15,559	15,538

See notes to consolidated condensed financial statements

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

	December 2000	(unaudited) March 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,470	$ 4,104
Accounts receivable, net	78,626	80,462
Inventories	104,612	104,472
Deferred income taxes	1,761	1,761
Prepaid expenses and other current assets	3,562	4,228
Total current assets	192,031	195,027
Property, plant and equipment, net	62,450	64,130
Goodwill, net	225,801	224,232
Other intangible assets, net	195,008	193,334
Other assets	4,281	4,368
Total assets	$679,571	$681,091

	December 2000	March 2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 36,068	$ 36,866
Accounts payable	20,350	22,464
Accrued compensation	9,913	10,093
Income taxes payable	1,979	5,015
Accrued interest	5,130	2,016
Other current liabilities	4,836	5,307
Total current liabilities	78,276	81,761
Long-term debt	342,680	335,859
Deferred income taxes	12,154	11,282
Other long-term liabilities	15,858	17,715
Total liabilities	448,968	446,617
Shareholders' equity:		
Preferred stock, par value $.01 per share; authorized 500,000 shares; none outstanding	-	-
Common stock, par value $.01 per share; 100,000,000 shares authorized; 15,352,186 and 15,430,275 shares issued and outstanding in 2000 and 2001, respectively	153	154
Paid-in capital	128,062	128,542
Retained earnings	103,834	109,837
Accumulated other comprehensive loss	(1,027)	(3,640)
Less 25,000 shares of common stock in treasury, at cost	(419)	(419)
Total shareholders' equity	230,603	234,474
Total liabilities and shareholders' equity	$679,571	$681,091

See notes to consolidated condensed financial statements

CONMED CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Three Months Ended March 2000 and 2001
(in thousands)
(unaudited)

	2000	2001
Cash flows from operating activities:		
Net income	$ 7,409	$ 6,003
Adjustments to reconcile net income to net cash provided by operations:		

Depreciation	2,306	2,185
Amortization	4,798	5,381
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	(2,959)	(1,837)
Inventories	(2,213)	(1,168)
Prepaid expenses and other current assets	25	(677)
Accounts payable	3,479	2,114
Income taxes payable	3,149	3,036
Accrued compensation	(2,431)	180
Accrued interest	(1,443)	(3,114)
Other assets/liabilities, net	(699)	(987)
	4,012	5,113
Net cash provided by operating activities	11,421	11,116
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(3,798)	(3,867)
Net cash used by investing activities	(3,798)	(3,867)
Cash flows from financing activities:		
Borrowings under revolving credit facility	1,000	3,000
Proceeds from issuance of common stock	229	481
Payments on long-term debt	(8,230)	(9,023)
Net cash used by financing activities	(7,001)	(5,542)
Effect of exchange rate changes on cash and cash equivalents	(141)	(1,073)
Net increase in cash and cash equivalents	481	634
Cash and cash equivalents at beginning of period	3,747	3,470
Cash and cash equivalents at end of period	$ 4,228	$ 4,104

See notes to consolidated condensed financial statements

CONMED CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1 - Organization and operations

The consolidated condensed financial statements include the accounts of CONMED Corporation and its subsidiaries ("CONMED", the "Company", "we" or "us"). All intercompany accounts and transactions have been eliminated. CONMED Corporation is a medical technology company specializing in instruments and implants for arthroscopic sports medicine, and powered surgical instruments, for orthopaedic, ENT, neuro-surgery and other surgical specialties. We are also a leading developer, manufacturer and supplier of advanced medical devices, including RF electrosurgery systems used in all types of surgery, ECG electrodes for heart monitoring, and minimally invasive surgical devices. Our products are used in a variety of clinical settings, such as operating rooms, surgery centers, physicians' offices and critical care areas of hospitals. Our business is organized, managed and internally reported as a single segment, since our product offerings have similar economic, operating and other related characteristics.

Note 2 - Interim financial information

The statements for the three months ended March 2000 and 2001 are unaudited; in our opinion 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 condensed financial statements for the year ending December 2001 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 2001 are not necessarily indicative of the results of operations to be expected for any other quarter nor for the year ending December 2001. The consolidated condensed financial statements and notes thereto should be read in conjunction with the financial statements and notes for the year ended December 2000 included in our Annual Report to the Securities and Exchange Commission on Form 10-K. Certain prior year amounts have been reclassified to conform with the presentation used in 2001.

Note 3 - Other comprehensive income (loss)

Comprehensive income (loss) consists of the following:

	Three months ended March 2000	Three months ended March 2001
Net income	$ 7,409	$ 6,003
Other comprehensive income:		
Foreign currency translation adjustment	(163)	(1,063)
Cash flow hedging (net of income taxes)	--	(1,550)
Comprehensive income	$ 7,246	$ 3,390

Accumulated other comprehensive income (loss) consists of the following:

	Cumulative Translation Adjustments	Cash Flow Hedges	Accumulated Other Comprehensive Income (loss)
Balance, December 2000	$ (1,027)	$ -	$ (1,027)
Foreign currency translation adjustments	(1,063)	-	(1,063)
Cash flow hedging (net of income taxes)	-	(1,550)	(1,550)
Balance, March 2001	$ (2,090)	$ (1,550)	$ (3,640)

Note 4 - Inventories

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

	December 2000	March 2001
Raw materials	$38,278	$38,877
Work-in-process	12,612	12,058
Finished goods	53,722	53,537
Total	$104,612	$104,472

Note 5 - Derivative financial instruments

We adopted Statement of Financial Accounting Standard ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, on January 1, 2001. SFAS No. 133 requires that derivatives be recorded on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from the changes in the values of the derivatives are accounted for depending on whether the derivative qualifies for hedge accounting.

Upon adoption of SFAS No. 133, we recorded a net-of-tax cumulative-effect-type loss adjustment of $971,000 in accumulated other comprehensive income to recognize at fair value an interest rate swap which we have designated as a cash-flow hedge and which effectively converts $50,000,000 of LIBOR-based floating rate debt under our credit facility into fixed rate debt with a base interest rate of 7.01%.

Note 6 - Earnings per share

Basic earnings per share (EPS) is computed based on the weighted average number of common shares outstanding for the period. Diluted EPS gives effect to all dilutive potential shares outstanding (ie., options and warrants) during the period. The following is a reconciliation of the weighted average shares used in the calculation of basic and diluted EPS (in thousands):

	Three months ended March	
	2000	2001
Shares used in the calculation of Basic EPS (weighted average shares outstanding)..........................	15,286	15,371
Effect of dilutive potential securities...........................	273	167
Shares used in the calculation of Diluted EPS......................	15,559	15,538

The shares used in the calculation of diluted EPS exclude warrants and options to purchase shares where the exercise price was greater than the average market price of common shares for the period. Such shares aggregated 1,485,000 and 2,296,000 for the three months ended March 2000 and 2001, respectively.

Note 7 - Business acquisitions

On November 20, 2000 we agreed to purchase certain assets of the disposable minimally invasive surgical business of Imagyn Medical Technologies, Inc. (the "Imagyn acquisition") for a purchase price of $6,000,000. The acquisition was funded through borrowings under our revolving credit facility and is being accounted for using the purchase method. The results of operations of the acquired business are included in our consolidated results from the date of acquisition. Goodwill associated with the acquisition is being amortized on a straight-line basis over a 40-year period.

Note 8 - Guarantor financial statements

Our credit facility and subordinated notes (the "Notes") are guaranteed (the "Subsidiary Guarantees") by our subsidiaries (the "Subsidiary Guarantors"). The Subsidiary Guarantees provide that each Subsidiary Guarantor will fully and unconditionally guarantee our obligations under the credit facility and the Notes on a joint and several basis. Each Subsidiary Guarantor is wholly-owned by CONMED Corporation. The following supplemental financial information sets forth on a condensed consolidating basis, consolidating balance sheet, statement of income and statement of cash flows for the Parent Company Only, Subsidiary Guarantors and for the Company as of December 2000 and March 2001 and for the three months ended March 2000 and 2001.

CONMED CORPORATION
CONSOLIDATING CONDENSED BALANCE SHEET
December 2000
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ 3,470	$ -	$ 3,470
Accounts receivable, net	35,218	43,408	-	78,626
Inventories	20,174	84,438	-	104,612
Deferred income taxes	1,761	-	-	1,761
Prepaid expenses and other current assets	598	2,964	-	3,562
Total current assets	57,751	134,280	-	192,031
Property, plant and equipment, net	38,275	24,175	-	62,450
Goodwill, net	61,651	164,150	-	225,801
Other intangible assets, net	7,498	187,510	-	195,008
Other assets	473,408	5,217	(474,344)	4,281
Total assets	$638,583	$515,332	$(474,344)	$679,571
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	$ 36,068	$ -	$ -	$ 36,068
Accounts payable	4,398	15,952	-	20,350
Accrued compensation	2,147	7,766	-	9,913
Income taxes payable	1,338	641	-	1,979
Accrued interest	5,130	-	-	5,130
Other current liabilities	1,890	2,946	-	4,836
Total current liabilities	50,971	27,305	-	78,276
Long-term debt	342,680	-	-	342,680
Deferred income taxes	12,154	-	-	12,154
Other long-term liabilities	2,175	349,295	(335,612)	15,858
Total liabilities	407,980	376,600	(335,612)	448,968
Shareholders' equity:				
Preferred stock	-	-	-	-
Common stock	153	1	(1)	153
Paid-in capital	128,062	-	-	128,062
Retained earnings	103,834	139,758	(139,758)	103,834
Accumulated other comprehensive loss	(1,027)	(1,027)	1,027	(1,027)
Less common stock in treasury, at cost	(419)	-	-	(419)
Total shareholders' equity	230,603	138,732	(138,732)	230,603
Total liabilities and shareholders' equity	$638,583	$515,332	$(474,344)	$679,571

CONMED CORPORATION
CONSOLIDATING CONDENSED BALANCE SHEET
March 2001
(in thousands)
(unaudited)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ 4,104	$ -	$ 4,104
Accounts receivable, net	32,763	47,699	-	80,462
Inventories	20,456	84,016	-	104,472
Deferred income taxes	1,761	-	-	1,761
Prepaid expenses and other current assets	761	3,467	-	4,228
Total current assets	55,741	139,286	-	195,027
Property, plant and equipment, net	40,781	23,349	-	64,130
Goodwill, net	61,194	163,038	-	224,232
Other intangible assets, net	7,500	185,834	-	193,334
Other assets	474,822	40,400	(510,854)	4,368
Total assets	$640,038	$551,907	$(510,854)	$681,091

LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	$ 36,866	$ -	$ -	$ 36,866
Accounts payable	5,798	16,666	-	22,464
Accrued compensation	2,242	7,851	-	10,093
Income taxes payable	4,414	601	-	5,015
Accrued interest	2,016	-	-	2,016
Other current liabilities	2,361	2,946	-	5,307
Total current liabilities	53,697	28,064	-	81,761
Long-term debt	335,859	-	-	335,859
Deferred income taxes	11,282	-	-	11,282
Other long-term liabilities	4,726	381,135	(368,146)	17,715
Total liabilities	405,564	409,199	(368,146)	446,617
Shareholders' equity:				
Preferred stock	-	-	-	-
Common stock	154	1	(1)	154
Paid-in capital	128,542	-	-	128,542
Retained earnings	109,837	144,797	(144,797)	109,837
Accumulated other comprehensive loss	(3,640)	(2,090)	2,090	(3,640)
Less common stock in treasury, at cost	(419)	-	-	(419)
Total shareholders' equity	234,474	142,708	(142,708)	234,474
Total liabilities and shareholders' equity	$640,038	$551,907	$(510,854)	$681,091

CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF INCOME
Three Months Ended March 2000
(in thousands)
(unaudited)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
Net sales	$ 20,620	$ 82,191	$ -	$102,811
Cost of sales	11,053	37,608	-	48,661
Selling and administrative expense	5,245	25,517	-	30,762
Research and development expense	487	2,919	-	3,406
	16,785	66,044	-	82,829
Income from operations	3,835	16,147	-	19,982
Interest expense, net	-	8,405	-	8,405
Income before income taxes	3,835	7,742	-	11,577
Provision for income taxes	1,381	2,787	-	4,168
Income before equity in earnings of unconsolidated subsidiaries	2,454	4,955	-	7,409
Equity in earnings of unconsolidated subsidiaries	4,955	-	(4,955)	-
Net income	$ 7,409	$ 4,955	$ (4,955)	$ 7,409

CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF INCOME
Three Months Ended March 2001
(in thousands)
(unaudited)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
Net sales	$ 20,470	$ 85,439	$ -	$105,909
Cost of sales	12,483	37,191	-	49,674
Selling and administrative expense	6,098	28,731	-	34,829
Research and development expense	382	3,314	-	3,696
	18,963	69,236	-	88,199
Income from operations	1,507	16,203	-	17,710
Interest expense, net	-	8,331	-	8,331
Income before income taxes	1,507	7,872	-	9,379
Provision for income taxes	543	2,833	-	3,376
Income before equity in earnings of unconsolidated subsidiaries	964	5,039	-	6,003
Equity in earnings of unconsolidated subsidiaries	5,039	-	(5,039)	-
Net income	$ 6,003	$ 5,039	$ (5,039)	$ 6,003

CONMED CORPORATION
CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
Three Months Ended March 2000
(in thousands)
(unaudited)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
Net cash flows from operating activities	$ 3,801	$ 7,620	$ -	$ 11,421
Cash flows from investing activities:				
Distributions from subsidiaries	5,247	-	(5,247)	-
Purchases of property, plant and equipment	(2,428)	(1,370)	-	(3,798)
Net cash provided (used) by investing activities	2,819	(1,370)	(5,247)	(3,798)
Cash flows from financing:				
Distributions to parent	-	(5,247)	5,247	-
Borrowings under revolving credit facility	1,000	-	-	1,000
Proceeds from issuance of common stock	229	-	-	229
Payments on long-term debt	(8,230)	-	-	(8,230)
Net cash provided (used) by financing activities	(7,001)	(5,247)	5,247	(7,001)
Effect of exchange rate changes on cash and cash equivalents	-	(141)	-	(141)

Net increase (decrease) in cash and cash equivalents	(381)	862	-	481
Cash and cash equivalents at beginning of period	598	3,149	-	3,747
Cash and cash equivalents at end of period	$ 217	$ 4,011	$ -	$ 4,228

CONMED CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
Three Months Ended March 2001
(in thousands)
(unaudited)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
Net cash flows from operating activities	$ 3,120	$ 7,996	$ -	$ 11,116
Cash flows from investing activities:				
Distributions from subsidiaries	5,661	-	(5,661)	-
Purchases of property, plant and equipment	(3,239)	(628)	-	(3,867)
Net cash provided (used) by investing activities	2,422	(628)	(5,661)	(3,867)
Cash flows from financing:				
Distributions to parent	-	(5,661)	5,661	-
Borrowings under revolving credit facility	3,000	-	-	3,000
Proceeds from issuance of common stock	481	-	-	481
Payments on long-term debt	(9,023)	-	-	(9,023)
Net cash provided (used)by financing activities	(5,542)	(5,661)	5,661	(5,542)
Effect of exchange rate changes on cash and cash equivalents	-	(1,073)	-	(1,073)
Net increase (decrease) in cash and cash equivalents	-	634	-	634
Cash and cash equivalents at beginning of period	-	3,470	-	3,470
Cash and cash equivalents at end of period	$ -	$ 4,104	$ -	$ 4,104

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

This Quarterly Report on Form 10-Q contains certain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information that is based on the beliefs of management, as well as assumptions made by and information currently available to management.

When used in this Form 10-Q, the words "estimate", "project", "believe", "anticipate", "intend", "expect", and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including those discussed in our Annual Report on Form 10-K for the year ended December 2000, that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; changes in customer preferences; competition; changes in technology; the introduction of new products; the integration of any acquisition; changes in business strategy; the possibility that United States or foreign regulatory and/or administrative agencies might initiate enforcement actions against us or our distributors; our indebtedness; quality of our management and business abilities and the judgment of our personnel; the availability, terms and deployment of capital; the risk of litigation, especially patent litigation as well as the cost associated with patent and other litigation and changes in regulatory requirements.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events.

Three months ended March 2001 compared to three months ended March 2000

Sales for the quarter ended March 2001 were $105.9 million, an increase of 3.0% compared to sales of $102.8 million in the same quarter a year ago.

Sales in our orthopaedic businesses grew 2.8% to $70.8 million from $68.8 million in the comparable quarter last year. Arthroscopy sales, which represent approximately 56.8% of total orthopaedic revenues, grew 2.0% to $40.2 million from $39.4 million in the same period a year ago. Powered surgical instrument sales, which represent approximately 43.2% of orthopaedic revenues, grew 4.0% to $30.6 million from $29.4 million in the same quarter last year. Adjusted for constant foreign currency exchange rates, orthopaedic sales growth in the first quarter of 2001 would have been approximately 4.8% compared with the first quarter of 2000.

Patient care sales for the three months ended March 2001 were $17.6 million, a 6.0% decline from $18.7 million in the same period a year ago, reflecting expected declines in sales of our surgical suction product lines as a result of increased competition and pricing pressures.

Electrosurgery sales for the three months ended March 2001 were $15.0 million, an increase of 7.5% from $13.9 million in the first quarter of last year, reflecting improved generator and disposable product sales.

Sales of minimally invasive surgery (MIS) products increased 90.2% to $2.5 million in the three months ended March 2001 from $1.3 million in the same period a year ago. Approximately 77.1% of the total increase in MIS sales is a result of our November 2000 Imagyn acquisition (Note 7 to the condensed consolidated financial statements), while 13.1% is a result of internal growth.

Cost of sales increased to $49,674,000 in the current quarter as compared to $48,661,000 in the same quarter a year ago as a result of the increased sales volumes described above. Gross margin percentage improved to 53.1% in the first quarter of 2001 compared to 52.7% in the first quarter of 2000, primarily as a result of increased sales volumes in our orthopaedic product lines which carry higher gross margins than certain of our other product lines.

Selling and administrative expenses increased to $34,829,000 in the first quarter of 2001 as compared to $30,762,000 in the first quarter of 2000. As a percentage of sales, selling and administrative expenses totaled 32.9% in the first quarter of 2001 compared to 29.9% in the first quarter of 2000. In the second quarter of 2000, we announced a plan to replace our arthroscopy direct sales force with non-stocking exclusive sales agent groups in certain geographic regions of the United States. This plan resulted in greater sales force coverage in the affected geographic regions. The increase in selling and administrative expense is a result of higher commission and other costs associated with the change to exclusive sales agent groups as well as increased spending on sales and marketing programs.

Research and development expense increased to $3,696,000 in the first quarter of 2001 as compared to $3,406,000 in the first quarter of 2000. As a percentage of sales, research and development expense increased to 3.5% in the current quarter compared to 3.3% in the same quarter a year ago. This increase represents expanded research and development efforts primarily focused on new product development in the orthopaedic product lines.

Interest expense in the first quarter of 2001 was $8,331,000 compared to $8,405,000 in the first quarter of 2000. The decrease in interest expense is a result of lower total borrowings during the current quarter as compared to the same period a year ago, as total current and long-term debt outstanding decreased from approximately $387,439,000 at March 2000 to $372,725,000 at March 2001. Partially offsetting the lower interest expense resulting from lower borrowings has been an increase in the weighted average interest rates on our term loans and revolving credit facility in the first quarter of 2001 as compared to the first quarter of 2000 (See Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

Liquidity and Capital Resources

Our net working capital position decreased slightly to $113,266,000 at March 2001 compared to $113,755,000 at December 2000. Net cash provided by operations was $11,116,000 for the first three months of 2001 compared to $11,421,000 for the same period a year ago. Operating cash flow in the first quarter of 2001 was positively impacted by depreciation, amortization and increases in accounts payable and income taxes payable. Operating cash flow in the first quarter of 2001 was negatively impacted by increases in accounts receivable and inventory and decreases in accrued interest. The increases in accounts receivable and inventory are primarily related to higher sales levels in the current quarter. The increases in accounts payable and income taxes payable and decreases in accrued interest are primarily related to the timing of the payment of these liabilities.

Net cash used by investing activities for the three months ended March 2001 and 2000 consisted of $3,798,000 and $3,867,000, respectively, in capital expenditures.

Financing activities during the three months ended March 2001 consisted primarily of scheduled payments of $9,023,000 on our term loans and $3,000,000 in borrowings on our revolving credit facility. Financing activities during the three months ended March 2000 consisted primarily of scheduled payments of $8,230,000 on our term loans and $1,000,000 in borrowings on our revolving credit facility.

Our term loans under our credit facility at March 2001 aggregate $191,911,000. Our term loans are repayable quarterly over remaining terms of approximately five years.

Our credit facility also includes a $100,000,000 revolving credit facility which expires December 2002, of which $50,000,000 was available at March 2001. The borrowings under the credit facility carry interest rates based on a spread over LIBOR or an alternative base interest rate. The covenants of the credit facility provide for increase and decrease to this interest rate spread based on our operating results. The weighted average interest rates at March 2001 under the term loans and the revolving credit facility were 7.94% and 8.14%, respectively. Additionally, we are obligated to pay a fee of .375% per annum on the unused portion of the revolving credit facility.

We use interest rate swaps, a form of derivative financial instrument, to manage interest rate risk. As discussed in Note 5 to the condensed consolidated financial statements, we have designated as a cash-flow hedge, an interest rate swap which effectively converts $50,000,000 of LIBOR-based floating rate debt under our credit facility into fixed rate debt with a base interest rate of 7.01%. The interest rate swap expires in June 2003 and is included in liabilities on the balance sheet with a fair value approximating $2,422,000. There were no material changes in our market risk during the quarter ended March 2001. For a detailed discussion of market risk, see our Annual Report on Form 10-K for the year ended December 2000, Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

The credit facility is collateralized by all of our personal property. The credit facility contains covenants and restrictions which, among other things, require maintenance of certain working capital levels and financial ratios, prohibit dividend payments and restrict the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. We are also required to make mandatory prepayments from net cash proceeds from any issue of equity and asset sales. Mandatory prepayments are to be applied first to the prepayment of the term loans and then to reduce borrowings under the revolving credit facility.

The Notes are in aggregate principal amount of $130,000,000 and have a maturity date of March 15, 2008. The Notes bear interest at 9.0% per annum which is payable semi-annually. The indenture governing the Notes has certain restrictive covenants and provides for, among other things, mandatory and optional redemptions by us.

The credit facility and Notes are guaranteed by each of our subsidiaries. The Subsidiary Guarantees provide that each Subsidiary Guarantor will fully and unconditionally guarantee our obligations on a joint and several basis. Each Subsidiary Guarantor is wholly-owned by CONMED Corporation. Under the credit facility and Note indenture, our subsidiaries are subject to the same covenants and restrictions that apply to us (except that the Subsidiary Guarantors are permitted to make dividend payments and distributions, including cash dividend payments, to us or another Subsidiary Guarantor).

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

Foreign Operations

Our foreign operations are subject to special risks inherent in doing business outside the United States, including governmental instability, war and other international conflicts, civil and labor disturbances, requirements of local ownership, partial or total expropriation, nationalization, currency devaluation, foreign exchange controls and foreign laws and policies, each of which may limit the movement of assets or funds or result in the deprivation of contract rights or the taking of property without fair compensation.

Item 6. Exhibits and Reports on Form 8-K

List of Exhibits

None

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 11, 2001

Robert D. Shallish, Jr.

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