

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 26, 2007

**CONMED CORPORATION**

(Exact name of registrant as specified in its charter)

New York  
(State or other jurisdiction of  
incorporation or organization)

0-16093  
(Commission  
File Number)

16-0977505  
(I.R.S. Employer  
Identification No.)

525 French Road  
Utica, New York 13502  
(Address of principal executive offices, including zip code)

(315) 797-8375  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (See General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Section 2            Financial Information**  
**Item 2.02           Results of Operations and Financial Condition.**

On April 26, 2007, CONMED Corporation issued a press release announcing financial results for the first quarter of 2007. A copy of this press release is attached hereto as Exhibit 99.1.

The information in this Current Report on Form 8-K that is furnished under "Item 2.02. Results of Operations and Financial Condition" and Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

**Section 9            Financial Statements and Exhibits**  
**Item 9.01           Financial Statements and Exhibits.**

(c)       Exhibits

The following exhibit is included herewith:

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
99.1	Press Release dated April 26, 2007, issued by CONMED Corporation.

**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  
(Registrant)

By: Robert D. Shallish, Jr.  
Vice President-Finance and  
Chief Financial Officer

Date: April 26, 2007

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EXHIBIT INDEX

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## NEWS RELEASE

**CONTACT:**  
**CONMED Corporation**  
**Robert Shallish**  
**Chief Financial Officer**  
**315-624-3206**

**FD**  
**Investors: Brian Ritchie/Theresa**  
**Kelleher**  
**212-850-5600**

**FOR RELEASE: 7:00 AM (Eastern) April 26, 2007**

**CONMED Corporation Announces First Quarter 2007 Financial Results**

**- Sales Increase 7.9% to \$171.0 Million: A New Quarterly Record -**

**- Non-GAAP EPS Grows 43% to \$0.30 -**

**- Non-GAAP Operating Margin Improves to 10.4% -**

**- Conference Call to be Held at 10:00 a.m. ET Today -**

**Utica, New York, April 26, 2007** — **CONMED Corporation (Nasdaq: CNMD)** today announced financial results for the first quarter of 2007. Sales for the March 31, 2007 quarter increased 7.9% to \$171.0 million, setting a new quarterly record, compared to \$158.5 million in the first quarter of 2006.

Excluding unusual gains and charges (see attached schedule for additional information), non-GAAP net income for the first quarter increased 44% to \$8.5 million, or \$0.30 per diluted share, compared to first quarter 2006 non-GAAP net income of \$5.9 million, or \$0.21 per diluted share. The increase was driven by solid top-line growth and continued leverage of CONMED's infrastructure. Non-GAAP figures for the first quarter 2007 exclude a litigation settlement gain, other unusual charges, and, for the first quarter in 2006, transition costs related to an acquisition. On a GAAP basis, the Company's net income in the first quarter of 2007 grew more than two and one-half times to \$11.9 million or \$0.42 per share compared to net income of \$4.3 million, or \$0.15 per share in first quarter of 2006.

"CONMED's first quarter operating performance exceeded our expectations, continuing the trend set in the last half of 2006. We remain focused on our strategy to improve our revenue base by providing our customers with innovative, high quality, cost-effective medical devices while at the same time expanding the Company's operating margin by more efficiently leveraging our organizational structure," commented Joseph J. Corasanti, President and Chief Executive Officer. "The evidence of our successful execution of this strategy can be seen in the 7.9% top-line revenue growth and the increase in operating margin to 10.4%, which is 190 basis points greater than the same period last year, excluding unusual gains and charges. In addition, we continue to generate positive cash flow from operations, enabling us to reduce debt and improve the strength of our balance sheet. These results are the product of the profit improvement plans we initiated in 2006, and which we are confident will continue to improve our overall performance throughout the remainder of 2007," added Mr. Corasanti.

As previously disclosed, on March 31, 2007 the Company settled litigation against Johnson & Johnson and related subsidiaries for a payment from Johnson & Johnson of \$11.0 million. The litigation challenged marketing practices of Johnson & Johnson pertaining to certain endomechanical surgical products that compete with similar products of the Company. Net of legal and related costs, a gain of \$6.1 million has been recorded as an unusual

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item in the first quarter of 2007. In addition to this gain, the Company also recorded in the first quarter of 2007 unusual charges for the previously disclosed closure of a manufacturing location and the surgical light replacement program. See the attached reconciliation of GAAP to non-GAAP net income for further discussion.

Sales outside the United States were \$71.4 million in the first quarter of 2007, growing 17.0% overall and 12.5% on a constant currency basis compared to the first quarter of 2006. International sales in the March 2007 quarter were 41.8% of the Company's total sales compared to 38.5% of sales in the first quarter last year.

CONMED's cash flow was strong in the first quarter of 2007, enabling a reduction in the senior credit borrowings of \$7.8 million. Cash from operations was \$11.2 million resulting in operating cash flow per share (a non-GAAP measurement which management believes is useful to understanding the business) of \$0.39 in the first quarter of 2007.

Following is a summary of the Company's sales by product line for the three months ended March 31, 2007 (in millions):

	Three Months Ended March 31,			
	2006	2007	<i>Growth</i>	<i>Constant Currency Growth</i>
	<i>(in millions)</i>			
Arthroscopy	\$ 54.7	\$ 62.2	13.7%	11.2%
Powered Surgical Instruments	34.2	37.6	9.9%	7.5%
Electrosurgery	23.4	24.0	2.6%	1.7%
Endoscopic Technologies	14.7	13.2	-10.2%	-11.0%
Endosurgery	11.9	13.6	14.3%	13.3%
Patient Care	19.6	20.4	4.1%	3.2%
	<u>\$ 158.5</u>	<u>\$ 171.0</u>	<u>7.9%</u>	<u>6.1%</u>

The Company's sports medicine Arthroscopy line grew 13.7% over first quarter 2006 on the continued strength of video imaging sales, including the first sales of our High Definition (HD) systems. Arthroscopy also benefited from solid performance from our procedure specific tissue repair devices. Powered Surgical Instruments continued to demonstrate sales acceleration by growing 9.9%, primarily as a result of continued sales momentum for our MPower® and MicroPower® platform products introduced in 2006. Electrosurgery sales produced year-over-year growth at a rate consistent with what we expect going forward following extraordinarily strong fourth quarter growth of 18.6%, while Endosurgery increased 14.3% with strong growth internationally. Patient Care grew at a rate consistent with the market. The Endoscopic Technologies line, accounting for approximately 8% of the Company's sales during the quarter, experienced a revenue decline in the first quarter due to previously disclosed production matters at an assembly operation in Mexico. Management has taken corrective action to address the issues associated with the product shortages that the Company previously identified and disclosed in the third quarter of 2006. Management expects that shortages for this product line may continue through the second quarter of 2007.

#### Outlook

Mr. Corasanti noted, "For the upcoming second quarter of 2007, we anticipate revenues in the range of \$168-\$172 million and non-GAAP diluted earnings per share (excluding unusual charges) of \$0.28 - \$0.32. For the full year of 2007, we reiterate the forecast previously provided. We foresee 2007 constant currency sales

growing approximately 5% over 2006 sales with the resulting diluted earnings per share approximating \$1.20 – \$1.30, excluding unusual items.”

#### **Conference Call**

The Company will webcast its first quarter 2007 conference call live over the Internet on Thursday, April 26, 2007 at 10:00 a.m. Eastern Time. This broadcast can be accessed from CONMED's web site at [www.conmed.com](http://www.conmed.com). Replays of the call will be made available through May 3, 2007.

#### **CONMED Profile**

CONMED is a medical technology company with an emphasis on surgical devices and equipment for minimally invasive procedures and monitoring. The Company's products serve the clinical areas of arthroscopy, powered surgical instruments, electrosurgery, cardiac monitoring disposables, endosurgery and endoscopic technologies. They are used by surgeons and physicians in a variety of specialties including orthopedics, general surgery, gynecology, neurosurgery, and gastroenterology. Headquartered in Utica, New York, the Company's 3,200 employees distribute its products worldwide from several manufacturing locations.

#### **Forward Looking Information**

*This press release contains forward-looking statements based on certain assumptions and contingencies that involve risks and uncertainties. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and relate to the Company's performance on a going-forward basis. The forward-looking statements in this press release involve risks and uncertainties which could cause actual results, performance or trends, to differ materially from those expressed in the forward-looking statements herein or in previous disclosures. The Company believes that all forward-looking statements made by it have a reasonable basis, but there can be no assurance that management's expectations, beliefs or projections as expressed in the forward-looking statements will actually occur or prove to be correct. In addition to general industry and economic conditions, factors that could cause actual results to differ materially from those discussed in the forward-looking statements in this press release include, but are not limited to: (i) the failure of any one or more of the assumptions stated above, to prove to be correct; (ii) the risks relating to forward-looking statements discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006; (iii) cyclical purchasing patterns from customers, end-users and dealers; (iv) timely release of new products, and acceptance of such new products by the market; (v) the introduction of new products by competitors and other competitive responses; (vi) the possibility that any new acquisition or other transaction may require the Company to reconsider its financial assumptions and goals/targets; and/or (vii) the Company's ability to devise and execute strategies to respond to market conditions.*

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**CONMED CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**Three Months Ended March 31, 2006 and 2007**  
(In thousands except per share amounts)  
(unaudited)

	<u>2006</u>	<u>2007</u>
Net sales	\$ 158,466	\$ 171,014
Cost of sales	78,737	85,789
Cost of sales, acquisition-transition – Note A	1,829	-
Gross profit	<u>77,900</u>	<u>85,225</u>
Selling and administrative	58,374	59,805
Research and development	7,825	7,594
Other expense (income) – Note B	570	(5,414)
	<u>66,769</u>	<u>61,985</u>
Income from operations	11,131	23,240
Interest expense	<u>4,866</u>	<u>4,516</u>
Income before income taxes	6,265	18,724
Provision for income taxes	<u>1,925</u>	<u>6,802</u>
Net income	<u>\$ 4,340</u>	<u>\$ 11,922</u>
<b>Per share data:</b>		
Net income		
Basic	\$ .15	\$ .43
Diluted	.15	.42
Weighted average common shares		
Basic	28,082	27,987
Diluted	28,358	28,559

Note A– Included in cost of sales in the three months ended March 31, 2006 are approximately \$1.8 million in acquisition-related costs.

Note B– Included in other expense in the three months ended March 31, 2006 are \$0.5 million in acquisition-related costs and \$0.1 million of expense related to the termination of a product offering. Included in other expense in the three months ended March 31, 2007 are \$0.1 million of expense related to the termination of a product offering, \$0.6 million in facility closure related costs and a \$6.1 million gain on a legal settlement.

**CONMED CORPORATION**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(in thousands)  
(unaudited)  
**ASSETS**

	<b>December 31, 2006</b>	<b>March 31, 2007</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,831	\$ 4,537
Accounts receivable, net	75,120	74,785
Settlement receivable	-	11,000
Inventories	151,687	153,841
Deferred income taxes	15,212	15,225
Other current assets	4,033	4,958
Total current assets	<u>249,883</u>	<u>264,346</u>
Property, plant and equipment, net	116,480	117,146
Goodwill	290,512	290,878
Other intangible assets, net	191,135	189,631
Other assets	13,561	13,285
Total assets	<u>\$ 861,571</u>	<u>\$ 875,286</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 3,148	\$ 3,148
Other current liabilities	72,057	72,362
Total current liabilities	<u>75,205</u>	<u>75,510</u>
Long-term debt	264,676	256,885
Deferred income taxes	51,004	57,266
Other long-term liabilities	30,332	28,595
Total liabilities	<u>421,217</u>	<u>418,256</u>
<b>Shareholders' equity:</b>		
Capital accounts	201,541	207,111
Retained earnings	247,425	257,897
Accumulated other comprehensive loss	(8,612)	(7,978)
Total equity	<u>440,354</u>	<u>457,030</u>
Total liabilities and shareholders' equity	<u>\$ 861,571</u>	<u>\$ 875,286</u>



**CONMED CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS**  
(in thousands)  
(unaudited)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2006</b>	<b>2007</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 4,340	\$ 11,922
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,328	7,632
Stock option expense	814	852
Deferred income taxes	2,121	6,177
Sale of accounts receivable	(3,000)	3,000
Gain on legal settlement	-	(6,072)
Other, net	2,408	(12,295)
Net cash provided by operating activities	<u>14,011</u>	<u>11,216</u>
<b>Cash flow from investing activities:</b>		
Purchases of property, plant and equipment	(4,908)	(3,868)
Payments related to business acquisitions	-	(883)
Proceeds from sale of equity investment	1,205	-
Net cash used in investing activities	<u>(3,703)</u>	<u>(4,751)</u>
<b>Cash flow from financing activities:</b>		
Payments on debt	(6,465)	(7,791)
Net proceeds from common stock issued under employee plans	772	3,268
Repurchase of common stock	(3,406)	-
Other, net	(170)	(1,694)
Net cash used in financing activities	<u>(9,269)</u>	<u>(6,217)</u>
Effect of exchange rate change on cash and cash equivalents	<u>160</u>	<u>458</u>
Net increase in cash and cash equivalents	1,199	706
Cash and cash equivalents at beginning of period	<u>3,454</u>	<u>3,831</u>
Cash and cash equivalents at end of period	<u>\$ 4,653</u>	<u>\$ 4,537</u>

**CONMED CORPORATION**  
**RECONCILIATION OF REPORTED NET INCOME TO NON-GAAP NET INCOME**  
**BEFORE UNUSUAL ITEMS**

**Three Months Ended March 31, 2006 and 2007**

(In thousands except per share amounts)  
(unaudited)

	<u>2006</u>	<u>2007</u>
Reported net income	\$ 4,340	\$ 11,922
Acquisition-transition related costs included in cost of sales	1,829	-
Termination of product offering	56	90
Other acquisition related costs	514	-
Facility closure related costs	-	568
Gain on legal settlement	-	(6,072)
Total other expense (income)	570	(5,414)
Unusual expense (income) before income taxes	2,399	(5,414)
Provision (benefit) for income taxes on unusual expenses	(864)	1,949
Net income before unusual items	<u>\$ 5,875</u>	<u>\$ 8,457</u>
<b>Per share data:</b>		
Reported net income		
Basic	\$ 0.15	\$ 0.43
Diluted	0.15	0.42
Net income before unusual items		
Basic	\$ 0.21	\$ 0.30
Diluted	0.21	0.30

Management has provided the above reconciliation of net income before unusual items as an additional measure that investors can use to compare operating performance between reporting periods. Management believes this reconciliation provides a useful presentation of operating performance.