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, 1998 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 1, 1998 is 15,074,308 shares.

CONMED CORPORATION

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Item 1.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 1997 and 1998
(in thousands except per share amounts)
(unaudited)

	1997	1998
Net sales	$ 31,472	$ 80,242
Cost and expenses:		
Cost of sales	16,475	44,390
Facility consolidation expense (Note 6)	2,328	--
Selling and administrative	8,336	21,779
Research and development	751	2,727
Total operating expenses	27,890	68,896
Income from operations	3,582	11,346
Interest income (expense), net	262	(7,515)
Income before income taxes and extraordinary item	3,844	3,831
Provision for income taxes	(1,384)	(1,379)
Income before extraordinary item	2,460	2,452
Extraordinary item, net of income taxes(Note 5)	--	(1,569)
Net income	$ 2,460	$ 883
Per share data:		
Income before extraordinary item		
Basic	$ .16	$ .16
Diluted	.16	.16
Extraordinary item (Note 5)		

Basic	$ --	$ (.10)
Diluted	--	(.10)
Net income		
Basic	$ .16	$ .06
Diluted	.16	.06

See notes to consolidated financial statements.

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

	December 1997	(unaudited) March 1998
Current assets:		
Cash and cash equivalents	$ 13,452	$ 13,504
Accounts receivable, net	47,188	53,277
Income taxes receivable	245	--
Inventories, net (Note 3)	61,971	60,667
Deferred income taxes	1,898	1,898
Prepaid expenses and other current assets	1,186	2,070
Total current assets	125,940	131,416
Property, plant and equipment, net	55,339	56,341
Deferred income taxes	10,783	10,783
Goodwill, net	153,360	154,544
Patents, trademarks, and other assets, net	216,215	216,033
Total assets	$ 561,637	$ 569,117

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 1997	(unaudited) March 1998
Current liabilities:		
Current portion of long-term debt (Note 5)	$ 11,000	$ 11,020
Accrued interest	--	1,938
Accounts payable	9,556	15,943
Income taxes payable	--	1,103
Accrued payroll and withholdings	7,014	8,027
Accrued pension	--	246
Other current liabilities	3,037	764
Total current liabilities	30,607	39,041
Long-term debt (Note 5)	354,000	351,123
Accrued pension	3,276	3,276
Deferred compensation	1,235	1,291
Long-term leases	2,651	2,518
Other long-term liabilities	7,132	8,175
	398,901	405,424

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

	December 1997	(unaudited) March 1998
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 shares authorized; 15,061,538 and 15,068,208 shares issued and outstanding in 1997 and 1998, respectively	151	151
Paid-in capital	123,451	123,525
Retained earnings	39,553	40,436
Less 25,000 shares of common stock in treasury,		

at cost,	(419)	(419)
	162,736	163,693
Total liabilities and shareholders' equity	$ 561,637	$ 569,117

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 1997 and 1998
(in thousands)
(unaudited)

	1997	1998
Cash flows from operating activities:		
Net income	$ 2,460	$ 883
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	946	1,959
Amortization	799	3,629
Extraordinary write-off of deferred financing fees (Note 5)	--	2,451
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	(279)	(6,089)
Inventories	1,213	600
Prepaid expenses and other current assets	(354)	(884)
Other assets	(19)	1,855
Accounts payable	(112)	6,387
Income taxes payable	2,192	1,348
Accrued payroll and withholdings	(239)	1,013
Accrued pension	294	109
Accrued facility consolidation	2,328	--
Accrued interest	--	1,938
Other current liabilities	(410)	(2,269)
Deferred compensation and other long-term liabilities	52	1,099
	6,411	13,146
Net cash provided by operating activities	8,871	14,029
Cash flows from investing activities:		
Payments related to acquisition of Linvatec	--	(4,180)
Acquisition of property, plant, and equipment	(950)	(2,961)
Net cash used by investing activities	(950)	(7,141)
Cash flows from financing activities:		
Proceeds of long term debt	--	126,100
Proceeds from issuance of common stock	81	74
Payments related to issuance of debt	--	(4,053)
Payments on long-term debt and leases	--	(128,957)
Net cash provided (used) by financing activities	81	(6,836)
Net increase in cash and cash equivalents	8,002	52
Cash and cash equivalents at beginning of period	20,173	13,452
Cash and cash equivalents at end of period	$ 28,175	$ 13,504

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. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company is a leading developer, manufacturer and supplier of a range of medical instruments and systems used in surgical and other medical procedures. The Company's product offerings include electrosurgical systems, electrocardiogram ("ECG") electrodes and accessories, surgical suction instruments, intravenous ("IV") therapy accessories and wound care products. Through its acquisition of Linvatec Corporation (Note 4), the Company has expanded its arthroscopic surgery product line and broadened its product offerings to include powered surgical instruments and imaging products for minimally invasive surgery. The Company's products are used in a variety of clinical settings, such as operating rooms, surgery centers, physicians' offices and critical care areas of hospitals.

Note 2 - Interim financial information

The statements for the three months ended March 1997 and 1998 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 1998 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 1997 and 1998 are not necessarily indicative of the results of operations to be expected for any other quarter nor for the year ending December 1998. The consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes for the year ended December 1997 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K. Certain 1997 amounts previously reported have been reclassified to conform with the current year presentation.

Note 3 - Inventories

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

	December 1997	March 1998
Raw materials.........	$28,097	$28,200
Work-in-process.......	6,569	7,154
Finished goods........	27,305	25,313
Total..........	$61,971	$60,667

Note 4 - Business Acquisitions

On July 1, 1997, the Company completed the acquisition of the surgical suction instrument and tubing product line from Davol, Inc., a subsidiary of C.R. Bard, Inc., for a cash purchase price of $24,000,000. This acquisition is being accounted for using the purchase method. Accordingly, the results of operations of the acquired product line 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 December 31, 1997, the Company acquired the business and certain assets of Linvatec Corporation, a wholly-owned subsidiary of Bristol-Myers Squibb Company, for a cash purchase price of $370,000,000 and the assumption of $16,608,000 of liabilities. Bristol-Myers Squibb Company also received a warrant to purchase 1,000,000 shares of the Company's common stock at $34.23 per share. This warrant expires December 31, 2007, and was valued at $10,625,000.

This acquisition is being accounted for using the purchase method. The allocation of purchase price resulted in identifiable intangible assets, including patents and technology ($9,500,000), trademarks and tradenames ($96,000,000) and customer relationships ($102,000,000), aggregating $204,000,000, which will be amortized over periods from 5 to 40 years. Goodwill associated with the Linvatec acquisition approximated $70,000,000 and will be amortized on a straight-line basis over a 40-year period. Additionally, a portion of the purchase price was allocated to purchased in-process research and development ("R&D"). Purchased in-process R & D includes the value of products in the development stage and not considered to have reached technological

feasibility. In accordance with applicable accounting rules, purchased in-process R&D is required to be expensed. Accordingly, $34,000,000 of the acquisition cost was expensed on December 31, 1997.

In connection with the Linvatec acquisition, the Company entered into agreements with Zimmer, Inc., a wholly-owned subsidiary of Bristol-Myers Squibb Company, pursuant to which Zimmer has agreed to distribute certain of Linvatec's products for periods ranging from six months to three years.

The allocation of the purchase price for the Davol and Linvatec acquisitions are based on management's preliminary estimates. It is possible that re-allocation will be required as additional information becomes available. Management does not believe that such re-allocations will have a material effect on the Company's financial position or results of operations.

On an unaudited pro forma basis, assuming the Davol and Linvatec acquisitions had occurred as of January 1, 1997, the consolidated results of the Company for the three months ended March 31, 1997 are estimated to be as follows (in thousands, except per share amounts):

Pro forma revenues......................	$ 76,525
Pro forma net income....................	$ 2,588
Pro forma earnings per share:	
Basic............................	$ .17
Diluted..........................	$ .17

Note 5 - Subordinated Note Offering

As discussed under "Liquidity and Capital Resources", the Company completed a subordinated note offering in the aggregate principal amount of $130.0 million in March 1998. Proceeds from the offering amounting to $126.1 million were used to reduce the Company's term loans under its Credit Facility. Deferred financing fees related to the portion of the Credit Facility repaid amounting to $2.5 million were written-off as an extraordinary charge.

Note 6 - 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, were transferred to the Company's manufacturing location in Rome, New York in 1997. The components of the charge consisted primarily of costs associated with employee severance and termination, and the impairment of the carrying value of fixed assets.

Note 7 - Subsidiary Guarantees

The Company's Credit Facility and subordinated notes (the "Notes") are guaranteed (the "Subsidiary Guarantees") by each of the Company's subsidiaries in existance on the closing date of the Credit Facility and the Notes (the "Subsidiary Guarantors"). The Subsidiary Guarantees provide that each Subsidiary Guarantor will fully and unconditionally guarantee the Company's obligations on a joint and several basis. Each Subsidiary Guarantor is wholly-owned by the Company.

Separate financial statements and other disclosures concerning the Subsidiary Guarantors are not presented because management has determined such financial statements and other disclosures are not material to investors. The combined condensed financial information of the Company's Subsidiary Guarantors as of and for the three months ended March 1997 is as follows (in thousands):

Current assets.......................................	$ 69,344
Non-current assets...................................	329,256
Current liabilities..................................	19,770
Non-current liabilities..............................	345,267

Revenues..	$ 56,908
Operating income....................................	7,680
Net income..	24

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

The following discussion includes certain forward-looking statements. Such forward-looking statements are subject to a number of factors, including material risks, uncertainties and contingencies, which could cause actual results to differ materially from the forward-looking statements.

Three months ended March 1998 compared to three months ended March 1997

Sales for the quarter ended March 1998 were $80,242,000, an increase of 155% compared to sales of $31,472,000 in the quarter ended March 1997. The increase was the result of the acquisition of Linvatec on December 31, 1997 and the surgical suction instrument and tubing product line acquired from Davol on July 1, 1997. Offsetting the incremental sales associated with these acquisitions was decreased sales related to the Company's ECG electrode product line. The Company believes that its line of ECG electrodes will continue to face pricing and other competitive pressures due to cost containment efforts by health care providers.

In connection with the Linvatec acquisition, the Company entered into agreements with Zimmer, Inc., a wholly-owned subsidiary of Bristol-Myers Squibb Company, pursuant to which Zimmer has agreed to distribute certain of Linvatec's products for periods ranging from six months to three years. Zimmer's distribution of a significant number of these products will end in the second quarter of 1998 as the Company assumes responsibility for distribution of such products.

Cost of sales increased to $44,390,000 in the current quarter compared to the $16,475,000 in the same quarter a year ago as a result of increased sales volume. The Company's gross margin percentage was 44.7% for the first quarter of 1998 as compared to 47.7% in the first quarter of 1997. In connection with purchase accounting for the Linvatec acquisition, the Company increased the acquired value of inventory by $2.9 million over its production cost. This inventory was sold during the quarter ended March 1998 and, accordingly, this non-recurring adjustment served to reduce the Company's gross margin percentage by 3.7 percentage points. Excluding the impact of this nonrecurring adjustment, the Company's gross margin percentage was 48.4% reflecting the overall higher gross margin percentage of the Linvatec product lines as compared to the Company's other products.

Selling and administrative costs increased to $21,779,000 in the current quarter as compared to $8,336,000 in the first quarter of 1997, primarily as a result of the Linvatec acquisition. As a percentage of sales, selling and administrative expense was 27.1% in the first quarter of 1998 as compared to 26.5% in the comparable 1997 period. The Linvatec business has required a higher level of selling and administrative expense as a percentage of sales as compared to the Company's historic levels. Additionally, goodwill and intangible amortization related to the Linvatec acquisition amounts to approximately $2.0 million or 2.5% of the Company's consolidated sales for the current quarter.

Research and development expense was $2,727,000 in the first quarter of 1998 as compared to $751,000 in the first quarter of 1997. The increase reflects expense related to the Linvatec research and development activities.

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, were transferred to the Company's manufacturing location in Rome, New York.

The first quarter of 1998 had interest expense of $7,515,000 compared to interest income of $262,000 in the first quarter of 1997. As discussed under Liquidity and Capital Resources, the Company acquired Linvatec Corporation on December 31, 1997 for $370 million that was borrowed under its Credit Facility. The Company had no borrowings outstanding during the first quarter of 1997. The Company completed an offering of subordinated notes during the quarter ended March 1998 and used the net proceeds to repay a portion of the Company's term

loans under its Credit Facility. Deferred financing fees relating to the portion of the Credit Facility repaid amounting to $2.5 million were written-off as an extraordinary item.

Liquidity and Capital Resources

Net cash provided by operations was $14,029,000 for the first three months of 1998 as compared to $8,871,000 for the first three months of 1997. Operating cash flow for the three months of 1998 were negatively impacted by lower net income resulting from acquisition related charges as compared to the first three months of 1997. Depreciation and amortization increased in 1998 primarily as a result of the completed acquisitions. Additionally, during the first quarter of 1998, the Company recorded a non-cash charge related to the write-off of deferred financing fees. Operating cash flow for the first three months of 1998 were positively impacted by an increase in accrued interest and accounts payable, and a reduction in other assets. Adversely impacting operating cash flows for the first three months of 1998 was an increase in accounts receivable which reflects a one-time buildup of Linvatec international receivables as no such receivables were acquired with the Linvatec acquisition.

Net cash used by investing activities for the first three months of 1998 included $4,180,000 of transaction costs related to the Linvatec acquisition. Capital expenditures for the first three months of 1998 and 1997 amounted to $2,961,000 and $950,000, respectively.

Financing activities during the first quarter of 1998 involved the completion of a subordinated note offering in the aggregate principal amount of $130.0 million. Net proceeds from the offering amounting to $126.1 million were used to repay a portion of the Company's term loans under its Credit Facility.

In connection with the Linvatec acquisition, the Company borrowed $350.0 in term loans available under its Credit Facility. Upon the application of mandatory principal payments including the subordinated note proceeds, the Company's term loans at March 31, 1998 aggregate $222.1 million and are repayable quarterly commencing March 31, 1998 over terms of five and seven years. The Company's Credit Facility also includes a $100 million revolving credit facility which expires December 2002, of which $90 million was available on March 31, 1998. The Credit Facility borrowings carry interest rates based on LIBOR plus 2.00% on the revolving credit facility and five-year term loan, and LIBOR plus 2.25% on the seven-year term loan. The interest rates at March 31, 1998 were 7.69%,7.94% and 7.69% for the five-year term loan, the seven-year term loan and revolving credit facility, respectively. Additionally, during the commitment period, the Company is obligated to pay a fee of .5% per annum on the unused portion of the revolving credit facility.

The Credit Facility is collateralized by all the Company's 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 indebtedness and certain other activities, including acquisitions and dispositions. The Company is also required to make mandatory prepayments from net cash proceeds from any issue of equity and asset sales and also from any excess cash flow, as defined.

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

The Credit Facility and subordinated notes (the "Notes") are guaranteed (the "Subsidiary Guarantees") by each of the Company's subsidiaries in existance on the closing dates of the Credit Facility and the Notes (the "Subsidiary Guarantors"). The Subsidiary Guarantees provide that each Subsidiary Guarantor will fully and unconditionally guarantee the Company's obligations on a joint and several basis. Each Subsidiary Guarantor is wholly-owned by the Company. Under the Credit Facility and subordinated note indenture, the Company's subsidiaries are subject to the same covenants and restrictions that apply to the Company (except that the Subsidiary Guarantors are permitted to make dividend payments and distributions, including cash dividend payments, to the Company 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 and funding of capital expenditures in the foreseeable future.

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

(1) On January 8, 1998 (as amended on February 17, 1998), the Company filed a report on Form 8-K which included: (a) the financial statements of a business acquired and related proforma financial information, (b) Exhibits related to an acquired business including the Stock and Asset Purchase Agreement and (c) Exhibits related to the Company's current Credit Agreement.

(2) On March 10, 1998, the Company filed a report on Form 8-K which reported the issuance of a press release related to the completion of a $130 million subordinated note offering and unusual charges which would be recorded in the Company's results for the first quarter of 1998.

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 13, 1998

/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)	
	1997	1998
Shares outstanding at beginning of period (net of 25,000 shares held in treasury)..	14,989	15,036
Weighted average shares issued	10	2
	------	------
Shares used in the calculation of Basic EPS (weighted average shares outstanding)	14,999	15,038
Effect of dilutive securities	206	282
	------	------
Shares used in the calculation of Diluted EPS	15,205	15,320
	======	======

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