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, 1999 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 10, 1999 is 15,234,123 shares.

CONMED CORPORATION

TABLE OF CONTENTS
FORM 10-Q

PART I FINANCIAL INFORMATION

Item Number

Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

Signatures

Exhibit Index

Item 1.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 1998 and 1999
(in thousands except per share amounts)
(unaudited)

	1998	1999
Net sales	$ 80,242	$ 90,869
Cost and expenses:		
Cost of sales	44,390	43,542
Selling and administrative	21,779	26,566
Research and development	2,727	2,956
Total operating expenses	68,896	73,064
Income from operations	11,346	17,805
Interest expense, net	(7,515)	(7,926)
Income before income taxes and extraordinary item	3,831	9,879
Provision for income taxes	(1,379)	(3,556)
Income before extraordinary item	2,452	6,323
Extraordinary item, net of income taxes(Note 4)	(1,569)	--
Net income	$ 883	$ 6,323
Per share data:		
Income before extraordinary item		
Basic	$ .16	$ .42
Diluted	.16	.41
Extraordinary item (Note 4)		
Basic	$ (.10)	$ --
Diluted	(.10)	--
Net income		

Basic	$ .06	$ .42
Diluted	.06	.41
Weighted average common shares		
Basic	15,038	15,174
Diluted	15,320	15,570

See notes to consolidated financial statements.

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

ASSETS

	December 1998	(unaudited) March 1999
Current assets:		
Cash and cash equivalents	$ 5,906	$ 4,166
Accounts receivable, net	66,819	68,906
Income taxes receivable	1,441	--
Inventories, net (Note 3)	78,058	82,456
Deferred income taxes	2,776	2,776
Prepaid expenses and other current assets	4,620	4,946
Total current assets	159,620	163,250
Property, plant and equipment, net	59,044	58,037
Deferred income taxes	3,900	3,900
Goodwill, net	194,690	193,600
Patents, trademarks, and other assets, net	211,530	209,654
Total assets	$ 628,784	$ 628,441

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	$ 22,995	$ 25,390
Accrued interest	6,069	3,036
Accounts payable	19,594	20,713
Income taxes payable	--	3,560
Accrued payroll and withholdings	9,665	6,445
Other current liabilities	7,873	6,672
Total current liabilities	66,196	65,816
Long-term debt	361,877	354,633
Other long-term liabilities	18,543	19,341
Total liabilities	446,616	439,790

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

	December 1998	(unaudited) March 1999
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; 15,182,811 and 15,201,913 shares issued and outstanding in 1998 and 1999, respectively	152	152
Paid-in capital	125,039	125,245

Retained earnings	57,361	63,684
Cumulative translation adjustments	35	(11)
Less 25,000 shares of common stock in treasury, at cost	(419)	(419)
	182,168	188,651
Total liabilities and shareholders' equity	$ 628,784	$ 628,441

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Three Months Ended March 1998 and 1999
(in thousands)
(unaudited)

	1998	1999
Common stock at beginning and end of period	$ 151	$ 152
Paid-in capital		
Balance at beginning of period	123,451	125,039
Exercise of stock options	74	206
Balance at end of period	123,525	125,245
Retained earnings		
Balance at beginning of period	39,553	57,361
Net income (A)	883	6,323
Balance at end of period	40,436	63,684
Accumulated other comprehensive income		
Balance at beginning of period		
Cumulative foreign currency translation adjustments	--	35
Other comprehensive income		
Foreign currency translation adjustments(B)	--	(46)
Balance at end of period		
Cumulative foreign currency translation adjustments	--	(11)
Treasury stock at beginning and end of period	(419)	(419)
Total shareholders' equity	$163,693	$188,651
Total comprehensive income (A + B)	$ 883	$ 6,277

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 1998 and 1999
(in thousands)
(unaudited)

	1998	1999

Cash flows from operating activities:		
Net income	$ 883	$ 6,323
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	1,959	2,176
Amortization	3,629	3,913
Extraordinary item, net of income taxes (Note 4)	1,569	--
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	(6,089)	(2,133)
Inventories	600	(4,996)
Prepaid expenses and other current assets	(884)	(326)
Accounts payable	6,387	1,119
Income taxes payable	2,230	5,001
Accrued payroll and withholdings	1,013	(3,220)
Accrued interest	1,938	(3,033)
Other current liabilities	(2,160)	323
Other assets/liabilities, net	2,954	952
	13,146	(224)
Net cash provided by operating activities	14,029	6,099
Cash flows from investing activities:		
Payments related to acquisition of Linvatec	(4,180)	--
Acquisition of property, plant, and equipment	(2,961)	(3,196)
Net cash used by investing activities	(7,141)	(3,196)
Cash flows from financing activities:		
Proceeds of long term debt	130,000	900
Repayments under revolving credit facility	(5,000)	--
Proceeds from issuance of common stock	74	206
Payments related to issuance of long-term debt	(4,053)	--
Payments on long-term debt	(127,857)	(5,749)
Net cash used by financing activities	(6,836)	(4,643)
Net increase (decrease) in cash and cash equivalents	52	(1,740)
Cash and cash equivalents at beginning of period	13,452	5,906
Cash and cash equivalents at end of period	$ 13,504	$ 4,166

See notes to consolidated financial statements.

CONMED CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Operations

The consolidated financial statements include the accounts of CONMED Corporation (the "Company"), and its subsidiaries. All 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 business is organized, managed and internally reported as a single segment. The Company believes its product offerings, which include arthroscopic surgery devices, powered surgical instruments, electrosurgical systems, electrocardiogram electrodes and accessories, surgical suction instruments, intravenous therapy accessories and wound care products, have similar economic, operating and other related characteristics. 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 1998 and 1999 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 1999 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 1999 are not necessarily indicative of the results of operations to be expected for any other quarter nor for the year ending December 1999. The consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes for the year ended December 1998 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K. Certain 1998 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 1998	March 1999
Raw materials	$35,204	$35,889
Work-in-process	7,429	9,573
Finished goods	35,425	36,994
Total	$78,058	$82,456

Note 4 - Subordinated Note Offering

The Company completed a subordinated note offering (the "Notes") 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 ($1.6 million net of income taxes) were written-off as an extraordinary charge.

Note 5 - Subsidiary Guarantees

The Company's credit facility and Notes are guaranteed (the "Subsidiary Guarantees") by each of the Company's subsidiaries in existence 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.

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 is as follows (in thousands):

	December 1998	March 1999
Current assets	$ 96,434	$106,432
Non-current assets	366,299	364,249
Current liabilities	30,367	27,515
Non-current liabilities	363,160	358,255

For the Three
Months Ended March

	1998	1999
Revenues...	$ 56,908 ..	69,268
Operating income.................................	7,680...	14,969
Net income..	24	4,495

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. Such factors include, among others, the following: general economic and business conditions; changes in customer preferences; competition; changes in technology; the integration of any acquisitions, changes in business strategy; the indebtedness of the Company; the identification and remediation of Year 2000 issues; quality of management, business abilities and judgment of the Company's personnel; and the availability, terms and deployment of capital. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Three months ended March 1999 compared to three months ended March 1998

Sales for the quarter ended March 1999 were $90,869,000, an increase of 13.2% compared to sales of $80,242,000 in the quarter ended March 1998. The increase was primarily the result of increased sales of orthopaedic products. A portion of this sales increase reflects the pricing impact of changes in distribution from the first quarter of 1999 as compared to 1998. In connection with the December 31, 1997 acquisition of Linvatec Corporation from Bristol-Myers Squibb ("BMS"), the Company entered into fixed price distribution agreements with Zimmer, Inc., a wholly-owned subsidiary of BMS, to distribute certain of the Company's orthopaedic products in selected geographic markets. In 1999, most of the products formerly distributed by Zimmer were sold and distributed directly by the Company, resulting in improved pricing for the affected products.

Cost of sales decreased to $43,542,000 in the current quarter compared to the $44,390,000 in the same quarter a year ago. In connection with purchase accounting for the December 31, 1997 acquisition of Linvatec Corporation, the Company increased the acquired value of inventory by $3.0 million over its production cost. This inventory was sold during the quarter ended March 1998 and, accordingly, this non-recurring adjustment served to increase cost of sales during the first quarter of 1998 by $3.0 million. Excluding the impact of this adjustment, cost of sales increased from $41,397,000 in the first quarter of 1998 to $43,542,000 in the current quarter, as a result of increased sales volumes. Also excluding the nonrecurring adjustment, the Company's gross margin percentage for the first quarter of 1998 was 48.4% compared to 52.1% for the first quarter of 1999. The increase in gross margin percentage is primarily attributable to higher sales volumes as well as improved pricing resulting from the elimination of most of the fixed price product distribution agreements with Zimmer discussed previously.

Selling and administrative costs increased to $26,566,000 in the current quarter as compared to $21,779,000 in the first quarter of 1998. As a percentage of sales, selling and administrative expense was 29.2% in the first quarter of 1999 as compared to 27.1% in the comparable 1998 period. The increase was primarily a result of costs associated with the direct selling and distribution of products formerly distributed through Zimmer and the launch of several new products.

Research and development expense was $2,956,000 in the first quarter of 1999 as compared to $2,727,000 in the first quarter of 1998. As a percentage of sales, research and development expense was 3.3% in the first quarter of 1999 as compared to 3.4% in the comparable 1998 period. Both in amount and as a percentage of sales, such expense remained relatively consistent, representing the Company's ongoing efforts in this area.

The first quarter of 1999 had interest expense of $7,926,000 compared to $7,515,000 in the first quarter of 1998. The increase in interest expense is a result of higher borrowings under the Company's revolving credit facility during the first quarter of 1999 as compared to the first quarter of 1998, partially offset by lower principal balances on the Company's term debt. The higher borrowings were primarily as a result of the Company's $17.5 million acquisition of an arthroscopy product line from Minnesota Mining and Manufacturing Company during the fourth quarter of 1998.

As discussed under Liquidity and Capital Resources, during the first quarter of 1998, the Company completed an offering of subordinated notes (the "Notes") 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 ($1.6 million net of income taxes) were written-off as an extraordinary charge. There was no such write-off during the first quarter of 1999.

Liquidity and Capital Resources

Net cash provided by operations was $6,099,000 for the first three months of 1999 as compared to $14,029,000 for the first three months of 1998. Operating cash flow for the three months of 1999 was positively impacted by substantially higher net income and increases in depreciation and amortization expense as compared to the first three months of 1998. Also of benefit to operating cash flow in the first three months of 1999 as compared to the first three months of 1998 were increases in income taxes payable and other current liabilities and a smaller increase in accounts receivable. Negatively impacting operating cash flow for the first three months of 1999 as compared to the first three months of 1998 were increases in inventory and decreases in accrued payroll and withholdings and accrued interest.

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. There were no such costs incurred during the first three months of 1999. Capital expenditures for the first three months of 1999 and 1998 amounted to $3,196,000 and $2,961,000, respectively.

Financing activities during the first quarter of 1999 consisted primarily of scheduled payments on the Company's term debt. Financing activities during the first quarter of 1998 involved the completion of the Notes 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.

The Company's term loans at March 31, 1999 aggregate $211.1 million and are repayable quarterly over remaining terms of four and six years. The Company's credit facility also includes a $100 million revolving credit facility which expires December 2002, of which $62 million was available on March 31, 1999. 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 the operating results of the Company. The weighted average interest rates at March 31, 1999 under the term loans and the revolving credit facility were 7.22% and 7.26%, respectively. Additionally, the Company is obligated to pay a fee of .375% per annum on the unused portion of the revolving credit facility.

The Company does not use derivative financial instruments for trading or other speculative purposes. Interest rate swaps, a form of derivative, are used to manage interest rate risk. Currently, the Company has entered into two interest rate swaps expiring in June 2001 which convert $100 million of floating rate debt under the Company's credit facility into fixed rate debt at rates ranging from 7.18% to 8.25%. Provisions in one of the interest rate swaps cancels such agreement when LIBOR exceeds 7.35%.

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 certain indebtedness and 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 in the credit agreement.

The Notes are in aggregate principal amount of $130 million 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 the Company.

The credit facility and Notes are guaranteed (the "Subsidiary Guarantees") by each of the Company's subsidiaries in existence 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 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, debt service and funding of capital expenditures in the foreseeable future.

Year 2000

The Company and its subsidiaries use information technology ("IT") and non-IT systems that contain embedded technology throughout their businesses. Third parties with which the Company has material relationships also use such systems. After December 31, 1999, these systems will face a potentially serious problem if they are not able to recognize and correctly process dates beyond December 31, 1999. All of the Company's products, operations and information technology systems have been inventoried and those that are not Year 2000 ready have been identified. The upgrading and testing of those which are not Year 2000 ready is on schedule to be completed by June 30, 1999. The Company is also in the process of contacting its vendors and customers to ascertain their preparation for the Year 2000 issue and is in the process of identifying critical business partners for which the need for additional due diligence will be assessed. The costs of the Company's Year 2000 assessment and remediation program have not been and are not expected to be material. Although the Company does not expect the Year 2000 issue to have a material effect on its results of operations, liquidity or financial condition, failure of critical IT and non-IT systems could have a material adverse effect on the Company's results of operations, liquidity or financial condition. Further, the Company cannot eliminate the risk that revenue will be lost or costs will be incurred as a result of the failure by third parties to properly remediate their Year 2000 issues. Because the Company has not identified any areas of its own or its third parties IT and non-IT systems that will not be Year 2000 compliant, it has not developed any contingency plans.

Foreign Operations

The Company's 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.

An additional risk with respect to the Company's European operations relates to the conversion of certain European countries to a common currency which began January 1, 1999 (the "Euro Conversion"). The Company has formed an internal task force to evaluate the risks and implement any required actions with respect to the Euro Conversion. Based on the analysis of this task force, the Company does not believe that the costs to the Company to convert to a common currency will be material. Additionally the Company does not believe that there will be any material impact from a competitive point of view with respect to the impact of the Euro Conversion on the sales of products.

Item 6. Exhibits and Reports on Form 8-K

List of Exhibits

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

Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONMED CORPORATION
(Registrant)

Date: May 14, 1999

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

Exhibit Index

Exhibit		Sequential Page Number
11	- Computations of weighted average number of shares of common stock	E-1
27	- Financial Data Schedule	E-2

EXHIBIT 11

Computation of weighted average number of shares of common stock

	For the three months ended March (in thousands) 1998	1999
Shares outstanding at beginning of period (net of 25,000 shares held in treasury)...	15,036	15,158
Weighted average shares issued	2	16
Shares used in the calculation of Basic EPS (weighted average shares outstanding)	15,038	15,174
Effect of dilutive securities	282	396
Shares used in the calculation of Diluted EPS	15,320	15,570

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