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 September 30, 2000 Commission file number 0-16093

# CONMED CORPORATION

(Exact name of 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 November 1, 2000 is 15,344,138 shares.

CONMED CORPORATION

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CONMED CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share amounts)
(unaudited)

| | For three months ended September | | For nine months ended September | |
|---|---|---|---|---|
| | 1999 | 2000 | 1999 | 2000 |
| Net sales | $91,712 | $91,922 | $273,064 | $290,821 |
| Cost and expenses: | | | | |
| Cost of sales (Note 3) | 45,036 | 44,136 | 131,403 | 140,124 |
| Selling and administrative (Note 6) | 26,659 | 30,579 | 79,775 | 92,798 |
| Research and development | 3,035 | 4,109 | 8,833 | 11,087 |
| Total operating expenses | 74,730 | 78,824 | 220,011 | 244,009 |
| Income from operations | 16,982 | 13,098 | 53,053 | 46,812 |
| Interest expense, net | (8,212) | (8,834) | (23,952) | (25,477) |
| Income before income taxes | 8,770 | 4,264 | 29,101 | 21,335 |
| Provision for income taxes | (3,157) | (1,535) | (10,476) | (7,681) |
| Net income | $ 5,613 | $ 2,729 | $ 18,625 | $ 13,654 |
| Per share data: | | | | |
| Net Income | | | | |
| Basic | $ .37 | $ .18 | $ 1.22 | $ .89 |
| Diluted | .36 | .18 | 1.19 | .88 |
| Weighted average common shares | | | | |
| Basic | 15,276 | 15,324 | 15,228 | 15,307 |
| Diluted | 15,609 | 15,421 | 15,591 | 15,497 |

See notes to consolidated financial statements.



CONMED CORPORATION

CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

ASSETS

| | December 1999 | (unaudited) September 2000 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 3,747 | $ 3,308 |
| Accounts receivable, net | 76,413 | 75,423 |

| | | |
|---|---|---|
| Inventories (Note 3) | 89,681 | 104,974 |
| Income taxes receivable | - | 4,113 |
| Deferred income taxes | 1,453 | 1,453 |
| Prepaid expenses and other current assets | 5,423 | 5,994 |
| Total current assets | 176,717 | 195,265 |
| Property, plant and equipment, net | 57,834 | 62,697 |
| Goodwill, net | 223,174 | 217,799 |
| Patents, trademarks, and other assets, net | 204,436 | 200,153 |
| Total assets | $662,161 | $675,914 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|---|---|---|
| Current liabilities: | | |
| Current portion of long-term debt | $ 32,875 | $ 35,270 |
| Accrued interest | 4,588 | 1,574 |
| Accounts payable | 16,518 | 22,501 |
| Income taxes payable | 226 | - |
| Accrued payroll and withholdings | 9,658 | 7,724 |
| Other current liabilities | 3,326 | 3,561 |
| Total current liabilities | 67,191 | 70,630 |
| Long-term debt | 361,794 | 353,709 |
| Deferred income taxes | 3,330 | 11,595 |
| Other long-term liabilities | 18,585 | 15,014 |
| Total liabilities | 450,900 | 450,948 |
| 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 authorized; 15,182,811 and 15,344,138 issued and outstanding, in 1999 and 2000, respectively | 153 | 153 |
| Paid-in capital | 127,394 | 127,842 |
| Retained earnings | 84,520 | 98,174 |
| Accumulated other comprehensive income | (387) | (784) |
| Less 25,000 shares of common stock in treasury, at cost | (419) | (419) |
| Total equity | 211,261 | 224,966 |
| Total liabilities and shareholders' equity | $662,161 | $675,914 |

See notes to consolidated financial statements.



CONMED CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Nine Months Ended September 1999 and 2000
(in thousands)
(unaudited)

| | 1999 | 2000 |
|---|---|---|
| Common stock | | |
| Balance at beginning of period | $ 152 | $ 153 |
| Exercise of stock options | 1 | - |
| Balance at end of period | 153 | 153 |
| Paid-in capital | | |
| Balance at beginning of period | 125,039 | 127,394 |
| Exercise of stock options | 1,593 | 448 |
| Balance at end of period | 126,632 | 127,842 |
| Retained earnings | | |
| Balance at beginning of period | 57,361 | 84,520 |
| Net income (A) | 18,625 | 13,654 |
| Balance at end of period | 75,986 | 98,174 |

| | | |
|---|---|---|
| Accumulated other comprehensive income | | |
| Balance at beginning of period | | |
| Cumulative foreign currency translation adjustments | 35 | (387) |
| Other comprehensive income | | |
| Foreign currency translation adjustments(B) | (232) | (397) |
| Balance at end of period | | |
| Cumulative foreign currency translation adjustments | (197) | (784) |
| Treasury stock at beginning and end of period | (419) | (419) |
| Total shareholders' equity | $202,155 | $224,966 |
| Total comprehensive income (A + B) | $ 18,393 | $ 13,257 |

See notes to consolidated financial statements.



CONMED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 1999 and 2000
(in thousands)
(unaudited)

| | 1999 | 2000 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $18,625 | $13,654 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Depreciation | 6,647 | 7,006 |
| Amortization | 12,215 | 13,494 |
| Increase (decrease) in cash flows from changes in assets and liabilities: | | |
| Accounts receivable | (1,854) | 593 |
| Inventories | (12,655) | (17,054) |
| Prepaid expenses and other current assets | 917 | (571) |
| Accounts payable | (3,021) | 5,983 |
| Income taxes receivable/payable | 7,727 | (4,339) |
| Accrued interest | (3,462) | (3,014) |
| Accrued payroll and withholdings | (4,166) | (1,934) |
| Other current liabilities | (92) | 235 |
| Other assets/liabilities, net | (1,417) | 2,619 |
| | 839 | 3,018 |
| Net cash provided by operations | 19,464 | 16,672 |
| Cash flows from investing activities: | | |
| Payments related to business acquisitions | (38,224) | - |
| Acquisition of property, plant, and equipment | (5,894) | (11,869) |
| Net cash used by investing activities | (44,118) | (11,869) |
| Cash flows from financing activities: | | |
| Proceeds of long term debt | 40,900 | - |
| Borrowings (repayments) under revolving credit facility, net | (3,000) | 19,000 |
| Proceeds from issuance of common stock | 1,594 | 448 |
| Payments related to issuance of long-term debt | (661) | - |
| Payments on long-term debt | (17,268) | (24,690) |

| | | |
|---|---|---|
| Net cash provided (used) by financing activities........ | 21,565 | (5,242) |
| Net decrease in cash and cash equivalents...................... | (3,089) | (439) |
| Cash and cash equivalents at beginning of period............... | 5,906 | 3,747 |
| Cash and cash equivalents at end of period..................... | $ 2,817 | $ 3,308 |

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 and its subsidiaries (the "Company"). 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, such as drills and saws, for orthopaedic, ENT and neuro-surgery. The Company is 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. 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. The Company's business is organized, managed and internally reported as a single segment, since its product offerings have similar economic, operating and other related characteristics.

Note 2 - Interim financial information

The financial statements for the three and nine months ended September 1999 and 2000 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 2000 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 and nine months ended September 2000 are not necessarily indicative of the results of operations to be expected for any other quarter nor for the year ending December 2000. The consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes for the year ended December 1999 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.

Note 3 - Inventories

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

| | December 1999 | September 2000 |
|---|---|---|
| Raw materials......... | $35,651 | $ 38,710 |
| Work-in-process....... | 9,803 | 11,714 |
| Finished goods........ | 44,227 | 54,550 |
| Total........ | $89,681 | $104,974 |

In connection with the August 1999 Powered Instrument Acquisition (Note 5), the Company increased the acquired value of inventory by $1,600,000. This inventory was sold during the quarter ended September 1999 resulting in a non-recurring adjustment to increase cost of sales during the quarter ended and nine months ended September 1999 by $1,600,000.

Note 4 - Subsidiary Guarantees

The Company's credit facility and subordinated notes (the "Notes") are guaranteed (the "Subsidiary Guarantees") by each of the Company's subsidiaries (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 1999 | September 2000 |
|---|---|---|
| Current assets..................... | $117,541 | $134,964 |
| Non-current assets................. | 385,363 | 374,855 |
| Current liabilities................ | 21,921 | 27,156 |
| Non-current liabilities............ | 355,012 | 317,504 |

| | For the Nine Months Ended Sept. | |
|---|---|---|
| | 1999 | 2000 |
| Revenues........................... | $210,166 | $235,523 |
| Income from operations............. | 44,082 | 40,103 |
| Net income......................... | 12,817 | 8,884 |

Note 5 - Business Acquisitions

On June 29, 1999, the Company agreed to purchase certain assets of the powered surgical instrument business of Minnesota Mining and Manufacturing Company ("3M") (the "Powered Instrument Acquisition"). The acquisition was completed on August 11, 1999 for a purchase price of $38,000,000, which was funded through borrowings under the Company's credit facility. This acquisition is being accounted for using the purchase method. The results of operations of the acquired business 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.

Note 6 - Nonrecurring Severance Charge

During the quarter ended June 2000, the Company announced it would replace its arthroscopy direct sales force with non-stocking, exclusive sales agent groups in certain geographic regions of the United States. As a result, the Company incurred a severance charge of $1,509,000, before income taxes, or $.06 per diluted share, in the second quarter of 2000. This nonrecurring charge is included in selling and administrative expense.



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; 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 September 2000 compared to three months ended September 1999

Sales for the quarter ended September 2000 were $91,922,000 compared to sales of $91,712,000 in the quarter ended September 1999. Sales in the Company's orthopedic businesses grew 7.4% to $60,700,000 from $56,500,000 in the comparable quarter last year. Adjusted for constant foreign currency exchange rates, the orthopedic sales growth would have been 8.8%. Arthroscopy sales, which represented approximately 55% of orthopedic revenues, were $33,100,000 compared to $33,600,000 in the third quarter last year. Sales in the powered surgical instruments business, which represented approximately 45% of orthopedic revenues, grew 20.5% to $27,600,000 from $22,900,000 in the same quarter in 1999. Of the total increase in the powered surgical instruments business, approximately 4.7% was due to internal growth while 15.8% was due to the Powered Instrument Acquisition in August 1999. Electrosurgery and patient care lines had sales of $31,200,000 compared to $35,200,000 in the third quarter last year. Lower sales volumes in the electrosurgery and patient care lines are primarily a result of increased competition and pricing pressure in the surgical suction product line.

Cost of sales decreased to $44,136,000 in the quarter ended September 2000 compared to $45,036,000 in the quarter ended September 1999. Gross margin percentage for the quarter ended September 2000 was 52.0%. In connection with purchase accounting for the Powered Instrument Acquisition, the Company increased the acquired value of inventory by $1,600,000 over its production cost. This inventory was sold during the quarter ended September 1999 and served to increase cost of sales by $1,600,000. Excluding the impact of this non-recurring adjustment, cost of sales in the quarter ended September 1999 was $43,415,000. Excluding the non-recurring adjustment, the Company's gross margin percentage for the third quarter of 1999 was 52.7%. The decrease in gross margin percentage in the quarter ended September 2000 as compared to 1999 is primarily a result of the decline in the value of the Euro and lower selling prices in the Company's surgical suction product line.



Selling and administrative costs increased to $30,579,000 in the quarter ended September 2000 as compared to $26,659,000 in the quarter ended September 1999. As a percentage of sales, selling and administrative expense increased to 33.2% in the quarter ended September 2000 as compared to 29.1% in the quarter ended September 1999. The increase in selling and administrative expense is a result of increased spending on sales and marketing programs in the quarter.

Research and development expense increased to $4,109,000 in the quarter ended September 2000 as compared to $3,035,000 in the quarter ended September 1999. As a percentage of sales, research and development expense increased to 4.5% of sales compared to 3.3% in the quarter ended September 1999. These increases are the result of the Company's increased investment in new product development.

Interest expense for the quarter ended September 2000 was $8,834,000 compared to $8,212,000 in the quarter ended September 1999. In conjunction with the Powered Instrument Acquisition, the Company borrowed $40,000,000 under its amended credit facility in August 1999 to fund acquisition expenses and the acquisition purchase price. The increase in interest expense is primarily a result of these higher term loan borrowings. Interest expense has also increased as a result of the change in the weighted average interest rates the Company pays on its term loans and revolving credit facility which have increased from 7.51% and 7.31%, respectively, at September 30, 1999 to 8.53% and 8.93%, respectively, at September 30, 2000. (See discussion under Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

Nine months ended September 2000 compared to nine months ended September 1999

Sales for the nine months ended September 2000 were $290,821,000 compared to sales of $273,064,000 in the nine months ended September 1999. Sales in the Company's orthopedic businesses grew 15.3% to $190,900,000 from $165,500,000 in the comparable period last year. Adjusted for constant foreign currency exchange rates, the orthopedic sales growth would have been 16.3%. Arthroscopy sales, which represented approximately 56% of orthopedic revenues, were $107,700,000 compared to $105,400,000 in the comparable period last year. Sales in the powered surgical instruments business, which represented approximately 44% of

orthopedic revenues, grew 38.4% to $83,200,000 from $60,100,000 in the same period a year ago. Of the total increase in the powered surgical instruments business, approximately 8.6% was due to internal growth while 29.8% was due to the Powered Instrument Acquisition in August 1999. Electrosurgery and patient care lines had sales of $99,900,000 compared to $107,600,000 in the same period a year ago. Lower sales volumes in the electrosurgery and patient care lines are primarily a result of increased competition and pricing pressure in the surgical suction product line.

Cost of sales increased to $140,124,000 in the nine months ended September 2000 compared to $131,403,000 in the nine months ended September 1999. Gross margin percentage for the nine months ended September 2000 was 51.8%. In connection with purchase accounting for the Powered Instrument Acquisition, the Company increased the acquired value of inventory by



$1,600,000 over its production cost. This inventory was sold during the quarter ended September 1999 and served to increase cost of sales by $1,600,000. Excluding the impact of this non-recurring adjustment, cost of sales in the nine months ended September 1999 was $129,782,000. Excluding the non-recurring adjustment, the Company's gross margin percentage for the nine months ended September 1999 was 52.5%. The decrease in gross margin percentage in the nine months ended September 2000 as compared to 1999 is primarily a result of the decline in the value of the Euro and lower selling prices in the Company's surgical suction production line.

Selling and administrative costs increased to $92,798,000 in the nine months ended September 2000 as compared to $79,775,000 in the nine months ended September 1999. The increase in selling and administrative expense is a result of increased spending on sales and marketing programs, as well as increased spending associated with the increase in sales in the nine months ended September 2000 as compared to the nine months ended September 1999. Additionally, during the second quarter of 2000, the Company announced it would replace its arthroscopy direct sales force with non-stocking, exclusive sales agent groups in certain geographic regions of the United States. As a result, the Company recorded a nonrecurring severance charge of $1,509,000 in the second quarter of 2000 (Note 6) which is included in selling and administrative expense. As a result of the factors described above, as a percentage of sales, selling and administrative expense increased to 31.9% in the nine months ended September 2000 as compared to 29.2% in the nine months ended September 1999.

Research and development expense increased to $11,087,000 in the nine months ended September 2000 as compared to $8,833,000 in the same period a year ago. As a percentage of sales, research and development expense increased to 3.8% of sales compared to 3.2% in the nine months ended September 1999. These increases are the result of the Company's increased investment in new product development.

Interest expense for the nine months ended September 2000 was $25,477,000 compared to $23,952,000 in the nine months ended September 1999. In conjunction with the Powered Instrument Acquisition, the Company borrowed $40,000,000 under its amended credit facility in August 1999 to fund acquisition expenses and the acquisition purchase price. The increase in interest expense is primarily a result of these higher term loan borrowings. Interest expense has also increased as a result of the change in the weighted average interest rates the Company pays on its term loans and revolving credit facility which have increased from 7.51% and 7.31%, respectively, at September 30, 1999 to 8.53% and 8.93%, respectively, at September 30, 2000. (See discussion under Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

Liquidity and Capital Resources

The Company's net working capital position increased $15,109,000 or 13.8% to $124,635,000 at September 2000 compared to $109,526,000 at December 1999. Net cash provided by operations was $16,672,000 for the first nine months of 2000 compared to $19,464,000 for the first nine months of 1999. Operating cash flow decreased primarily as a result of lower net income and higher inventory levels. Decreases in income taxes payable, accrued interest and accrued payroll, also

had a negative impact on cash flow. Operating cash flow was positively impacted primarily by increases in accounts payable and deferred income taxes payable as well as higher depreciation and amortization in the nine months ended September 2000 as compared to the nine months ended September 1999.

The increase in inventories in the third quarter is related to anticipated strong sales in the fourth quarter. The decrease in accrued interest is primarily related to the timing of interest payments on the Notes which are payable semiannually in September and March. The decreases in income taxes payable and accrued payroll, and increases in accounts payable and deferred income taxes payable are related to the timing of payment.

Net cash used by investing activities for the nine months ended September 2000 consisted of $11,869,000 in capital expenditures. Net cash used by investing activities in the nine months ended September 1999 consisted of $38,224,000 in costs related to the Powered Instrument Acquisition and $5,894,000 in capital expenditures.

Financing activities during the nine months ended September 2000 consisted primarily of scheduled payments of $24,690,000 on the Company's term loans and $19,000,000 in borrowings on the Company's revolving credit facility. Financing activities during the nine months ended September 1999 consisted primarily of a $40,000,000 term loan used to fund the Powered Instrument Acquisition, scheduled payments of $17,268,000 on the Company's previously existing term loans and $3,000,000 in repayments on the Company's revolving credit facility.

The Company's term loans under its credit facility at September 30, 2000 aggregate $209,146,000. The Company's term loans are repayable quarterly over remaining terms of approximately five years. The Company's credit facility also includes a $100,000,000 revolving credit facility which expires December 2002, of which $51,000,000 was available on September 30, 2000. 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 September 30, 2000 under the term loans and the revolving credit facility were 8.53% and 8.93%, 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. In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. The new standard requires companies to record derivatives 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 would be accounted for depending on whether it qualifies for hedge accounting. The Company will be required to adopt this standard in the fiscal year beginning January 1, 2001. Management does not believe that the adoption of this statement will have a material impact on the financial statements. Currently, the Company has entered into two interest rate swaps expiring in June 2001 and June 2003 which convert $100,000,000 of LIBOR-based floating rate debt under the Company's credit facility into fixed rate



debt with a base interest rate averaging 6.50%. Provisions in one of the interest rate swaps cancels such agreement when LIBOR exceeds 7.35%. There were no material changes in the Company's market risk during the nine months ended September 2000. For a detailed discussion of market risk, see the Company's Form 10-K for the year ended December 31, 1999, Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

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.

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 the Company.

The credit facility and Notes are guaranteed by each of the Company's subsidiaries. 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.

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.



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 |
| 27 | Financial Data Schedule (included in EDGAR filing only) |

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: November 13, 2000

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 | (included in EDGAR filing only) |

EXHIBIT 11

Computation of weighted average number of shares of common stock

| | For the three months ended Sept. | | For the nine months ended Sept. | |
|---|---|---|---|---|
| | 1999 | 2000 | 1999 | 2000 |
| Shares outstanding at beginning of period (net of 25,000 shares held in treasury) | 15,275 | 15,319 | 15,158 | 15,279 |
| Weighted average shares issued | 1 | 5 | 70 | 28 |
| Shares used in the calculation of Basic EPS (weighted average shares outstanding | 15,276 | 15,324 | 15,228 | 15,307 |
| Effect of dilutive securities | 333 | 97 | 363 | 190 |
| Shares used in the calculation of Diluted EPS | 15,609 | 15,421 | 15,591 | 15,497 |

<ARTICLE> 5

| | |
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| <OTHER-EXPENSES> | 0 |
| <LOSS-PROVISION> | 0 |
| <INTEREST-EXPENSE> | 8,834 |
| <INCOME-PRETAX> | 4,264 |
| <INCOME-TAX> | 1,535 |
| <INCOME-CONTINUING> | 2,729 |
| <DISCONTINUED> | 0 |
| <EXTRAORDINARY> | 0 |
| <CHANGES> | 0 |
| <NET-INCOME> | 2,729 |
| <EPS-BASIC> | 0.18 |
| <EPS-DILUTED> | 0.18 |