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, 2000 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)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [_]

The number of shares outstanding of registrant's common stock, as of May 3, 2000 is 15,322,718 shares.

CONMED CORPORATION

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PART I FINANCIAL INFORMATION

Item 1.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 1999 and 2000
(in thousands except per share amounts)
(unaudited)

	1999	2000
Net sales	$90,869	$101,913
Cost and expenses:		
Cost of sales	43,542	48,661
Selling and administrative	26,566	29,864
Research and development	2,956	3,406
Total operating expenses	73,064	81,931
Income from operations	17,805	19,982
Interest expense, net	(7,926)	(8,405)
Income before income taxes	9,879	11,577
Provision for income taxes	(3,556)	(4,168)
Net income	$ 6,323	$ 7,409
Per share data:		
Net income		
Basic	$ .42	$ .48
Diluted	.41	.48
Weighted average common shares		
Basic	15,174	15,286
Diluted	15,570	15,559

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED BALANCE SHEETS

(in thousands except share amounts)

ASSETS

	December 1999	(unaudited) March 2000
Current assets:		
Cash and cash equivalents	$ 3,747	$ 4,228
Accounts receivable, net	76,413	79,357
Inventories, net (Note 3)	89,681	90,978
Deferred income taxes	1,453	1,453
Prepaid expenses and other current assets	5,423	5,399
Total current assets	176,717	181,415
Property, plant and equipment, net	57,834	59,328
Goodwill, net	223,174	221,648
Patents, trademarks, and other assets, net	204,436	202,553
Total assets	$662,161	$664,944

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 1999	March 2000
Current liabilities:		
Current portion of long-term debt	$ 32,875	$ 33,673
Accrued interest	4,588	3,145
Accounts payable	16,518	19,997
Income taxes payable	226	3,375
Accrued payroll and withholdings	9,658	7,227
Other current liabilities	3,326	2,877
Total current liabilities	67,191	70,294
Long-term debt	361,794	353,766
Deferred income taxes	3,330	3,330
Other long-term liabilities	18,585	18,818
Total liabilities	450,900	446,208
Shareholders' equity:		
Preferred stock, par value $.01 per share; authorized 500,000 shares; none outstanding	-	-
Common stock, par value $.01 per share; 100,000,000 shares authorized; 15,303,806 and 15,322,718 shares issued and outstanding in 1999 and 2000, respectively	153	153
Paid-in capital	127,394	127,623
Retained earnings	84,520	91,929
Accumulated other comprehensive income	(387)	(550)
Less 25,000 shares of common stock in treasury, at cost	(419)	(419)
	211,261	218,736
Total liabilities and shareholders' equity	$662,161	$664,944

See notes to consolidated financial statements.

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

	1999	2000
Common stock at beginning and end of period	$ 152	$ 153
Paid-in capital		
Balance at beginning of period	125,039	127,394
Exercise of stock options	206	229
Balance at end of period	125,245	127,623
Retained earnings		
Balance at beginning of period	57,361	84,520
Net income (A)	6,323	7,409
Balance at end of period	63,684	91,929
Accumulated other comprehensive income		
Balance at beginning of period		
Cumulative foreign currency translation adjustments	35	(387)
Other comprehensive income		
Foreign currency translation adjustments(B)	(46)	(163)
Balance at end of period		
Cumulative foreign currency translation adjustments	(11)	(550)
Treasury stock at beginning and end of period	(419)	(419)
Total shareholders' equity	$188,651	$218,736
Total comprehensive income (A + B)	$ 6,277	$ 7,246

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 1999 and 2000
(in thousands)
(unaudited)

	1999	2000
Cash flows from operating activities:		

Net income	$ 6,323	$ 7,409
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	2,176	2,306
Amortization	3,913	4,479
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	(2,133)	(3,107)
Inventories	(4,996)	(1,888)
Prepaid expenses and other current assets	(326)	24
Accounts payable	1,119	3,479
Income taxes payable	5,001	3,149
Accrued payroll and withholdings	(3,220)	(2,431)
Accrued interest	(3,033)	(1,443)
Other current liabilities	323	(449)
Other assets/liabilities, net	952	(162)
	(224)	3,957
Net cash provided by operating activities	6,099	11,366
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(3,196)	(3,884)
Net cash used by investing activities	(3,196)	(3,884)
Cash flows from financing activities:		
Proceeds of long term debt......................	900	-
Borrowings under revolving credit facility..............................	-	1,000
Proceeds from issuance of common stock..........	206	229
Payments on long-term debt......................	(5,749)	(8,230)
Net cash used by financing activities................................	(4,643)	(7,001)
Net increase (decrease) in cash and cash equivalents..........................	(1,740)	481
Cash and cash equivalents at beginning of period...	5,906	3,747
Cash and cash equivalents at end of period.........	$ 4,166	$ 4,228

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 statements for the three months ended March 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 months ended March 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	March 2000
Raw materials.........	$35,651	$34,156
Work-in-process.......	9,803	9,427
Finished goods........	44,227	47,395
Total........	$89,681	$90,978

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	March 2000
Current assets...............................	$117,541	$125,262
Non-current assets...........................	385,363	382,629
Current liabilities..........................	21,921	24,304
Non-current liabilities......................	355,012	341,635

	For the Three Months Ended March	
	1999	2000
Revenues....................................	$ 69,268	81,926
Operating income............................	14,969	16,174
Net income..................................	4,495	4,972

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 Company and 3M also agreed to a series of transition-related matters in order to facilitate the transfer of the business. The acquisition was completed on August 11, 1999 for a purchase price of $39,000,000, 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.

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 March 2000 compared to three months ended March 1999

Sales for the quarter ended March 2000 were $101,913,000, an increase of 12.2% compared to sales of $90,869,000 in the same quarter a year ago. For the quarter ended March 2000, arthroscopy sales grew 7.0% to $39.0 million and powered surgical instruments sales grew 62.7% to $29.2 million. Of the total increase in powered surgical instrument sales, 17.8% was due to internal growth while 44.9% was due to the Powered Instrument Acquisition in August 1999. Electrosurgery and patient care lines had sales of $33.7 million in the first quarter of 2000, a decline of 7.5% from a year prior.

Cost of sales increased to $48,661,000 in the current quarter compared to $43,542,000 in the same quarter a year ago as a result of the increased sales volumes described above. The Company's gross margin percentage for the first quarter of 2000 was 52.3% compared to 52.1% for the first quarter of 1999. The increase in gross margin percentage is primarily attributable to increased sales volumes in the Company's arthroscopy and powered surgical instrument product lines which carry higher gross margins than certain of the Company's other product lines.

Selling and administrative costs increased to $29,864,000 in the first quarter of 2000 as compared to $26,566,000 in the first quarter of 1999. The increase in selling and administrative expense is primarily a result of additional selling expense associated with the increase in sales in the first quarter of 2000. As a percentage of sales, selling and administrative expense increased slightly to 29.3% in the first quarter of 2000 as compared to 29.2% in the first quarter of 1999.

Research and development expense was $3,406,000 in the first quarter of 2000 as compared to $2,956,000 in the first quarter of 1999. As a percentage of sales, research and development expense remained consistent at 3.3% in the first quarter of 2000 and 1999, representing the Company's ongoing efforts in this area.

Interest expense for the first quarter of 2000 was $8,405,000 compared to $7,926,000 in the first quarter of 1999. In conjunction with the Powered Instrument Acquisition, the Company's existing credit facility was amended in the third quarter of 1999 to provide for an additional $40,000,000 loan commitment which was used to fund the acquisition purchase price. The increase in interest expense is primarily a result of these higher term loan borrowings, offset by lower interest expense as a result of a net decrease in borrowings under the Company's term loan and revolving credit facilities at March 2000 as compared to March 1999 of $32,584,000 (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 $1,595,000 or 1.5% to $111,121,000 at March 2000 compared to $109,526,000 at December 1999. Net cash provided by operations was $11,366,000 for the first three months of 2000 compared to $6,099,000 for the first three months of 1999. Operating cash flow was positively impacted by higher net income, depreciation, and amortization in the three months ended March 2000 as compared to the three months ended March 1999. Operating cash flow was also positively impacted by an increase in accounts payable and accrued income taxes. Negatively impacting operating cash flow in the first three months of 2000 were increases in accounts receivable and inventory and decreases in accrued interest and accrued payroll. The increase in accounts receivable and inventory is primarily related to the increase in sales. The increase in accounts payable and accrued income taxes and decreases in accrued interest and accrued payroll are primarily related to the timing of the payment of these liabilities.

Net cash used by investing activities for the three months ended March 2000 and 1999 consisted of $3,884,000 and $3,196,000, respectively in capital expenditures.

Financing activities during the three months ended March 2000 consisted primarily of scheduled payments of $8,230,000 on the Company's term loans and $1,000,000 in borrowings on the Company's revolving credit facility. Financing activities during the three months ended March 1999 consisted primarily of scheduled payments of $5,749,000 on the Company's term loans.

The Company's term loans under its credit facility at March 31, 2000 aggregate $225,584,000. 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 $69,000,000 was available on March 31, 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 March 31, 2000 under the term loans and the revolving credit facility were 7.90% and 7.78%, 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 $100,000,000 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%. There were no material changes in the Company's market risk during the three months ended March 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. Mandatory prepayments are to be applied first to the prepayment of the term loans and then to reduce borrowings under the revolving credit facility.

The Notes are in aggregate principal amount of $130,000,000 and have a maturity date of March 15, 2008. The Notes bear interest at 9.0% per annum which is payable semi-annually. The indenture governing the Notes has certain restrictive covenants and provides for, among other things, mandatory and optional redemptions by 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: May 10, 2000

/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	(included in EDGAR filing only)

EXHIBIT 11

Computation of weighted average number of shares of common stock

	For the three months ended March (in thousands)	
	1999	2000
Shares outstanding at beginning of period (net of 25,000 shares held in treasury)..	15,158	15,279
Weighted average shares issued............	16	7
Shares used in the calculation of Basic EPS (weighted average shares outstanding)..........................	15,174	15,286
Effect of dilutive securities....	396	273
Shares used in the calculation of Diluted EPS............................	15,570	15,559

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