
Securities and Exchange Commission

Washington, D.C.

20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of

The Securities Exchange Act of 1934

For the fiscal year ended December 31, 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

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.01 par value
(Title of class)

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 [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. [X]

The aggregate market value of the shares of the voting stock held by non-affiliates of the Registrant was approximately $335,743,729 based upon the closing price of the Company's common stock, which was $21.81 on February 22, 2001.

The number of shares of the Registrant's $0.01 par value common stock outstanding as of February 22, 2001 was 15,394,027.

DOCUMENTS FROM WHICH INFORMATION IS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement, scheduled to be mailed on or about April 8, 2001 for the annual meeting of stockholders to be held May 15, 2001, are incorporated by reference into Part III.

CONMED CORPORATION

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Part I

CONMED CORPORATION

Item 1. Business

Forward Looking Statements

This Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2000 ("Form 10-K") contains certain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to CONMED Corporation ("CONMED", the "Company", "we" or "us" -- references to "CONMED", the "Company", "we" or "us" shall be deemed to include our subsidiaries) that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management.

When used in this Form 10-K, the words "estimate," "project," "believe," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including those identified under the caption "Item 1: Business -- Risk Factors" and elsewhere in this Form 10-K that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- general economic and business conditions;
- changes in customer preferences;
- competition;
- changes in technology;
- the introduction of new products;
- the integration of any acquisition;
- changes in business strategy;
- the possibility that United States or foreign regulatory and/or administrative agencies might initiate enforcement actions against us or our distributors;
- our indebtedness;

- quality of our management and business abilities and the judgment of our personnel;
- the availability, terms and deployment of capital;
- the risk of litigation, especially patent litigation as well as the cost associated with patent and other litigation;
- changes in regulatory requirements; and
- various other factors referenced in this Form 10-K.

See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1: Business" for a further discussion of these factors. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events.

General

CONMED is a medical technology company specializing in instruments and implants for arthroscopic sports medicine, and powered surgical instruments, for orthopaedic, ENT, neurosurgery and other surgical specialties.

We are 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. Our products are used in a variety of clinical settings, such as operating rooms, surgery centers, physicians' offices and critical care areas of hospitals.

We have used strategic business acquisitions to broaden our product offerings, to increase our market share in certain product lines and to realize economies of scale. During the last five years, we have completed six significant business acquisitions. The completed acquisitions, together with internal growth, have resulted in a compound annual growth rate in net sales of 33% between 1996 and 2000.

Industry

The number of surgical procedures performed in the United States is increasing. According to SMG Marketing Group, the total number of U.S. surgical procedures increased at a compound annual growth rate of 5% from 25.1 million in 1989 to 40.7 million in 1999. This growth in surgical procedures reflects demographic trends, such as the aging of the population, and technological advancements which result in safer and less invasive surgical procedures. Additionally, as people are living longer, more active lives, they are engaging in contact sports and activities such as running, skiing, rollerblading, golf and tennis which result in injuries with greater frequency and at an earlier age than ever before. According to MDI, it is expected that the $1.0 billion sports medicine industry will grow 20% in the next few years in categories such as implantable devices. Sales of surgical products represented over 85% of our total 2000 sales. See "Item 1: Business-Our Products".

In response to rising health care costs, managed care companies and other payers have placed pressures on health care providers to reduce costs. As a result, health care providers have focused on the high cost areas such as surgery. To reduce costs, health care providers use minimally-invasive techniques, which generally reduce patient trauma, recovery time and ultimately the length of hospitalization. Many of our products are designed for use in minimally invasive surgical procedures. See "Item 1: Business-Our Products." Health care providers are also increasingly purchasing single-use, disposable products, which reduce the costs associated with sterilizing surgical instruments and products following surgery. The single-use nature of disposable products lowers the risk of incorrectly sterilized instruments spreading infection into the patient and increasing the cost of post-operative care. Approximately 70% of our sales are derived from single-use disposable products.

In the United States, the pressure on health care providers to contain costs has altered their purchasing patterns for general surgical instruments and disposable medical products. Many health care providers have entered into comprehensive purchasing contracts with fewer suppliers, which offer a broader array of products at lower prices. In addition, many health care providers have aligned themselves with group purchasing organizations ("GPOs"). GPOs aggregate

the purchasing volume of their members in order to negotiate competitive pricing

with suppliers, including manufacturers of surgical products. We believe that these trends will favor entities that offer a broad product portfolio. See "Item 1: Business-Business Strategy".

We believe that foreign markets offer growth opportunities for our products. As economic conditions improve in developing countries, expenditures on health care are expected to rise; according to Dorland's Biomedical, expenditures on surgical products in developing countries are expected to grow at a compound annual growth rate of 17% to $65 billion in 2005. We currently distribute our products through our own sales subsidiaries or through local dealers in over 100 foreign countries. International sales represent approximately 27% of total sales in 2000.

Our Products

The following table sets forth the percentage of net sales for each category of our products for 1998, 1999 and 2000:

	1998	1999	2000
Arthroscopy	36%	39%	37%
Powered surgical instruments	21	23	29
Electrosurgery and minimally invasive surgery	20	18	17
Patient care	23	20	17
Total	100%	100%	100%

Arthroscopy

We offer a broad line of devices and products for use in arthroscopic surgery. Arthroscopy refers to diagnostic and therapeutic surgical procedures performed on joints with the use of minimally-invasive endoscopes and related instruments. Minimally-invasive arthroscopy procedures enable surgical repairs to be completed with less trauma to the patient, resulting in shorter recovery times and cost savings. About 75% of all arthroscopy is performed on the knee, although arthroscopic procedures are increasingly performed on smaller joints and shoulders.

Our arthroscopy products include powered resection instruments, arthroscopes, reconstructive systems, tissue repair sets, fluid management systems, imaging products, implants and related disposable products. It is our standard practice to transfer some of these products, such as shaver consoles and pumps, to certain customers at no charge. These capital "placements" allow for and accommodate the use of a variety of disposable products, such as shaver blades, burs and pump tubing. We have benefited from the introduction of new products and new technologies in the arthroscopic area, such as bioresorbable screws, ablators, "push-in" and "screw-in" suture anchors, resection shavers and cartilage repair implants.

Arthroscopy

Product	Description	Brand Name
Resection Shavers and Ablators	Shaver consoles and handpieces, disposable blades and electrosurgical ablators to resect and remove soft tissue and bone; used in knee, shoulder and small joint surgery, as well as endoscopic sinus surgery.	Apex(R) XtraSharp(R) Merlin(R) Polyblade(TM) Sterling(R) UltrAblator(TM) Heatwave(TM)

		Mako (TM) Great White (TM) Advantage (TM)
Knee Reconstructive Systems	Products used in cruciate reconstructive surgery; includes instrumentation, screws, pins and ligament harvesting and preparation devices.	Paramax(R) Pinn-ACL(R) GraFix(TM)
Soft Tissue Repair Systems	Instrument systems designed to attach specific torn or damaged soft tissue to bone or other soft tissue in the knee, shoulder and wrist; includes instrumentation, guides, hooks and suture devices.	Spectrum(R) Inteq(R)
Fluid Management Systems	Disposable tubing sets, disposable and reusable inflow devices, pumps and suction/waste management systems for use in arthroscopic and general surgeries.	Apex(R) Quick-Flow(R) Quick-Connect(R)
Imaging	Surgical video systems for endoscopic procedures; includes autoclavable single and three-chip camera heads and consoles, endoscopes, light sources, monitors, VCR's and printers.	Apex(R) 8180 Series
Implants	Products including bioabsorbable and metal interference screws and suture anchors for attaching soft tissue to bone in the knee, shoulder and wrist.	BioScrew(R) BioStinger(R) Ultrafix(R) Revo(R) Super Revo (R)
Other Instruments and Accessories	Forceps, graspers, punches, probes, sterilization cases and other general instruments for arthroscopic procedures.	Shutt(R) Concept(R) TractionTower(R)

Powered Surgical Instruments

Powered surgical instruments are used to perform orthopaedic, arthroscopic and other surgical procedures, such as cutting, drilling or reaming and are driven by electric, battery or pneumatic power. Each instrument consists of one or more handpieces and related accessories as well as disposable and limited reuse items (e.g., burs, saw blades, drills and reamers). Powered instruments are generally categorized as either small bone, large bone or specialty powered instruments. Speciality powered instruments include surgical applications other than orthopaedics, such as neurosurgical, otolaryngological (ENT), and cardiothoracic applications.

Our line of powered instruments are sold principally under the Hall(R) Surgical brand name, for use in large and small bone orthopaedic, arthroscopic, oral/maxillofacial, podiatric, plastic, otolaryngologic, neurological, spine and cardiothoracic surgeries. Large bone, neurosurgical, spine and cardiothoracic powered instruments are sold primarily to hospitals while small bone arthroscopic, otolaryngological and oral/maxillofacial powered instruments are sold to hospitals, outpatient facilities and physician offices. Our Linvatec subsidiary has devoted substantial resources to developing a new technology base for small bone, arthroscopic and otolaryngological instruments that can be easily adapted and modified for new procedures.

Powered Surgical Instruments

Product	Description	Brand Name
Small Bone	Powered saws, drills and related disposable accessories for small bone and joint surgical procedures.	Hall(R)Surgical E9000(R) MiniDriver(TM) MicroChoice(R) Micro 100(TM) Advantage (TM)
Large Bone	Powered saws, drills and related disposable accessories for use primarily in total knee and hip joint replacements and trauma surgical procedures.	Hall(R)Surgical MaxiDriver(TM) VersiPower(R) Plus Series 4(R) Power Pro (TM) Advantage (TM)
Otolaryngology Neurosurgery	Specialty powered saws, drills and related disposable accessories for use in neurosurgery, spine, and	UltraPower(R) Hall Osteon(R)

Spine	otolaryngologic procedures.	Hall Ototome(R) E9000(R)
Cardiothoracic Oral/maxillofacial	Powered sternum saws, drills, and related disposable accessories for use by cardiothoracic and oral/maxillofacial surgeons.	Hall(R)Surgical E9000(R) UltraPower(R) Micro 100 VersiPower(R) Plus

Electrosurgery and Minimally Invasive Surgery

Electrosurgery

Electrosurgery is the technique of using a high-frequency electric current which, when applied to tissue through special instruments, can be used to cut tissue, coagulate, or cut and coagulate simultaneously. An electrosurgical system consists of a generator, an active electrode in the form of a pencil or other instrument which the surgeon uses to apply the current from the generator to the target tissue and a ground pad to safely return the current to the generator. Electrosurgery is routinely used in most forms of surgery, including general, dermatologic, thoracic, orthopaedic, urologic, neurosurgical, gynecological, laparoscopic, arthroscopic and other endoscopic procedures.

Our electrosurgical products include electrosurgical pencils and blades, ground pads, generators, the argon-beam coagulation system (ABC(R)), and related disposable products. ABC(R) technology is a special method of electrosurgery, which allows a faster and more complete coagulation of many tissues as compared to conventional electrosurgery. Unlike conventional electrosurgery, the electrical current travels in a beam of ionized argon gas, allowing the current to be dispersed onto the bleeding tissue without the instrument touching the tissue. Clinicians have reported notable benefits of ABC(R) over traditional electrosurgical coagulation in certain clinical situations, including open-heart, liver, spleen and trauma surgery.

Minimally Invasive Surgery

Minimally Invasive Surgery ("MIS") is surgery performed without a major incision, which results in less trauma for the patient and produces important cost savings as a result of reduced hospitalization and therapy. Laparoscopic surgery is an MIS procedure performed on organs in the abdominal cavity such as the gallbladder, appendix and female reproductive organs. During a laparoscopic procedure, devices called "trocars" are used to puncture the abdominal wall and then are removed, leaving in place a trocar cannula. The trocar cannula provides access into the abdomen for camera systems and surgical instruments.

Our MIS products include the Reflex(R) clip applier, UNIVERSAL S/I(TM) (suction/irrigation) and UNIVERSAL PLUS(R) laparoscopic instruments, specialized, suction/irrigation electrosurgical instrument systems for use in laparoscopic surgery and the TroGARD Finesse(R) which incorporates a blunt-tipped version of a trocar. The TroGARD Finesse(R) dilates access through the body wall rather than cutting with the sharp, pointed tips of conventional trocars. This results in smaller wounds, and less bleeding. We also market cutting trocars, suction/irrigation accessories, laparoscopic scissors, active electrodes, insufflation needles and ABC(R) handpieces for use in laparoscopic surgery.

Electrosurgery and Minimally Invasive Surgery		
Product	Description	Brand Name
Pencils	Disposable and reusable instruments designed to deliver high-frequency electric current to cut and/or coagulate tissue.	Hand-trol(R) Gold Line(R) Clear Vac(R)
Ground Pads	Disposable ground pads to safely return the current to the generator; available in adult, pediatric and infant sizes.	Macrolyte(R) Bio-gard(R) SureFit(TM)

Blades	Surgical blades with accessory electrode that uses a proprietary coating to eliminate tissue buildup on the blade during surgery.	Ultra Clean(TM)
Generators	Monopolar and bipolar generators for surgical procedures performed in a physician's office or clinic setting.	EXCALIBUR(R) Plus PC SABRE(R) Hyfrecator(R) 2000
Argon Beam Coagulation Systems	Specialized electrosurgical generators, disposable hand pieces and ground pads for enhanced non-contact coagulation of tissue.	ABC(R) Beamer Plus(R) System 7500(R) ABC Flex(R)
Laparoscopic Instruments	Specialized trocars, clip appliers, suction/irrigation electrosurgical instrument systems for use in laparoscopic surgery; includes disposable handles, valve/control assemblies with disposable accessories and monopolar and bipolar scissors, graspers and loops.	UNIVERSAL Plus(R) TroGard(R) Finesse(TM) Reflex(R)

Patient Care Products

We manufacture a variety of patient care products for use in monitoring cardiac rhythms, wound care management and IV therapy. These products include ECG electrodes and cables, wound dressings and catheter stabilization dressings. These products are sold to hospitals, outpatient surgery centers and physician offices primarily in the United States. The majority of our sales in this category are derived from the sale of ECG electrodes. Although wound management and intravenous therapy product sales are comparatively small, the application of these products in the operating room complements our surgery business.

Patient Care Products

Product	Description	Brand Name
ECG Monitoring	Line of disposable electrodes, monitoring cables, lead wire products and accessories designed to transmit ECG signals from the heart to an ECG monitor or recorder.	CONMED(R) Ultratrace(R) Cleartrace(R)
Wound Care	Disposable transparent wound dressings comprising proprietary hydrogel; able to absorb 2 1/2 times its weight in wound exudate.	ClearSite(R) Hydrogauze(R)
Surgical Suction Instruments and Tubing	Disposable surgical suction instruments and connecting tubing, including Yankauer, Poole, Frazier and Sigmoidoscopic instrumentation, for use by physicians in the majority of open surgical procedures.	CONMED(R)
Intravenous Therapy	Disposable IV drip rate gravity controller and disposable catheter stabilization dressing designed to hold and secure an IV needle or catheter for use in IV therapy.	VENI-GARD(R) MasterFlow(R) Stat 2(R)

Competitive Strengths

We attribute our strong position in certain markets to the following competitive factors:

- Leading Market Position in Key Product Areas. We are a leading provider of arthroscopic surgery devices, electrosurgical systems, powered surgical instruments and ECG electrodes. Our product breadth has enhanced our ability to market our products to surgeons, hospitals, surgery centers, GPOs and other customers, particularly as institutions seek to reduce costs and to minimize the number of suppliers. In addition, many of our products are sold under leading brand names, including CONMED(R), Linvatec(R), and Hall(R) Surgical.

- Broad Product Offering in Key Product Areas. We offer a broad product line in our key product areas. For example, we offer a complete set of the arthroscopy products a surgeon requires for most arthroscopic procedures, including instrument and repair sets, implants, shaver consoles and handpieces, video systems and related disposables. Our product offerings have enabled us to meet a wide range of customer requirements and preferences. In addition, our customers are increasingly dealing with fewer vendors and demanding a broader product offering from vendors in order to reduce administrative costs.

- Marketing and Distribution Network. Our domestic sales force consists of approximately 185 employee sales representatives and an additional 90 sales professionals employed by eight exclusive sales agent groups. All of our sales professionals are trained and educated in the applications for the products they sell and call directly on surgeons, hospital departments, outpatient surgery centers and physician offices. Additionally, we have an international presence through sales subsidiaries and branches located in key international markets. We also maintain distributor relationships domestically and in numerous countries worldwide. See "Item 1: Business-Marketing".

- Vertically-integrated Manufacturing. We manufacture most of our products. Our vertically integrated manufacturing process has allowed us to provide quality products, to react quickly to changes in demand and to generate manufacturing efficiencies, including purchasing raw materials used in a variety of disposable products in bulk. We believe that our manufacturing capabilities allow us to contain costs, control quality and maintain security of proprietary processes. We continually evaluate our manufacturing processes with the objective of increasing automation, streamlining production and enhancing efficiency in order to achieve cost savings.

- Research and Development Capabilities. We have utilized our research and development capabilities to introduce new products, product enhancements and new technologies. Research and development expenditures were $14.9 million in 2000. Recent new product introductions include the Advantage(TM) drive system, BioTwist(TM) bioabsorbable shoulder anchor implant, UltrAblator for the ablation and thermal modification of soft tissue, the PowerPro(TM) electric-powered drive system, the Envision(TM) Autoclavable 3CCD (three chip) Camera Head, the SureFit(TM) electrosurgical grounding pad and the UltraClean(TM) electrosurgical blade.

- Integrating Acquisitions. Since 1996, we have completed six acquisitions including the 1997 acquisition of Linvatec Corporation which more than doubled our size. These acquisitions have enabled us to broaden our product categories, expand our sales and distribution capabilities and increase our international presence. Our management team has demonstrated a historical ability to identify complementary acquisitions and to integrate acquired companies into our operations.

Business Strategy

We intend to implement the following business strategies:

- Introduce New Products and Product Enhancements. Our research and development program is focused on the development of new surgical products, as well as the enhancement of existing products. In addition to our own research and development, we benefit from the dialogue and suggestions for product innovations from our relationships with surgeons and other users of our products.

- Increase International Sales. We believe there are significant sales opportunities for our surgical products outside the United States. The Linvatec acquisition increased our access to international markets. We intend to seek to expand our international presence and increase our penetration into

international markets by utilizing Linvatec's relationships with foreign surgeons, hospitals and third-party payers, as well as foreign distributors. We also intend to utilize Linvatec's sales relationships to introduce Linvatec's customers to our other products. In 2000, our sales outside the United States grew by 18%.

- Pursue Strategic Acquisitions. We believe that strategic acquisitions represent a cost-effective means of broadening our product line. We have historically targeted companies with proven technologies, established brand names and a significant portion of sales from single-use, disposable products. Since 1996, we have completed six acquisitions, expanding our product line to include surgical suction instruments, wound care products and most recently arthroscopic products and powered surgical instruments.

- Provide Broad Product Offering in Key Product Areas. As a result of competitive pressures in the health care industry, many health care providers have aligned themselves with GPOs, which are increasingly dealing with fewer vendors and demanding a broader product offering from their vendors in order to reduce administrative costs. We believe that our broad product line is a positive factor in our efforts to meet such demands. In addition, we have a corporate sales department that markets our broad product offering to GPOs.

- Realize Manufacturing and Operating Efficiencies. We expect to continue to review opportunities for consolidating product lines and streamlining production. We believe our vertically integrated manufacturing process should produce further opportunities to reduce overhead and to increase operating efficiencies and capacity utilization.

Marketing

In the second quarter of 2000, we incurred a nonrecurring severance charge of approximately $1.5 million in connection with a plan to change from direct distribution to exclusive sales agent groups. Under the plan, specialty sales agent groups were appointed as our exclusive sales agents in the eight largest metropolitan areas of the United States with responsibility for approximately 30% of our domestic orthopaedic sales. We completed this plan in the third quarter of 2000. These sales agent groups employ and manage approximately 90 sales professionals. They each bring to us many years of experience in selling arthroscopic and powered surgical instrument products.

As a result of the restructuring described above and in order to provide a high level of expertise to medical specialties served, our overall domestic sales force consists of the following:

- 55 employee sales representatives selling arthroscopy products in their own geographic regions.
- 35 employee sales representatives selling powered surgical instruments in their own geographic regions.
- 90 sales professionals, employed by 8 sales agent groups, selling both arthroscopy and powered surgical instruments in the largest eight metropolitan areas of the country; all of these sales agent groups, except one, are exclusive to CONMED.
- 65 employee sales representatives selling electrosurgery and minimally invasive surgery products.
- 30 employee sales representatives selling patient care products.

Each employee sales representative has a defined geographic area and is compensated on a commission basis or through a combination of salary and commission. The sales force is supervised and supported by area directors. Home office sales and marketing management provide the overall direction for the sales of our products.

Our sales professionals call on surgeons, hospitals, outpatient surgery centers and physician offices. We also have a corporate sales department that is responsible for interacting with GPOs. We believe that we have contracts with

many such organizations and that the lack of any individual group purchasing contract will not adversely impact our competitiveness in the marketplace. The sale of our products is accompanied by initial and ongoing in-service training of the end user. Our sales professionals are trained in the technical aspects of our products and their uses, and provide surgeons and medical personnel with information relating to the technical features and benefits of our products. For hospital inventory management purposes, at the hospitals' request, some products are sold to hospitals through distributors. Our sales professionals are required to work closely with distributors where applicable and to maintain close relationships with end-users.

Our international sales accounted for approximately 27% of total revenues in 2000. Products are sold in over 100 foreign countries. International sales efforts are coordinated through local country dealers or with direct sales efforts. We distribute our products through sales subsidiaries and branches with offices located in Australia, Belgium, Canada, France, Germany, Korea, Spain and the United Kingdom.

Manufacturing

We manufacture most of our products. We believe our vertically integrated manufacturing process allows us to provide quality products and generate manufacturing efficiencies by purchasing raw materials for our disposable products in bulk. We also believe that our manufacturing capabilities allow us to contain costs, control quality and maintain security of proprietary processes. We use various manual and automated equipment for fabrication and assembly of our products and are continuing to further automate our facilities.

We believe our production and inventory practices are generally reflective of conditions in the industry. Our products are not generally made to order or to individual customer specifications. Accordingly, we schedule production and stock inventory on the basis of experience and our knowledge of customer order patterns, and our judgment as to anticipated demand. Since customer orders must generally be filled promptly for immediate shipment, backlog of unfilled orders is not significant to an understanding of our business.

Research and Development Activities

During the three years, 1998, 1999 and 2000, we spent approximately $12.0 million, $12.1 million and $14.9 million for research and development. Our research and development departments consist of 113 employees.

Our research and development programs focus on the development of new products, as well as the enhancement of existing products with the latest technology and updated designs. We are continually seeking to develop new technologies to improve durability, performance and usability of existing products. In addition to our own research and development, we receive new product and technology disclosures, especially in procedure-specific areas, from surgeons, inventors and operating room personnel. For disclosures that we deem promising from a clinical and commercial perspective, we seek to obtain rights to these ideas by negotiating agreements, which typically compensate the originator of the idea through royalty payments based on a percentage of net sales of licensed products.

We have rights to numerous U.S. patents and corresponding foreign patents, covering a wide range of our products. We own a majority of these patents and have licensed rights to the remainder, both on an exclusive and

non-exclusive basis. In addition, certain patents are currently licensed to third parties on a non-exclusive basis. Due to technological advancements, we do not rely on our patents to maintain our competitive position, and we believe that development of new products and improvement of existing ones is and will continue to be more important than patent protection in maintaining our competitive position.

Competition

The markets for our products are highly competitive, and many of our

competitors are substantially larger and stronger financially than us. However, we do not believe that any one competitor competes with us across all our product lines. Major competitors include Arthrex, Johnson & Johnson, Medtronic, Inc., Minnesota Mining and Manufacturing Company, Smith & Nephew plc, Stryker Corporation, and Tyco International Ltd.

We believe that product design, development and improvement, customer acceptance, marketing strategy, customer service and price are critical elements to compete in our industry. Other alternatives, such as medical procedures or pharmaceuticals, could at some point prove to be interchangeable alternatives to our products.

Government Regulation

Most if not all of our products are classified as medical devices subject to regulation by the Food and Drug Administration (the "FDA"). Our new products generally require FDA clearance under a procedure known as 510(k) premarketing notification. A 510(k) premarketing notification clearance indicates FDA agreement with an applicant's determination that the product for which clearance has been sought is substantially equivalent to another medical device that was on the market prior to 1976 or that has received 510(k) premarketing notification clearance. Some products have been continuously produced, marketed and sold since May 1976 and require no 510(k) premarketing clearance. Our products generally are either Class I or Class II products with the FDA, meaning that our products must meet certain FDA standards and are subject to the 510(k) premarketing notification clearance discussed above, but are not required to be approved by the FDA. FDA clearance is subject to continual review, and later discovery of previously unknown problems may result in restrictions on a product's marketing or withdrawal of the product from the market.

We have quality control/regulatory compliance groups that are tasked with monitoring compliance with design specifications and relevant government regulations for all of our products. We and substantially all of our products are subject to the provisions of the Federal Food, Drug and Cosmetic Act of 1938, as amended by the Medical Device Amendments of 1976, and the Safe Medical Device Act of 1990, as amended in 1992, and similar foreign regulations.

As a manufacturer of medical devices, our manufacturing processes and facilities are subject to periodic on-site inspections and continuing review by the FDA to insure compliance with Quality System Regulations as specified in Title 21, Code of Federal Regulation (CFR) part 820. Many of our products are subject to industry-set standards. Industry standards relating to our products are generally formulated by committees of the Association for the Advancement of Medical Instrumentation. We believe that our products presently meet applicable standards. We market our products in a number of foreign markets. Requirements pertaining to our products vary widely from country to country, ranging from simple product registrations to detailed submissions such as those required by

the FDA. We believe that our products currently meet applicable standards for the countries in which they are marketed.

We are subject to product recall. No recall has had a material effect on our financial condition, but there can be no assurance regulatory issues may not have a material adverse effect in the future.

Any change in existing federal, state or foreign laws or regulations, or in the interpretation or enforcement thereof, or the promulgation or any additional laws or regulations could have an adverse effect on our financial condition or results of operations.

Employees

As of December 2000, we had 2,388 full-time employees, of whom 1,633 were in manufacturing, 113 in research and development, and the balance were in sales, marketing, executive and administrative positions. None of our employees are represented by a union, and we consider our employee relations to be excellent. We have never experienced any strikes or work stoppages.

Risk Factors

Investors should carefully consider the specific factors set forth

below as well as the other information included or incorporated by reference in this Form 10-K. See "Item 1: Business -- Forward Looking Statements" relating to certain forward-looking statements in this Form 10-K.

Significant Leverage and Debt Service

We have indebtedness which is substantial in relation to our shareholders' equity, as well as interest and debt service requirements that are significant compared to our cash flow from operations. As of December 2000, we had $378.7 million of debt outstanding, which represented 62.2% of total capitalization. In addition, at December 2000, we had $53.0 million available for borrowing under the revolving portion of our principal bank credit agreement (our "credit facility").

The degree to which we are leveraged could have important consequences to investors, including but not limited to the following:

- a substantial portion of our cash flow from operations must be dedicated to debt service and will not be available for operations, capital expenditures, acquisitions and other purposes;
- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general corporate purposes may be limited or impaired; and
- certain of our borrowings, including our borrowings under the credit facility, are and will continue to be at variable rates of interest, which exposes us to the risk of increased interest rates.

Our ability to satisfy our obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. There can be no assurance that our operating results will be sufficient for us to meet our obligations. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as

forgoing acquisitions, reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking additional equity capital. There can be no assurance that any of these strategies could be implemented on terms acceptable to us, if at all. See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" for a discussion of our indebtedness and its implications.

Effects of Acquisitions Generally

An element of our business strategy has been to expand through acquisitions and we may seek, without further notice, to pursue acquisitions in the future. In this regard, for confidentiality, competitive and other reasons, we may not disclose that such acquisitions are being negotiated or are subject to agreements until such acquisitions close. Our success is dependent in part upon our ability to effectively integrate acquired operations with our operations. While we believe that we have sufficient management and other resources to accomplish the integration of our past and future acquisitions, there can be no assurance in this regard or that we will not experience difficulties with customers, suppliers, distributors, personnel or others. In addition, while we are generally entitled to customary indemnification from sellers of businesses for any difficulties that may have arisen prior to our acquisition of each business, the amount and time for claiming under these indemnification provisions is limited. There can be no assurance that we will be able to identify and make acquisitions on acceptable terms or that we will be able to obtain financing for such acquisitions on acceptable terms. As a result, our financial performance is now and will continue to be subject to various risks associated with the acquisition of businesses, including the financial effects associated with any increased borrowing required to fund such acquisitions or with the integration of such businesses.

Limitations Imposed by Certain Indebtedness

Our credit facility contains certain restrictive covenants which will affect, and in many respects significantly limit or prohibit, among other things, our ability to:

- incur indebtedness;
- make prepayments of certain indebtedness;
- make investments;
- engage in transactions with affiliates;
- sell assets;
- engage in mergers and acquisitions; and
- realize important elements of our business strategy.

Our credit facility also requires us to meet certain financial ratios and tests. These covenants may prevent us from integrating our acquired businesses, pursuing acquisitions, significantly limit our operating and financial flexibility and limit our ability to respond to changes in our business or competitive activities. Our ability to comply with such provisions may be affected by events beyond our control. In the event of any default under our credit facility, the credit facility lenders could elect to declare all

amounts borrowed under our credit facility, together with accrued interest, to be due and payable. If we were unable to repay such borrowings, the credit facility lenders could proceed against the collateral securing the credit facility, which consists of substantially all of our property and assets.

Significant Competition and Other Market Considerations

The market for our products is highly competitive. Many of these competitors offer a range of products in areas other than those in which we compete, which may make such competitors more attractive to surgeons, hospitals, GPOs and others. In addition, many of our competitors are larger and have greater financial resources than we do and offer a range of products broader than our products. Competitive pricing pressures or the introduction of new products by our competitors could have an adverse effect on our revenues and profitability. Some of the companies with which we now compete or may compete in the future have or may have more extensive research, marketing and manufacturing capabilities and significantly greater technical and personnel resources than we do, and may be better positioned to continue to improve their technology in order to compete in an evolving industry. See "Item 1: Business -- Competition" for a further discussion of these competitive forces.

Demand for and use of our products may fluctuate as a result of:

- changes in surgeon preferences;
- the introduction of new products or new features to existing products;
- the introduction of alternative surgical technology; and
- advances in surgical procedures and discoveries or developments in the health care industry.

In recent years, the health care industry has undergone significant change driven by various efforts to reduce costs, including efforts at national health care reform, trends toward managed care, cuts in Medicare, consolidation of health care distribution companies and collective purchasing arrangements by office-based health care practitioners. There can be no assurance that demand for our products will not be adversely affected by such fluctuations and trends.

Patents and Proprietary Technology

Much of the technology used in the markets in which we compete is covered by patents. We have numerous U.S. patents and corresponding foreign patents on products expiring at various dates from 2001 through 2018 and have additional patent applications pending. See "Item 1: Business -- Research and Development Activities" for a further description of our patents. Although we do not rely solely on our patents to maintain our competitive position, the loss of our patents could reduce the value of the related products and any related competitive advantage. Competitors may also be able to design around our patents and to compete effectively with our products. In addition, the cost to prosecute infringements of our patents or the cost to defend our products against patent infringement actions by others could be substantial. There can be no assurance that pending patent applications will result in issued patents, that patents issued to or licensed by us will not be challenged by competitors or that such

patents will be found to be valid or sufficiently broad to protect our

technology or provide us with a competitive advantage.

Government Regulation of Products

All of our products are classified as medical devices subject to regulation by the FDA. As a manufacturer of medical devices, our manufacturing processes and facilities are subject to on-site inspection and continuing review by the FDA for compliance with their "Quality System Regulations." Failure to comply with applicable domestic and/or foreign requirements can result in:

- fines or other enforcement actions;
- recall or seizure of products;
- total or partial suspension of production;
- withdrawal of existing product approvals or clearances;
- refusal to approve or clear new applications or notices; and
- criminal prosecution.

Many of our products are also subject to industry-set standards. The failure to comply with Quality System Regulations or industry-set standards could have a material adverse effect on our business, financial condition or results of operations.

We are subject to product recall. Although no recall has had a material adverse effect on our business, financial condition or results of operations, there can be no assurance that regulatory issues may not have a material adverse effect in the future.

Risks Relating to International Operations

A portion of our operations are conducted outside the United States. About 27% of our 2000 net sales constituted foreign sales. As a result of our international operations, we are subject to risks associated with operating in foreign countries, including:

- devaluations and fluctuations in currency exchange rates;
- imposition of limitations on conversions of foreign currencies into dollars or remittance of dividends and other payments by foreign subsidiaries;
- imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries;
- trade barriers;
- political risks, including political instability;
- hyperinflation in certain foreign countries; and
- imposition or increase of investment and other restrictions by foreign governments.

There can be no assurance that such risks will not have a material adverse effect on our business and results of operations.

Risk of Product Liability Actions

The nature of our products as medical devices and today's litigious environment in the United States should be regarded as potential risks that could significantly and adversely affect our financial condition and results of operations. We maintain insurance to protect against claims associated with the use of our products, but there can be no assurance that our insurance coverage would adequately cover the amount or nature of any claim asserted against us. See "Item 3: Legal Proceedings" for a further discussion of the risk of product liability actions and our insurance coverage.

Item 2. Properties

Facilities

We manufacture most of our products. Substantially all of our property

and assets are pledged as collateral under our credit facility. The following table provides information regarding our facilities. We believe our facilities are adequate in terms of space and suitability for our needs over the next several years.

Location	Square Feet	Own or Lease	Lease Expiration
Utica, NY (two facilities)	650,000	Own	--
Largo, FL	213,000	Lease	2009
Rome, NY	120,000	Own	--
Englewood, CO	65,000	Own	--
Irvine, CA	31,000	Lease	August 2003
El Paso, TX	29,000	Lease	April 2002
Juarez, Mexico	25,000	Lease	December 2001
Santa Barbara, CA	18,000	Lease	December 2001

Item 3. Legal Proceedings

From time to time, we are a defendant in certain lawsuits alleging product liability, patent infringement, or other claims incurred in the ordinary course of business. These claims are generally covered by various insurance policies, subject to certain deductible amounts and maximum policy limits. When there is no insurance coverage, we establish sufficient reserves to cover probable losses associated with such claims. We do not expect that the resolution of any pending claims will have a material adverse effect on our financial condition or results of operations. There can be no assurance, however, that existing or future claims, the costs associated with claims, especially claims not covered by insurance, will not have a material adverse effect on the Company's future performance.

Manufacturers of medical products may face exposure to significant product liability claims. To date, we have not experienced any material product liability claims, but any such claims arising in the future could have a material adverse effect on our business or results of operations. We currently maintain commercial product liability insurance of $25,000,000 per incident and $25,000,000 in the aggregate annually, which we, based on our experience, believe is adequate. This coverage is on a claims-made basis. There can be no assurance that claims will not exceed insurance coverage or that such insurance will be available in the future at a reasonable cost to us.

Our operations are subject to a number of environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous substances and wastes, soil and groundwater remediation and employee health and safety. In some jurisdictions environmental requirements may be expected to become more stringent in the future. In the United States certain environmental laws can impose liability for the entire cost of site restoration upon each of the parties that may have contributed to conditions at the site regardless of fault or the lawfulness of the party's activities.

While we do not believe that the present costs of environmental compliance and remediation are material, there can be no assurance that future compliance or remedial obligations could not have a material adverse effect on our financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of our security holders during the fourth quarter of the fiscal year ended December 31, 2000.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters

Our Common Stock, par value $.01 per share, is traded on the Nasdaq Stock Market (symbol - CNMD). At December 31, 2000, there were 1,229 registered holders of our Common Stock and, in addition, we have been notified that, on such date, there were approximately 6,700 accounts held in "street name".

The following table shows the high-low last sales prices for the years ended December 31, 1999 and 2000, as reported by the Nasdaq Stock Market. Such over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down and commission and may not necessarily represent actual transactions.

	1999	
Period	High	Low
First Quarter	$33.62	$27.09
Second Quarter	34.25	28.12
Third Quarter	33.18	24.50
Fourth Quarter	27.62	22.37

	2000	
Period	High	Low
First Quarter	$30.75	$22.56
Second Quarter	27.56	23.62
Third Quarter	26.12	12.12
Fourth Quarter	18.06	12.93

We did not pay cash dividends on our common stock during 1999 and 2000. Our Board of Directors presently intends to retain future earnings to finance the development of our business and does not intend to declare cash dividends. Should this policy change, the declaration of dividends will be determined by the Board in light of conditions then existing, including our financial requirements and condition and the prohibition on the declaration and payment of cash dividends contained in debt agreements.

Item 6. Selected Financial Data

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA
(In thousands, except per share data)

	Years Ended December				
	1996	1997	1998	1999	2000
Statements of Operations Data (1):					
Net sales	$ 125,630	$ 138,270	$ 336,442	$ 372,617	$ 392,230
Cost of sales (2)	65,393	74,220	169,599	178,480	188,223
Selling and administrative expense (3)	31,620	35,299	93,647	107,233	124,673
Research and development expense	2,953	3,037	12,029	12,108	14,870
Unusual items (3)	--	37,242	--	--	--

Income (loss) from operations	25,664	(11,528)	61,167	74,796	64,464
Interest income (expense), net	(217)	823	(30,891)	(32,360)	(34,286)
Income (loss) before income taxes and extraordinary item	25,447	(10,705)	30,276	42,436	30,178
Provision (benefit) for income taxes	9,161	(3,640)	10,899	15,277	10,864
Income (loss) before extraordinary item	16,286	(7,065)	19,377	27,159	19,314
Extraordinary item, net of income taxes (4)	--	--	(1,569)	--	--
Net income (loss)	$ 16,286	$(7,065)	$ 17,808	$ 27,159	$ 19,314
Earnings (Loss) Per Share Before Extraordinary Item:					
Basic	$ 1.16	$ (0.47)	$ 1.28	$ 1.78	$ 1.26
Diluted	$ 1.12	$ (0.47)	$ 1.26	$ 1.76	$ 1.24
Earnings (Loss) Per Share:					
Basic	$ 1.16	$ (0.47)	$ 1.18	$ 1.78	$ 1.26
Diluted	$ 1.12	$ (0.47)	$ 1.16	$ 1.76	$ 1.24
Weighted Average Number of Common Shares In Calculating:					
Basic earnings (loss) per share	14,045	14,997	15,085	15,241	$ 15,311
Diluted earnings (loss) per share	14,496	14,997	15,321	15,430	$ 15,514
Other Financial Data:					
Depreciation and amortization	$ 6,410	$ 6,954	$ 23,601	$ 26,291	$ 29,487
EBITDA(5)	32,074	32,668	86,576	100,110	94,044
Capital expenditures	4,946	8,178	12,924	9,352	14,050
Ratio of earnings to fixed charges (6)	79.30	(6)	1.95	2.27	1.85

	December				
	1996	1997	1998	1999	2000
Balance Sheet Data(7):					
Cash and cash equivalents	$ 20,173	$ 13,452	$ 5,906	$ 3,747	$ 3,470
Total assets	170,083	561,637	628,784	662,161	679,571
Long-term debt (including current portion)	--	365,000	384,872	394,669	378,748
Total shareholders' equity	158,635	162,736	182,168	211,261	230,603

(1) Includes, based on the purchase method of accounting, the results of (i) NDM, Inc., the subsidiary formed as a result of the product lines acquired from New Dimensions in Medicine, Inc., from February 1996; (ii) the surgical suction product line acquired from the Davol subsidiary of C.R. Bard, Inc., from July 1997; (iii) Linvatec Corporation from December 31, 1997; (iv) the arthroscopy product line acquired from Minnesota Mining and Manufacturing (3M) from November 1998; (v) the powered instrument product line acquired from 3M from August 1999; and (vi) the minimally invasive surgical product lines acquired from Imagyn Medical Technologies, Inc. from November 2000; in each such case from the date of acquisition.

(2) Includes for 1998, $3,000,000 of incremental expense related to the excess of the fair value at the acquisition date of Linvatec inventory over the cost to produce; includes for 1999, $1,600,000 of incremental expense related to the excess of the fair value at the acquisition date over the cost to produce inventory related to the powered instrument product line acquired from 3M.

(3) Included in unusual items for 1997, a $34,000,000 non-cash acquisition charge for the write-off of all of the in-process research and development products (comprised of products in the development stage) acquired in the Linvatec acquisition, $914,000 write-off of deferred financing fees resulting from refinancing our loan agreements in connection with the Linvatec acquisition, and $2,328,000 charge for the closing of our Dayton, Ohio manufacturing facility. Included in selling and administrative expense for 1999, a $1,256,000 benefit related to a previously recorded litigation accrual which was settled on favorable terms. Included in selling and administrative expense for 2000, a severance charge of $1,509,000 related to the restructuring of the Company's arthroscopy sales force.

(4) In March 1998, we recorded an extraordinary item of $1,569,000 net of income taxes related to the write-off of deferred financing fees.

(5) EBITDA represents earnings before interest expense, income taxes, depreciation and amortization, (except amortization of deferred financing fees included in interest expense) unusual items and inventory adjustments pursuant to purchase accounting. EBITDA is included herein because certain investors consider it to be a useful measure of our ability to service our debt; however, EBITDA does not represent cash flow from operations, as defined in generally accepted accounting principles, and should not be considered in isolation or as a substitute for net income or cash flow from operations or as a measure of profitability or liquidity.

(6) The ratio of earnings to fixed charges is calculated by dividing fixed charges into income before income taxes and extraordinary items plus fixed charges. Fixed charges include interest expense, amortization of deferred financing fees and the estimated interest component of rent expense. In 1997, the Company had a deficiency of earnings to cover fixed charges of $10,558,000.

(7) Linvatec is included in the Historical Balance Sheet Data as of December 31, 1997, its date of acquisition, after a one-time non-cash acquisition charge of $34,000,000.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Selected Financial Data (Item 6) and our consolidated financial statements, which are included elsewhere or incorporated by reference in this Form 10-K.

General

We are a medical technology company specializing in instruments and implants for arthroscopic sports medicine, and powered surgical instruments, for orthopaedic, ENT, neurosurgery and other surgical specialties. We are 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. Our products are used in a variety of clinical settings, such as operating rooms, surgery centers, physicians' offices and critical care areas of hospitals.

Results of Operations

The following table presents, as a percentage of net sales, certain categories included in our consolidated statements of income for the periods indicated:

	Years Ended December		
	1998	1999	2000
Net sales	100.0%	100.0%	100.0%
Cost of sales	50.4	47.9	48.0
Gross margin	49.6	52.1	52.0
Selling and administrative expense	27.8	28.8	31.8
Research and development expense	3.6	3.3	3.8
Income from operations	18.2	20.0	16.4
Interest expense, net	9.2	8.6	8.7
Income before income taxes and extraordinary item	9.0	11.4	7.7
Provision for income taxes	3.2	4.1	2.8
Income before extraordinary item	5.8%	7.3%	4.9%

2000 Compared to 1999

Sales for 2000 were $392,230,000, an increase of 5.3% compared to sales of $372,617,000 in 1999. Sales in our orthopaedic businesses grew 12.2% to $256,600,000 in 2000 from $228,700,000 in 1999. Adjusted for constant foreign currency exchange rates, orthopaedic sales growth would have been 13.6%. Arthroscopy sales, which represent approximately 56% of orthopaedic revenues, were essentially flat at $143,600,000 in 2000, as compared to $144,000,000 in 1999. Powered surgical instrument sales, which represent approximately 44% of orthopaedic revenues, grew 33.4% in 2000 to $113,000,000 as compared to $84,700,000 in 1999. The increase in powered surgical instrument sales of 33.4% consists of 14.5% internal growth and 18.9% growth due to our acquisition of the powered instrument business from 3M in August 1999 (the "Powered Instrument acquisition"--Note 2). Patient care, electrosurgery and minimally invasive

surgical sales declined 5.8% to $135,600,000 from $143,900,000 in 1999. This decline primarily occurred in the surgical suction product line as a result of increased competition and pricing pressure.

Cost of sales increased to $188,223,000 in 2000 compared to $178,480,000 in 1999. Gross margin percentage for 2000 was 52.0%. In connection with the August 1999 Powered Instrument acquisition, we increased the acquired value of inventory by $1,600,000; this inventory was sold during the quarter ended September 1999 and served to increase cost of sales in 1999 by $1,600,000. Excluding the impact of this non-recurring adjustment, cost of sales was $176,859,000 in 1999. Excluding the nonrecurring adjustment, our gross margin percentage for 1999 was 52.5%. The decline in gross margin percentage in 2000 as compared to 1999 is primarily a result of the negative impact of foreign currency exchange rate fluctuations discussed above.

Selling and administrative costs increased to $124,673,000 in 2000 as compared to $107,233,000 in 1999. During the second quarter of 2000, we announced we would replace our arthroscopy direct sales force with non-stocking exclusive sales agent groups in certain geographic regions of the United States. As a result, we recorded a nonrecurring severance charge of $1,509,000 in the second quarter of 2000 which is included in selling and administrative expense. Also included in selling and administrative expense is the $1,256,000 benefit, recorded in the fourth quarter of 1999, of a previously recorded litigation accrual which was settled on favorable terms. Excluding these non-recurring items, as a percentage of sales, selling and administrative expense increased to 31.4% in 2000 as compared to 29.1% in 1999. This increase, as a percentage of sales, is a result of increased spending on sales and marketing programs, including higher commission and other costs associated with the change to exclusive sales agent groups.

Research and development expense was $14,870,000 in 2000 as compared to $12,108,000 in 1999. As a percentage of sales, research and development expense increased to 3.8% in 2000 as compared to 3.3% in 1999. This increase represents expanded research and development efforts primarily focused in the orthopaedic product lines.

Interest expense for 2000 was $34,286,000 compared to $32,360,000 in 1999. The increase is primarily due to an increase in the overall weighted average interest rate on our borrowings from 8.35% in 1999 to 8.93% in 2000. (See discussion under Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

1999 Compared to 1998

Sales for 1999 were $372,617,000, an increase of 10.8% compared to sales of $336,442,000 in 1998. Sales in our orthopaedic businesses grew 19.8% to $228,700,000 from $190,900,000 in 1998. Arthroscopy sales, which represent approximately 63% of orthopaedic revenues, grew 19.4% to $144,000,000 in 1999, as compared to $120,600,000 in 1998. Approximately 10.3% of the total increase in arthroscopy sales is internal growth and 9.1% is due to our acquisition of an arthroscopy product line from 3M in November 1998 (the "Arthroscopy acquisition"--Note 2). Powered surgical instrument sales, which represent approximately 37% of orthopaedic revenues, grew 20.5% to $84,700,000 in 1999 as compared to $70,300,000 in 1998. Approximately 7.3% of the total increase in powered surgical instrument sales is internal growth and 13.2% is due to our acquisition of the powered instrument business from 3M in August 1999 (the "Powered Instrument acquisition"--Note 2). Patient care, electrosurgery and

minimally invasive surgical sales declined 1.1% to $143,900,000 in 1999 from

$145,500,000 in 1998. Approximately 2% of the total orthopaedic sales growth in 1999 as compared to 1998 reflects the pricing impact of changes in distribution from 1999 as compared to the first six months of 1998. In connection with the December 1997 acquisition of Linvatec Corporation (the "Linvatec acquisition") from Bristol-Myers Squibb ("BMS"), we entered into fixed price distribution agreements with Zimmer, Inc., a wholly-owned subsidiary of BMS, to distribute certain of our products in selected geographic markets. Beginning in the third quarter of 1998, most of the products formerly distributed by Zimmer were sold and distributed directly by us, resulting in improved pricing for the affected products.

Cost of sales increased to $178,480,000 in 1999 compared to $169,599,000 in 1998. In connection with the August 1999 Powered Instrument acquisition, we increased the acquired value of inventory by $1,600,000; this inventory was sold during the quarter ended September 1999 and served to increase cost of sales in 1999 by $1,600,000. Similarly, in connection with purchase accounting for the Linvatec acquisition, we increased the acquired value of inventory by $3,000,000 over our production cost; this inventory was sold during the quarter ended March 1998 and served to increase cost of sales in 1998 by $3,000,000. Excluding the impact of these non-recurring adjustments, cost of sales increased to $176,859,000 in 1999 from $166,606,000 in 1998, as a result of increased sales volumes as described above. Excluding the nonrecurring adjustments, our gross margin percentage for 1999 was 52.5% compared to 50.5% for 1998. The increase in gross margin percentage is primarily attributable to higher sales volumes in our orthopaedic product lines which carry higher gross margins than certain of our other product lines 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 $107,233,000 in 1999 as compared to $93,647,000 in 1998. The increase in selling and administrative expense is primarily a result of additional selling expense associated with the increase in sales in 1999 as compared to 1998, including increased costs associated with the direct selling and distribution of products formerly distributed through Zimmer during the first half of 1998. Partially offsetting these increases, during the fourth quarter of 1999, we recognized the benefit amounting to $1,256,000 of a previously recorded litigation accrual which was settled on favorable terms and is included in selling and administrative expense. Excluding this nonrecurring benefit, as a percentage of sales, selling and administrative expense increased to 29.1% in 1999 as compared to 27.8% in 1998.

Research and development expense was $12,108,000 in 1999 as compared to $12,029,000 in 1998. As a percentage of sales, research and development expense was 3.3% in 1999 as compared to 3.6% in 1998. The amount of research and development expense incurred in 1999 is consistent with 1998 representing our ongoing efforts in this area; the decrease in 1999 expense as a percentage of sales is primarily a result of higher sales in 1999 as compared to 1998.

Interest expense for 1999 was $32,360,000 compared to $30,891,000 in 1998. In connection with the Powered Instrument acquisition, our 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 a result of these higher term loan borrowings and higher average borrowings under our revolving credit facility during 1999 as compared to 1998. We funded our Arthroscopy acquisition during the fourth quarter of 1998 through borrowings under the revolving credit facility which resulted in the higher average borrowings. (See discussion under

Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

During the first quarter of 1998, we completed an offering of subordinated notes (the "Notes") and used the net proceeds to repay a portion of our term loans under our credit facility. Deferred financing fees relating to the portion of the credit facility repaid amounting to $2,451,000 ($1,569,000 net of income taxes) were written-off as an extraordinary charge. (See Note 5 and discussion under Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations).

Liquidity and Capital Resources

Our net working capital position increased $4,229,000 or 3.9% to $113,755,000 at December 2000 compared to $109,526,000 at December 1999. Net cash provided by operations was $35,950,000 in 2000 compared to $37,441,000 in 1999. Operating cash flow in 2000 decreased primarily as a result of lower net income in 2000 as compared to 1999. Operating cash flow in 2000 was positively impacted primarily by depreciation, amortization and deferred income taxes. Operating cash flow in 2000 was negatively impacted primarily as a result of increased inventories. The increase in inventories is a result of overall higher quantities on hand in support of higher sales volumes in 2000 as compared to 1999. Net cash provided by operations was $37,441,000 in 1999 compared to $20,927,000 in 1998. Operating cash flow in 1999 increased primarily as a result of higher net income in 1999 as compared to 1998. Operating cash flow in 1999 was positively impacted primarily by depreciation, amortization and deferred income taxes. Operating cash flow in 1999 was negatively impacted primarily as a result of increases in accounts receivable and inventories. The increase in accounts receivable was primarily related to the increase in sales; the increase in inventory is related to the Arthroscopy acquisition and Powered Instrument acquisition and overall higher quantities on-hand. Adversely impacting operating cash flows in 1998 was an increase in accounts receivable and inventories primarily as a result of the timing of our assumption of Linvatec's international operations previously managed by Zimmer. In connection with the Linvatec acquisition, we assumed responsibility for the majority of Linvatec's international operations on July 1, 1998. Accordingly, the receivables and inventory of the international operations were not acquired or funded by the Company until the second half of 1998.

Net cash used by investing activities in 2000 included $6,000,000 paid related to the Imagyn acquisition. Net cash used by investing activities in 1999 included $40,600,000 paid related to the Powered Instrument acquisition. Net cash used by investing activities in 1998 included $17,500,000 related to the Arthroscopy acquisition and $14,400,000 of payments related to the Linvatec acquisition and the 1997 acquisition of a surgical suction instrument and tubing product line from Davol, Inc. Capital expenditures for 2000, 1999 and 1998 amounted to $14,100,000, $9,400,000 and $12,900,000, respectively.

Financing activities in 2000 consisted primarily of $17,000,000 in borrowings under the revolving credit facility and $32,900,000 in scheduled payments on our term loans. Financing activities during 1999 consisted primarily of a $40,000,000 term loan used to fund the Powered Instrument acquisition, scheduled payments of $23,100,000 on our previously existing term loans and $8,000,000 in repayments on our revolving credit facility. Financing activities during 1998 involved the completion of the Notes offering in the aggregate principal amount of $130,000,000; net proceeds from the offering amounting to $126,100,000 were used to repay a portion of our term loans under our credit

facility. Additionally, we borrowed $23,000,000 under the revolving credit facility primarily to finance the Arthroscopy acquisition and made scheduled payments of $7,000,000 on our term loans.

Management believes that cash generated from operations, our current cash resources and funds available under our revolving 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

Our 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 7A. Quantitative and Qualitative Disclosures About Market Risk

Our principal market risks involve foreign currency exchange rates and interest rates.

We manufacture our products in the United States and distribute our

products throughout the world. As a result, our financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. As of December 2000, we have not entered into any forward foreign currency exchange contracts to hedge the effect of foreign currency exchange fluctuations. We have mitigated and will continue to mitigate our foreign currency exposure by transacting the majority of our foreign sales in United States dollars. During 2000, changes in foreign currency exchange rates reduced our sales and income before income taxes by approximately $3,200,000. We will continue to monitor and evaluate our foreign currency exposure and the need to enter into a forward foreign currency exchange contract or other hedging arrangement.

Our exposure to market risk for changes in interest rates relates to our borrowings. We do 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, we have entered into two interest rate swaps (each with a $50,000,000 notional amount) expiring in June 2001 and June 2003 which effectively convert $100,000,000 of the approximate $248,000,000 of floating rate borrowings under our credit facility into fixed rate borrowings with a base interest rate averaging 6.50%. Provisions in one of the interest rate swaps cancels such agreement when LIBOR exceeds 7.35%. If market interest rates for similar borrowings average 1% more in 2001 than they did in 2000, our interest expense, after considering the effects of our interest rate swaps, would increase, and income before income taxes would decrease by $1,100,000. Comparatively, if market interest rates averaged 1% less in 2001 than they did during 2000, our interest expense, after considering the effects of our interest rate swaps, would decrease, and income before income taxes would increase by $900,000. These amounts are determined by considering the impact of hypothetical interest rates on our borrowing cost and interest rate swap agreements and does not consider any actions by management to mitigate our exposure to such a change.

Item 8. Financial Statements and Supplementary Data

Our 2000 Financial Statements, together with the report thereon of PricewaterhouseCoopers LLP dated February 7, 2001, are included elsewhere herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

We have had no disagreements with PricewaterhouseCoopers LLP that would be required to be reported under this Item 9.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information with respect to the Directors and Executive Officers is incorporated herein by reference to the sections captioned "Proposal One: Election of Directors" and "Directors, Executive Officers and Senior Officers" in CONMED Corporation's definitive Proxy Statement to be mailed on or about April 8, 2001 for the annual meeting of shareholders to be held on May 15, 2001.

Item 11. Executive Compensation

Information with respect to Executive Compensation is incorporated herein by reference to the sections captioned "Compensation of Executive Officers", "Stock Option Plans", "Pension Plans" and "Board of Directors Interlocks and Insider Participation; Certain Relationships and Related Transactions" in CONMED Corporation's definitive Proxy Statement to be mailed on or about April 8, 2001 for the annual meeting of shareholders to be held on May 15, 2001.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information with respect to Security Ownership of Certain Beneficial Owners and Management is incorporated herein by reference to the section captioned "Security Ownership of Certain Beneficial Owners and Management" in CONMED Corporation's definitive Proxy Statement to be mailed on or about April 8, 2001 for the annual meeting of shareholders to be held on May 15, 2001.

Item 13. Certain Relationships and Related Transactions

Information regarding certain relationships and related transactions is incorporated herein by reference to the section captioned "Board of Directors Interlocks and Insider Participation; Certain Relationships and Related Transactions" in CONMED Corporation's definitive Proxy Statement to be mailed on or about April 8, 2001 for the annual meeting of shareholders to be held on May 15, 2001.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

Index to Financial Statements

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on the date indicated below.

CONMED CORPORATION

March 21, 2001

By: /s/ Eugene R. Corasanti

Eugene R. Corasanti

(Chairman of the Board, Chief Executive Officer)

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrants and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ EUGENE R. CORASANTI Eugene R. Corasanti	Chairman of the Board Chief Executive Officer And Director	March 21, 2001
/s/ ROBERT D. SHALLISH, JR. Robert D. Shallish, Jr.	Vice President-Finance and Chief Financial Officer (Principal Financial Officer)	March 21, 2001
/s/ JOSEPH J. CORASANTI Joseph J. Corasanti	President, Chief Operating Officer and Director	March 21, 2001
/s/ LUKE A. POMILIO Luke A. Pomilio	Vice President - Corporate Controller (Principal Accounting Officer)	March 21, 2001
/s/ BRUCE F. DANIELS Bruce F. Daniels	Director	March 21, 2001
/s/ ROBERT E. REMMELL Robert E. Remmell	Director	March 21, 2001
/s/ WILLIAM D. MATTHEWS William D. Matthews	Director	March 21, 2001
/s/ STUART J. SCHWARTZ Stuart J. Schwartz	Director	March 21, 2001

Exhibit Index

Exhibit No.	Description of Instrument
2.1	Asset Purchase Agreement between Linvatec Corporation and Minnesota Mining & Manufacturing Company dated October 8, 1998-- incorporated herein by reference to our Annual Report on Form 10-K for the year ended December 31, 1998.
2.2	The Asset Purchase Agreement, dated June 29, 1999 by and between Linvatec Corporation and Minnesota Mining and Manufacturing Company, as amended by an amendment dated August 11, 1999-- incorporated herein by reference to Exhibit 10.1 of our report on Form 10-Q filed on August 13, 1999.

3.1		Amended and Restated By-Laws, as adopted by the Board of Directors on December 26, 1990-- incorporated herein by reference to the exhibit in our Current Report on Form 8-K, dated March 7, 1991 (File No. 0-16093).
3.2		1999 Amendment to Certificate of Incorporation and Restated Certificate of Incorporation of CONMED Corporation - incorporated herein by reference to our Annual Report on Form 10-K for the year ended December 31, 1999.
4.1		See Exhibit 3.1.
4.2		See Exhibit 3.2.
4.3		Amended and Restated Credit Agreement, dated August 11, 1999, among CONMED Corporation and the several banks and other financial institutions or entities from time to time parties thereto, -- incorporated herein by reference to Exhibit 10.2 of our report on Form 10-Q filed on August 13, 1999.
4.4		Guarantee and Collateral Agreement, dated December 31, 1997, made by CONMED Corporation and certain of its subsidiaries in favor of The Chase Manhattan Bank-- incorporated herein by reference to Exhibit 10.2 in our Current Report on Form 8-K filed on January 8, 1998.
4.5		Indenture, dated as of March 5, 1998, by and among CONMED Corporation, the Subsidiary Guarantors named therein and First Union National Bank, as Trustee--incorporated by reference to the exhibit in our Registration Statement on Form S-8 filed on March 26, 1998 (File No. 333-48693).
4.6		Acknowledgement and Consent, dated August 11, 1999, among CONMED Corporation and each of its subsidiaries-- incorporated herein by reference to Exhibit 10.3 of our report on Form 10-Q filed on August 13, 1999.
10.1		Employment Agreement between the Company and Eugene R. Corasanti, dated December 16, 1996-- incorporated herein by reference to the exhibit in our Annual Report on Form 10-K for the year ended December 31, 1996.

Exhibit No.		Description of Instrument
10.2		Amended and Restated Employee Stock Option Plan (including form of Stock Option Agreement)-- incorporated herein by reference to the exhibit in our Annual Report on Form 10-K for the year ended December 25, 1992-- incorporated herein by reference to the exhibit in our Annual Report on Form 10-K for the year ended December 31, 1996.
10.3	(a)	Eugene R. Corasanti disability income plans with Northwestern Mutual Life Insurance Company, dated January 14, 1980 and March 7, 1981-- policy specification sheets-- incorporated herein by reference to Exhibit 10.0(a) of our Registration Statement on Form S-2 (File No. 33-40455).
	(b)	William W. Abraham disability income plan with Northwestern Mutual Life Insurance Company, dated March 24, 1981 -- policy specification sheet -- incorporated herein by reference to Exhibit 10.0(b) of our Registration Statement on Form S-2 (File No. 33-40455).
	(c)	Eugene R. Corasanti life insurance plan with Northwestern Mutual Life Insurance Company, dated October 6, 1979 -- policy specification sheet -- incorporated herein by reference to Exhibit 10.0(c) of our Registration Statement on Form S-2 (File No. 33-40455).

10.4	Eugene R. Corasanti life insurance plans with Northwestern Mutual Life Insurance Company dated August 25, 1991-- Statements of Policy Cost and Benefit Information, Benefits and Premiums, Assignment of Life Insurance Policy as Collateral -- incorporated herein by reference to our Annual Report on Form 10-K for the year ended December 27, 1991.
10.5	1992 Stock Option Plan (including form of Stock Option Agreement)-- incorporated herein by reference to the exhibit in our Annual Report on Form 10-K for the year ended December 25, 1992.
10.6	Stock Option Plan for Non-Employee Directors of CONMED Corporation-- incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 1996.
10.7	Amendment to 1992 Stock Option Plan-- incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 1996.
10.8	CONMED Corporation 1999 Long-Term Incentive Plan - incorporated by reference to the Definitive Proxy Statement for the 1999 annual meeting as filed on April 16, 1999.
10.9	Employment Agreement between the Company and Joseph J. Corasanti, dated May 2, 2000.

Exhibit No.	Description of Instrument
11	Statement re: Computation of Per Share Earnings.
12	Statement re: Computation of Ratios of Earnings to Fixed Charges.
21	Subsidiaries of the Registrant.
23	Consent, dated March 29, 2001, of PricewaterhouseCoopers LLP, independent auditors for CONMED Corporation.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Shareholders of CONMED Corporation

In our opinion, the consolidated financial statements listed in the index appearing under Item 14 (a)(1) on Page 32 present fairly, in all material respects, the financial position of CONMED Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14 (a)(2) on Page 32 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Syracuse, New York
February 7, 2001

CONMED CORPORATION
CONSOLIDATED BALANCE SHEETS
December 1999 and 2000
(In thousands except share amounts)

	1999	2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,747	$ 3,470
Accounts receivable, less allowance for doubtful accounts of $1,434 in 1999 and $1,479 in 2000	76,413	78,626
Inventories	89,681	104,612
Deferred income taxes	1,453	1,761
Prepaid expenses and other current assets	5,423	3,562
Total current assets	176,717	192,031
Property, plant and equipment, net	57,834	62,450
Goodwill, net	223,174	225,801
Other intangible assets, net	201,458	195,008
Other assets	2,978	4,281
Total assets	$ 662,161	$ 679,571
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 32,875	$ 36,068
Accounts payable	16,518	20,350
Accrued compensation	9,658	9,913
Income taxes payable	226	1,979
Accrued interest	4,588	5,130
Other current liabilities	3,326	4,836
Total current liabilities	67,191	78,276
Long-term debt	361,794	342,680
Deferred income taxes	3,330	12,154
Other long-term liabilities	18,585	15,858
Total liabilities	450,900	448,968
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; 15,303,806 and 15,352,186, issued and outstanding in 1999 and 2000, respectively	153	153
Paid-in capital	127,394	128,062
Retained earnings	84,520	103,834
Accumulated other comprehensive loss	(387)	(1,027)
Less 25,000 shares of common stock in treasury, at cost	(419)	(419)
Total shareholders' equity	211,261	230,603
Total liabilities and shareholders' equity	$ 662,161	$ 679,571

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 1998, 1999 and 2000
(In thousands except per share amounts)

	1998	1999	2000
Net sales	$ 336,442	$ 372,617	$ 392,230
Cost of sales	169,599	178,480	188,223
Selling and administrative expense	93,647	107,233	124,673
Research and development expense	12,029	12,108	14,870
	275,275	297,821	327,766
Income from operations	61,167	74,796	64,464
Interest expense, net	30,891	32,360	34,286
Income before income taxes and extraordinary item	30,276	42,436	30,178
Provision for income taxes	10,899	15,277	10,864
Income before extraordinary item	19,377	27,159	19,314
Extraordinary item, net of income taxes	(1,569)	--	--
Net income	$ 17,808	$ 27,159	$ 19,314
Per share data:			
Income before extraordinary item			
Basic	$ 1.28	$ 1.78	$ 1.26
Diluted	1.26	1.76	1.24
Extraordinary item			
Basic	(.10)	--	--
Diluted	(.10)	--	--
Net income			
Basic	1.18	1.78	1.26
Diluted	1.16	1.76	1.24

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 1998, 1999 and 2000
(In thousands)

	Common Stock		Paid-in	Retained	Accumulated Other Comprehensive	Treasury	Shareholders'
	Shares	Amount	Capital	Earnings	Income (Loss)	Stock	Equity
Balance at December 1997	15,062	$151	$123,451	$39,553	$ -	$(419)	$162,736
Exercise of stock options	121	1	1,087				1,088

Tax benefit arising from exercise of stock options			501				501
Comprehensive income:							
Translation adjustments					35		
Net income				17,808			
Total comprehensive income							17,843
Balance at December 1998	15,183	152	125,039	57,361	35	(419)	182,168
Exercise of stock options	121	1	1,611				1,612
Tax benefit arising from exercise of stock options			744				744
Comprehensive income:							
Translation adjustments					(422)		
Net income				27,159			
Total comprehensive income							26,737
Balance at December 1999	15,304	153	127,394	84,520	(387)	(419)	211,261
Exercise of stock options	48		449				449
Tax benefit arising from exercise of stock options			219				219
Comprehensive income:							
Translation adjustments					(640)		
Net income				19,314			
Total comprehensive income							18,674
Balance at December 2000	15,352	$ 153	$128,062	$103,834	$(1,027)	$ (419)	$230,603

See notes to consolidated financial statements.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 1998, 1999 and 2000
(In thousands)

	1998	1999	2000
Cash flows from operating activities:			
Net income	$ 17,808	$ 27,159	$ 19,314
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	8,098	9,207	9,434
Amortization	15,503	17,084	20,053
Deferred income taxes	8,779	8,978	7,974
Extraordinary item, net of income taxes	1,569	--	--
Increase (decrease) in cash flows from changes in assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(19,630)	(9,192)	(2,166)
Inventories	(19,322)	(9,086)	(18,035)
Prepaid expenses and other current assets	(1,180)	(799)	1,811
Accounts payable	10,028	(3,060)	3,824
Income taxes payable	(2,587)	1,986	2,514
Accrued compensation	2,834	(7)	255
Accrued interest	6,069	(1,481)	542
Other assets/liabilities, net	(7,042)	(3,348)	(9,570)
	3,119	10,282	16,636
Net cash provided by operations	20,927	37,441	35,950
Cash flows from investing activities:			

Payments related to business acquisitions	(31,909)	(40,585)	(6,042)
Purchases of property, plant and equipment	(12,924)	(9,352)	(14,050)
Net cash used by investing activities	(44,833)	(49,937)	(20,092)
Cash flows from financing activities:			
Proceeds of long-term debt	130,000	40,900	--
Borrowings (repayments)under revolving credit facility	23,000	(8,000)	17,000
Proceeds from issuance of common stock	1,088	1,612	449
Payments related to issuance of long-term debt	(4,635)	(661)	--
Payments on long-term debt	(133,128)	(23,103)	(32,921)
Net cash provided (used)by financing activities	16,325	10,748	(15,472)

(continued)

See notes to consolidated financial statements.

	1998	1999	2000
Effect of exchange rate changes on cash and cash equivalents	35	(411)	(663)
Net decrease in cash and cash equivalents	(7,546)	(2,159)	(277)
Cash and cash equivalents at beginning of year	13,452	5,906	3,747
Cash and cash equivalents at end of year	$ 5,906	$ 3,747	$ 3,470
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 24,078	$ 32,662	$ 33,788
Income taxes	4,121	4,502	4,141

See notes to consolidated financial statements.

CONMED CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 -- Operations and Significant Accounting Policies

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, for orthopaedic, ENT, neuro-surgery and other surgical specialties. 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.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventories

The inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Leasehold improvements	Remaining life of lease
Machinery and equipment	2 to 15 years

Goodwill

Goodwill represents the excess of purchase price over fair value of identifiable net assets of acquired businesses. Goodwill is amortized on a straight-line basis over periods ranging from 13 to 40 years. Accumulated amortization of goodwill amounted to $16,901,000 and $23,340,000 at December 1999 and 2000, respectively.

When events and circumstances so indicate, the Company will assess the recoverability of its goodwill based upon cash flow forecasts (undiscounted and without interest). No impairment losses have been recognized in any of the periods presented.

Other intangible assets

Other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. Customer relationships and trademarks and tradenames are amortized on a straight-line basis over 40 and 38 years, respectively. Patents and other intangible assets are amortized on a straight-line basis over periods from 5 to 17 years.

When events and circumstances so indicate, the Company will assess the recoverability of its intangible assets based upon cash flow forecasts (undiscounted and without interest). No impairment losses have been recognized in any of the periods presented.

	1999	2000
Customer relationships	$ 96,712	$ 96,712
Trademarks and tradenames	95,715	95,715
Patents and other intangible assets	29,227	31,479
	221,654	223,906
Less: Accumulated amortization	(20,196)	(28,898)
Other intangible assets, net	$ 201,458	$ 195,008

Derivative financial instruments

The Company does not trade in derivative securities. The Company does use interest rate swaps to manage the interest risk associated with its variable rate debt. The Company accounted for interest rate swaps on the accrual method at December 1999 and 2000, whereby the net receivable or payable is recognized on a periodic basis and included as a component of interest expense.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" 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 adopted this standard beginning January 1, 2001. Adoption of this statement did not have a material impact on the financial statements.

Fair value of financial instruments

The estimated fair value of cash and cash equivalents, accounts receivable, and accounts payable, approximate their carrying amount. The estimated fair values and carrying amounts of interest rate swaps and long-term debt are as follows (in thousands):

	1999		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Interest rate swaps	$ 37	$ 248	$ 5	$ (1,436)
Long-term debt (including current maturities) .	(394,669)	(386,219)	(378,748)	(352,748)

Fair values were determined from quoted market prices or discounted cash flows analysis.

Translation of foreign currency financial statements

Assets and liabilities of foreign subsidiaries have been translated into United States dollars at the applicable rates of exchange in effect at the end of the period reported. Revenues and expenses have been translated at the applicable weighted average rates of exchange in effect during the period reported. Translation adjustments are reflected in accumulated other comprehensive income (loss). Any transaction gains and losses are included in net income.

Revenue recognition

Revenue is recognized upon shipment of goods to customers and upon performance of services. Amounts billed to customers related to shipping and handling are not material. Shipping and handling costs were $8,250,000, $9,450,000 and $8,100,000 for the years ended December 1998, 1999 and 2000, respectively, and are included in selling and administrative expense. The Company sells to a diversified base of customers around the world and, therefore, believes there is no material concentration of credit risk.

Earnings per share

Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share" requires presentation of basic earnings per share ("EPS"), computed based on the weighted average number of common shares outstanding for the period, and diluted EPS, which gives effect to all dilutive potential shares outstanding (i.e., options and warrants) during the period. Income used in the

EPS calculation is net income for each year. Shares used in the calculation of basic and diluted EPS were (in thousands):

	1998	1999	2000
Shares used in the calculation of Basic EPS (weighted average shares outstanding).....	15,085	15,241	15,311
Effect of dilutive potential securities	236	189	203
Shares used in the calculation of Diluted EPS.....	15,321	15,430	15,514

The shares used in the calculation of diluted EPS exclude warrants and options to purchase shares where the exercise price was greater than the average market price of common shares for the year. Such shares aggregated 1,440,000, 1,326,000 and 2,264,000 at December 1998, 1999 and 2000, respectively.

Comprehensive income

SFAS No. 130, "Reporting Comprehensive Income", requires companies to report a measure of operations called comprehensive income. This measure, in addition to net income, includes as income or loss, the following items, which if present are included in the equity section of the balance sheet: 1) unrealized gains and losses on certain investments in debt and equity securities; 2) foreign currency translation; and 3) minimum pension liability adjustments. The Company has reported comprehensive income within the Consolidated Statements of Shareholders' Equity.

Reclassifications

Certain prior year amounts have been reclassified to conform with the presentation used in 2000.

Note 2 -- Business Acquisitions

On November 16, 1998, the Company acquired the assets related to an arthroscopy product line from Minnesota Mining and Manufacturing Company ("3M") for a purchase price of $17,500,000 (the "Arthroscopy acquisition") which was funded through borrowings under the Company's revolving credit facility (Note 5). The acquisition was accounted for using the purchase method. 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 June 29, 1999, the Company agreed to purchase certain assets of the powered surgical instrument business of 3M (the "Powered Instrument acquisition"). The acquisition was completed on August 11, 1999 for a purchase price of $40,000,000, which was funded through borrowings under the Company's credit facility (Note 5). The acquisition was 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. In connection with the Powered Instrument acquisition, 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 1999 by $1,600,000.

On November 20, 2000 the Company agreed to purchase certain assets of the disposable minimally invasive surgical business of Imagyn Medical Technologies, Inc. (the "Imagyn acquisition") for a purchase price of $6,000,000. Under the terms of the agreement, the Company also agreed to pay up to $2,000,000 in contingent consideration dependent upon product sales within the first twelve months following the closing date. The acquisition was funded through borrowings under the Company's revolving credit facility (Note 5) and 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.

On an unaudited pro forma basis, assuming the completed acquisitions had occurred as of the beginning of the periods presented, the consolidated results of the Company would have been as follows (in thousands, except per share amounts):

	Year Ended December	
	1999	2000
Pro forma net sales.....	$ 389,717	$ 396,320
Pro forma net income.....	$ 27,663	$ 19,475
Pro forma net income per share:		
Basic.....	$ 1.82	$ 1.27
Diluted.....	$ 1.79	$ 1.25

The unaudited pro forma financial information presented above gives effect to purchase accounting adjustments which have resulted or are expected to result from the acquisitions. This pro forma information is not necessarily indicative of the results that would actually have been obtained had the companies been combined for the periods presented.

Note 3 -- Inventories

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

	1999	2000
Raw materials.....	$ 35,651	$ 38,278
Work in process.....	9,803	12,612
Finished goods.....	44,227	53,722
	$ 89,681	$104,612

Note 4 -- Property, Plant and Equipment

Details of property, plant and equipment are as follows (in thousands):

	1999	2000
Land.....	$ 1,511	$ 1,511
Leasehold improvements.....	2,837	3,293
Building and improvements.....	23,118	24,393
Machinery and equipment.....	60,231	63,970
Construction in progress.....	4,643	12,283
	92,340	105,450
Less: Accumulated depreciation...	(34,506)	(43,000)
	$ 57,834	$ 62,450

The Company leases various manufacturing and office facilities and equipment under operating leases. Rental expense on these operating leases was approximately $2,650,000, $2,935,000 and $3,376,000 for the years ended December 1998, 1999 and 2000, respectively. The aggregate future minimum lease commitments for operating leases at December 2000 are as follows:

Year ending December (in thousands):

2001	$ 3,490
2002	3,118
2003	2,858
2004	2,425
2005	2,483
Thereafter	9,027

Note 5 -- Long Term Debt

The Company has a credit agreement with several banks providing for a $490,000,000 credit facility. The credit facility is comprised of four sub-facilities: (i) a $210,000,000 five-year term loan with quarterly principal repayments; (ii) a $140,000,000 seven-year term loan with quarterly principal repayments; (iii) a $40,000,000 six-year term loan with quarterly principal repayments; and (iv) a $100,000,000 revolving credit facility. The revolving credit facility expires on December 30, 2002. During the commitment period, the Company is obligated to pay a fee of .375% per annum on the unused portion of the revolving credit facility. A covenant under the credit facility required the Company to complete a senior subordinated note offering, which was completed in March 1998 with the net proceeds of $126,100,000 being used to reduce the term loans under the credit facility. Deferred financing fees related to the portion of the term loans repaid amounting to $2,451,000 ($1,569,000 net of income taxes) were written off in March 1998 as an extraordinary item.

As of December 1999, the Company had $105,380,000, $88,497,000, $39,925,000 and $30,000,000 outstanding under the five-year term loan, the seven-year term loan, the six year term loan and the revolving credit facility, respectively. As of December 2000, the Company had $73,447,000, $87,856,000, $39,625,000 and $47,000,000 outstanding under the five-year term loan, the seven-year term loan, the six-year term loan and the revolving credit facility, respectively. 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 increases and decreases to this interest rate spread based on the operating results of the Company. Additionally, certain events of default under the credit facility limit interest rate options available to the Company. The weighted average interest rates at December 1999 under the five-year term loan, the seven-year term loan, the six year term loan and the revolving credit facility, were 7.65%, 8.15%, 8.59% and 7.45%, respectively. The weighted average interest rates at December 2000 under the five-year term loan, the seven-year term loan, the six-year term loan and revolving credit facility, were 8.36%, 8.80%, 9.25% and 9.06%, respectively.

The Company has entered into two interest rate swaps (each with a $50,000,000 notional amount) expiring in June 2001 and June 2003 which effectively 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%.

The term debt and revolving credit facility are collateralized by all the Company's personal property. The agreement 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.

As discussed above, in March 1998 the Company issued $130,000,000 of 9% Senior Subordinated Notes (the "Notes"). The Notes mature on March 15, 2008, unless previously redeemed by the Company. Interest on the Notes is payable semi-annually on March 15 and September 15 of each year. The Notes are redeemable for cash at anytime on or after March 15, 2003, at the option of the Company, in whole or in part, at the redemption prices set forth therein, plus accrued and unpaid interest to the date of redemption.

Excluding the revolving credit facility which expires and is expected to be renegotiated in 2002, the scheduled maturities of long-term debt outstanding at December 2000 are as follows:

Year ending December (in thousands):

2001	$ 36,068
2002	39,298
2003	42,018
2004	45,223
2005	38,457
Thereafter	130,684

Note 6 -- Income Taxes

The provision for income taxes consists of the following (in thousands):

	1998	1999	2000
Current tax expense:			
Federal	$ 1,652	$ 5,027	$ 1,634
State	258	350	300
Foreign	210	922	956
	2,120	6,299	2,890
Deferred income tax expense	8,779	8,978	7,974
Provision for income taxes	$10,899	$15,277	$10,864

A reconciliation between income taxes computed at the statutory federal rate and the provision for income taxes follows (in thousands):

	1998	1999	2000
Tax provision at statutory rate based on income before income taxes and extraordinary item	$ 10,597	$ 14,853	$ 10,562
Foreign sales corporation	(313)	(543)	(725)
State taxes	165	257	180
Nondeductible intangible amortization	243	320	321
Other, net	207	390	526
	$ 10,899	$ 15,277	$ 10,864

The tax effects of the significant temporary differences which comprise the deferred tax assets and liabilities at December 1999 and 2000 are as follows (in thousands):

	1999	2000
Assets:		
Receivables	$ 135	$ 138
Inventory	330	1,115
Deferred compensation	597	761
Employee benefits	794	221
Deferred rent	243	570
Other	1,690	1,011
Net operating losses of acquired subsidiary	4,258	3,834
Valuation allowance for deferred tax assets	(4,258)	(3,834)

	3,789	3,816
Liabilities:		
Goodwill and intangible assets	4,051	11,559
Depreciation	1,500	2,650
Other	115	-
	5,666	14,209
Net liability	$(1,877)	$(10,393)

Net operating losses related to a 1995 acquisition are subject to certain limitations and expire over the period 2008 to 2010. Management has established a valuation allowance of $3,834,000 to reflect the uncertainty of realizing the benefit of certain of these carryforwards.

Note 7 -- Shareholders' Equity

The shareholders have authorized 500,000 shares of preferred stock, par value $.01 per share, which may be issued in one or more series by the Board of Directors without further action by the shareholders. As of December 2000, no preferred stock had been issued.

In connection with the 1997 acquisition of Linvatec Corporation, the Company issued to Bristol-Myers Squibb Company a ten-year warrant to purchase 1.0 million shares of the Company's common stock at a price of $34.23 per share.

During 1997, the Company was authorized to repurchase up to $30,000,000 of its common stock in the open market or in private transactions. The Company repurchased 25,000 shares of common stock in 1997 at an aggregate price of $419,000. The Company's credit agreement (Note 5) prohibits future repurchases of common stock during its term.

The Company has reserved shares of common stock for issuance to employees and directors under four stock option plans (the "Plans"). The option price on all outstanding options is equal to the estimated fair market value of the stock at the date of grant. Stock options are non-transferable other than on death and generally become exercisable over a five year period from date of grant and expire ten years from date of grant.

The following is a summary of incentive stock option activity under the Plans (in thousands, except per share amounts):

	Number of Shares	Weighted-Average Exercise Price
Outstanding at December 1997	1,205	$ 15.39
Granted during 1998	509	23.64
Forfeited	(93)	24.44
Exercised	(121)	8.99
Outstanding at December 1998	1,500	17.90
Granted during 1999	401	29.62
Forfeited	(9)	22.91
Exercised	(121)	13.32
Outstanding at December 1999	1,771	20.94

Granted during 2000	456	21.07
Forfeited	(139)	25.80
Exercised	(48)	9.35
Outstanding at December 2000	2,040	$ 20.86
Exercisable:		
December 1998	856	$ 14.24
December 1999	945	16.33
December 2000	1,116	18.46

Range of Exercise Prices	Stock Options Outstanding at December 2000	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Stock Options Exercisable at December 2000	Weighted Average Exercise Price
Less than $10.00	85,000	1.2	$ 5.07	85,000	$ 5.07
$10 to $15	546,000	4.6	11.67	388,000	10.83
$15 to $20	146,000	6.5	18.13	104,000	18.61
$20 to $25	408,000	8.0	23.19	157,000	22.47
$25 to $35	855,000	7.5	27.65	382,000	27.48

SFAS No. 123, "Accounting for Stock-Based Compensation" defines a fair value based method of accounting for an employee stock option whereby compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period. A company may elect to adopt SFAS No. 123 or elect to continue accounting for its stock option or similar equity awards using the method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", where compensation cost is measured at the date of grant based on the excess of the market value of the underlying stock over the exercise price. The Company has elected to continue to account for its stock-based compensation plans under the provisions of APB No. 25. No compensation expense has been recognized in the accompanying financial statements relative to the Company's stock option plans.

Pro forma information regarding net income and net income per share is required by SFAS No. 123 and has been determined as if the Company had accounted for its employee stock options under the fair value method of that statement. The weighted average fair value of options granted in 1998, 1999 and 2000 was $11.57, $13.28 and $12.82, respectively. The fair value of these options was estimated at the date of grant using a Black-Scholes options pricing model with the following weighted-average assumptions for options granted in 1998, 1999 and 2000, respectively: Risk-free interest rates of 5.41%, 6.46% and 5.06%; volatility factors of the expected market price of the Company's common stock of 48.72%, 39.23% and 68.01%; a weighted-average expected life of the option of five years; and that no dividends would be paid on common stock.

For purposes of the pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows (in thousands, except for earnings per share information):

	1998	1999	2000
Net income-- as reported.....	$17,808	$27,159	$19,314
Net income-- pro forma.....	15,420	24,678	16,167
EPS-- as reported:			
Basic	1.18	1.78	1.26
Diluted	1.16	1.76	1.24
EPS-- pro forma:			
Basic	1.02	1.62	1.06
Diluted	1.01	1.60	1.04

The pro-forma disclosures include only options granted after January 1, 1995.

Note 8 -- Business Segments, Geographic Areas and Major Customers

CONMED's business is organized, managed and internally reported as a single segment comprised of medical instruments and systems used in surgical and other medical procedures. The Company believes its various product lines have similar economic, operating and other related characteristics.

The following is net sales information for geographic areas (in thousands):

	1998	1999	2000
United States.....	$ 266,668	$ 281,439	$ 284,837
All other countries....	69,774	91,178	107,393
Total	$ 336,442	$ 372,617	$ 392,230

There were no significant investments in long-lived assets located outside the United States at December 1999 and 2000.

Note 9 -- Pension Plans

The Company maintains defined benefit plans covering substantially all employees. The Company makes annual contributions to the plans equal to the maximum deduction allowed for federal income tax purposes.

Net pension cost for 1998, 1999 and 2000 included the following components (in thousands):

	1998	1999	2000
Service cost-- benefits earned during the period	$ 2,324	$ 2,592	$ 2,658
Interest cost on projected benefit obligation	1,143	1,349	1,608
Expected return on plan assets	(1,046)	(1,090)	(1,121)
Net amortization and deferral	27	41	21
Net pension cost	$ 2,448	$ 2,892	$ 3,166

The following table sets forth the plan's funded status and amounts recognized in the Company's consolidated balance sheets at December 1999 and 2000 (in thousands):

	1999	2000
Change in benefit obligation		
Projected benefit obligation at beginning of year	$ 19,536	$ 19,737
Service cost	2,592	2,658
Interest cost	1,349	1,608
Actuarial loss (gain)	(228)	2,834

Benefits paid	(3,512)	(3,888)
Projected benefit obligation at end of year	$ 19,737	$ 22,949

	1999	2000
Change in plan assets		
Fair value of plan assets at beginning of year	$ 13,501	$ 12,759
Actual return on plan assets	1,507	312
Employer contribution	1,263	3,894
Benefits paid	(3,512)	(3,888)
Fair value of plan assets at end of year	$ 12,759	$ 13,077
Change in funded status		
Funded status	$ 6,978	$ 9,872
Unrecognized net actuarial loss	(200)	(3,837)
Unrecognized transition liability	(64)	(60)
Unrecognized prior service cost	(162)	(151)
Accrued pension cost	$ 6,552	$ 5,824

For 1998, 1999 and 2000 actuarial calculation purposes, the weighted average discount rate was 7.0%, 7.0% and 7.5%, respectively, the expected long term rate of return was 8.0% and the rate of increase in future compensation levels was 4.5%.

Note 10 -- Legal Matters

From time to time, the Company has been named as a defendant in certain lawsuits alleging product liability, patent infringement, or other claims incurred in the ordinary course of business. Certain of these claims are covered by various insurance policies, subject to deductible amounts and maximum policy limits. Ultimate liability with respect to these contingencies, if any, is not considered to be material to the consolidated financial statements of the Company.

Note 11 -- Unusual Items

During the fourth quarter of 1999, the Company recognized a benefit amounting to $1,256,000 related to a previously recorded litigation accrual which was settled on favorable terms and is included in selling and administrative expense.

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 incurred a severance charge of $1,509,000 which is included in selling and administrative expense.

Note 12 -- Selected Quarterly Financial Data (Unaudited)

Selected quarterly financial data for 1999 and 2000 are as follows (in thousands, except per share amounts):

	Three Months Ended			
	March	June	September	December
1999				
Net sales	$90,869	$90,483	$91,712	$99,553

Gross profit	47,327	47,658	46,676	52,476
Net income	6,323	6,690	5,613	8,533
Earnings per share:				
Basic	0.42	0.44	0.37	0.56
Diluted	0.41	0.43	0.36	0.55

	Three Months Ended			
	March	June	September	December
2000				
Net sales.....	$101,913	$96,986	$91,922	$101,409
Gross profit.....	53,252	49,659	47,786	53,310
Net income.....	7,409	3,516	2,729	5,660
Earnings per share:				
Basic	0.48	0.23	0.18	0.37
Diluted	0.48	0.23	0.18	0.37

As discussed in Note 2, the Company increased the acquired value of inventory in connection with the Powered Instrument acquisition which resulted in a non-recurring adjustment to increase cost of sales during the quarter ended September 1999 by $1,600,000. As discussed in Note 11, the Company recorded a nonrecurring benefit of $1,256,000 in the fourth quarter of 1999 and a nonrecurring charge of $1,509,000 in the second quarter of 2000.

Note 13 - Guarantor Financial Statements

The credit facility and the Notes are guaranteed (the "Subsidiary Guarantees")by the Company's subsidiaries (the "Subsidiary Guarantors"). The Subsidiary Guarantees provide that each Subsidiary Guarantor will fully and unconditionally guarantee the Company's obligations under the credit facility and the Notes on a joint and several basis. Each Subsidiary Guarantor is wholly-owned by the Company. The following supplemental financial information sets forth on a condensed consolidating basis, consolidating balance sheet, statement of income and statement of cash flows for the Parent Company Only, Subsidiary Guarantors and for the Company as of December 1999 and 2000 and for the years ended December 1998, 1999 and 2000.

CONMED CORPORATION
CONSOLIDATING BALANCE SHEET
December 1999
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 598	$ 3,149	$ --	$ 3,747
Accounts receivable, net	35,146	41,267	--	76,413
Inventories	19,704	69,977	--	89,681
Deferred income taxes	1,453	--	--	1,453
Prepaid expenses and other current assets	1,955	3,468	--	5,423
Total current assets	58,856	117,861	--	176,717
Property, plant and equipment, net ..	30,797	27,037	--	57,834
Goodwill, net	58,869	164,305	--	223,174
Other intangible assets, net	8,622	192,836	--	201,458
Other assets	340,064	39,759	(376,845)	2,978

Total assets	$ 497,208	$ 541,798	$(376,845)	$ 662,161
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	$ 32,875	$ --	$ --	$ 32,875
Accounts payable	2,996	13,522	--	16,518
Accrued compensation	2,491	7,167	--	9,658
Income taxes payable	226	--	--	226
Accrued interest	4,588	--	--	4,588
Other current liabilities	1,918	1,408	--	3,326
Total current liabilities	45,094	22,097	--	67,191
Long-term debt	361,794	--	--	361,794
Deferred income taxes	3,330	--	--	3,330
Other long-term liabilities	1,705	393,724	(376,844)	18,585
Total liabilities	411,923	415,821	(376,844)	450,900
Shareholders' equity:				
Preferred stock	--	--	--	--
Common stock	153	1	(1)	153
Paid-in capital	127,394	--	--	127,394
Retained earnings	(41,843)	126,363	--	84,520
Accumulated other comprehensive loss	--	(387)	--	(387)
Less common stock in treasury, at cost	(419)	--	--	(419)
Total shareholders' equity	85,285	125,977	(1)	211,261
Total liabilities and shareholders' equity	$ 497,208	$ 541,798	$(376,845)	$ 662,161

CONMED CORPORATION
CONSOLIDATING BALANCE SHEET
December 2000
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Eliminations	Company Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ --	$ 3,470	$ --	$ 3,470
Accounts receivable, net	35,218	43,408	--	78,626
Inventories	20,174	84,438	--	104,612
Deferred income taxes	1,761	--	--	1,761
Prepaid expenses and other current assets	598	2,964	--	3,562
Total current assets	57,751	134,280	--	192,031
Property, plant and equipment, net	38,275	24,175	--	62,450
Goodwill, net	61,651	164,150	--	225,801
Other intangible assets, net	7,498	187,510	--	195,008
Other assets	334,677	5,217	(335,613)	4,281
Total assets	$ 499,852	$ 515,332	$(335,613)	$ 679,571
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	$ 36,068	$ --	$ --	$ 36,068
Accounts payable	4,398	15,952	--	20,350
Accrued compensation	2,147	7,766	--	9,913
Income taxes payable	1,338	641	--	1,979
Accrued interest	5,130	--	--	5,130
Other current liabilities	1,890	2,946	--	4,836

Total current liabilities ...	50,971	27,305	--	78,276
Long-term debt	342,680	--	--	342,680
Deferred income taxes	12,154	--	--	12,154
Other long-term liabilities	2,175	349,295	(335,612)	15,858
Total liabilities	407,980	376,600	(335,612)	448,968
Shareholders' equity:				
Preferred stock	--	--	--	--
Common stock	153	1	(1)	153
Paid-in capital	128,062	--	--	128,062
Retained earnings	(35,924)	139,758	--	103,834
Accumulated other comprehensive loss	--	(1,027)	--	(1,027)
Less common stock in treasury, at cost	(419)	--	--	(419)
Total shareholders' equity ..	91,872	138,732	(1)	230,603
Total liabilities and shareholders' equity	$ 499,852	$ 515,332	$(335,613)	$ 679,571

CONMED CORPORATION
CONSOLIDATING STATEMENT OF INCOME
Year Ended December 1998
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Company Total
Net sales	$ 96,951	$ 239,491	$ 336,442
Cost of sales	54,296	115,303	169,599
Selling and administrative expense	33,367	60,280	93,647
Research and development expense	1,802	10,227	12,029
	89,465	185,810	275,275
Income from operations	7,486	53,681	61,167
Interest expense, net	--	30,891	30,891
Income before income taxes and extraordinary item	7,486	22,790	30,276
Provision for income taxes	2,695	8,204	10,899
Income before extraordinary item	4,791	14,586	19,377
Extraordinary item, net of income taxes	--	(1,569)	(1,569)
Net income	$ 4,791	$ 13,017	$ 17,808

CONMED CORPORATION
CONSOLIDATING STATEMENT OF INCOME
Year Ended December 1999
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Company Total
Net sales	$ 82,309	$290,308	$372,617
Cost of sales	47,178	131,302	178,480
Selling and administrative expense	25,035	82,198	107,233
Research and development expense	1,626	10,482	12,108
	73,839	223,982	297,821
Income from operations	8,470	66,326	74,796
Interest expense, net	--	32,360	32,360
Income before income taxes	8,470	33,966	42,436
Provision for income taxes	3,049	12,228	15,277
Net income	$ 5,421	$ 21,738	$ 27,159

CONMED CORPORATION

CONSOLIDATING STATEMENT OF INCOME

Year Ended December 2000

(in thousands)

	Parent Company Only	Subsidiary Guarantors	Company Total
Net sales	$ 72,462	$319,768	$392,230
Cost of sales	42,461	145,762	188,223
Selling and administrative expense	18,845	105,828	124,673
Research and development expense	1,907	12,963	14,870
	63,213	264,553	327,766

Income from operations	9,249	55,215	64,464
Interest expense, net	--	34,286	34,286
Income before income taxes	9,249	20,929	30,178
Provision for income taxes	3,330	7,534	10,864
Net income	$ 5,919	$ 13,395	$ 19,314

CONMED CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 1998
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Company Total
Net cash flows from operating activities	$ 10,639	$ 10,288	$ 20,927
Cash flows from investing:			
Payments related to business acquisitions ...	(1,700)	(30,209)	(31,909)
Purchases of property, plant and equipment	(9,702)	(3,222)	(12,924)
Net cash used by investing activities	(11,402)	(33,431)	(44,833)
Cash flows from financing:			
Distributions to subsidiaries	(25,856)	25,856	--
Proceeds of long-term debt	130,000	--	130,000
Borrowings under revolving credit facility ..	23,000	--	23,000
Proceeds from issuance of common stock	1,088	--	1,088
Payments related to issuance Of long-term debt	(4,635)	--	(4,635)
Payments on long-term debt	(133,128)	--	(133,128)
Net cash provided (used)by financing activities	(9,531)	25,856	16,325
Effect of exchange rate changes on cash and cash equivalents	--	35	35
Net increase (decrease) in cash and cash equivalents	(10,294)	2,748	(7,546)
Cash and cash equivalents at beginning of year ..	13,452	--	13,452
Cash and cash equivalents at end of year	$ 3,158	$ 2,748	$ 5,906

CONMED CORPORATION

CONSOLIDATING STATMENT OF CASH FLOWS

Year Ended December 1999
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Company Total
Net cash flows from operating activities	$ 11,784	$ 25,657	$ 37,441
Cash flows from investing activities:			
Payments related to business acquisitions ...	--	(40,585)	(40,585)
Purchases of property, plant and equipment	(4,801)	(4,551)	(9,352)
Net cash used by investing activities	(4,801)	(45,136)	(49,937)
Cash flows from financing:			
Proceeds of long-term debt	40,900	--	40,900
Distributions to subsidiaries	(21,885)	21,885	--
Repayments under revolving credit facility	(8,000)	--	(8,000)
Proceeds from issuance of common stock	1,612	--	1,612
Payments related to issuance of long-term debt	(661)	--	(661)
Payments on long-term debt	(23,103)	--	(23,103)
Net cash provided (used)by financing activities	(11,137)	21,885	10,748
Effect of exchange rate changes on cash And cash equivalents	--	(411)	(411)
Net increase (decrease) in cash and cash equivalents	(4,154)	1,995	(2,159)
Cash and cash equivalents at beginning of year ..	4,752	1,154	5,906
Cash and cash equivalents at end of year	$ 598	$ 3,149	$ 3,747

CONMED CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 2000
(in thousands)

	Parent Company Only	Subsidiary Guarantors	Company Total
Net cash flows from operating activities	$ 18,238	$ 17,712	$ 35,950
Cash flows from investing activities:			
Payments related to business acquisitions ...	(6,042)	--	(6,042)
Purchases of property, plant and equipment	(10,940)	(3,110)	(14,050)
Net cash used by investing activities	(16,982)	(3,110)	(20,092)
Cash flows from financing:			
Distributions from subsidiaries	13,618	(13,618)	--
Borrowings under revolving credit facility ..	17,000	--	17,000
Proceeds from issuance of common stock	449	--	449
Payments on long-term debt	(32,921)	--	(32,921)
Net cash provided (used)by financing activities	(1,854)	(13,618)	(15,472)

Effect of exchange rate changes on cash And cash equivalents	--	(663)	(663)
Net increase (decrease) in cash and cash equivalents	(598)	321	(277)
Cash and cash equivalents at beginning of year	598	3,149	3,747
Cash and cash equivalents at end of year	$ -	$ 3,470	$ 3,470

SCHEDULE VIII--Valuation and Qualifying Accounts
(in thousands)

Column A Description	Column B Balance at Beginning of Period	Column C Additions (1) Charged to Costs and Expenses	Column C Additions (2) Charged to Other Accounts	Column D Deductions	Column E Balance at End of Period
2000					
Allowance for bad debts	$ 1,434	$ 246		$ (201)	$ 1,479
Inventory reserves	$ 7,175	$ 520	$ 100	$ (2,574)	$ 5,221
Deferred tax asset Valuation allowance	$ 4,258			$ (424)	$ 3,834
1999					
Allowance for bad debts	$ 2,213	$ 263		$ (1,042)	$ 1,434
Inventory reserves	$ 6,618	$ 220	$ 1,500	$ (1,163)	$ 7,175
Deferred tax asset Valuation allowance	$ 4,681			$ (423)	$ 4,258
1998					
Allowance for bad debts	$ 2,708	$ 459		$ (954)	$ 2,213
Inventory reserves	$ 7,411	$ 918	$ (61)	$ (1,650)	$ 6,618
Deferred tax asset Valuation allowance	$ 5,105			$ (424)	$ 4,681

EMPLOYMENT AGREEMENT

May 2, 2000

Mr. Joseph J. Corasanti
310 Broad Street
Utica, New York 13501

Dear Mr. Corasanti:

In consideration of the mutual promises herein contained, CONMED Corporation, a New York corporation (hereinafter the "Company"), and you hereby agree that you will be employed by the Company on the following terms and conditions:

1. Employment.

The Company hereby agrees that you will be employed to serve as the President and Chief Operating Officer of the Company during the term of employment set forth in Section 2 of this Agreement. You hereby agree to serve as President and Chief Operating Officer of the Company during such term of employment.

2. Term of Employment.

Subject to the provisions for early termination pursuant to Section 5 of the Agreement, your term of employment under this Agreement shall be for a period beginning January 1, 2000 and ending December 31, 2004.

3. Duties During Term of Employment.

During your term of employment under this Agreement, you shall devote your full business time and attention and all reasonable efforts to the affairs of the Company and its subsidiaries and affiliates and shall perform such executive and administrative duties for the Company and subsidiaries and affiliates as you may be called upon to perform, from time to time, by the Board of Directors of the Company (the "Board").

4. Compensation and Benefits.

(a) Base Annual Salary.

The Company shall pay to you during your term of employment under this Agreement a base annual salary at the rate of at least $200,000 per year, payable in equal weekly installments during each year of your term of employment. It is understood that the Board of Directors of the Company may in its discretion review from time to time your base annual salary and in its discretion may from time to time increase your base annual salary and/or grant bonuses if it determines that circumstances justify any such increase and/or bonuses.

(b) Deferred Compensation.

In addition to your base annual salary, the Company shall establish a deferred compensation account on your behalf, which shall be credited with the amount of $100,000 on December 31, 2000 and on each subsequent December 31 during the term of this Agreement. This account shall also be credited on December 31, 2001 and each December 31 thereafter with an amount equal to interest on the amount outstanding in the account on the day prior to such December 31 at the rate of 10% per annum. Commencing within 60 days after retirement or termination of employment, the Company shall pay you, for 120 months, an amount equal to the amount then outstanding in the deferred compensation account divided by the number of payments remaining to be made. The account shall be reduced by the amount of any payments and shall continue to be credited with interest annually on the amount outstanding in the account. Such payments may be accelerated at the option of the Company; you may elect to

receive payments over a period of less than 120 months (including a lump sum), provided that your election is made prior to the beginning of the year before the year of your retirement or termination of employment. In the event of your death the Company shall make payments to the beneficiary or beneficiaries designated by you in writing to the Company or to your estate in the absence of such designation or if no designated beneficiary should survive you. Such payments to your beneficiary (or beneficiaries) or estate, as the case may be, shall be made in the same manner as specified above, except that such payments shall commence within one month of your death. In the event of the death of the last designated beneficiary prior to the completion of all payments, the balance credited to the deferred compensation account shall be made to the estate of the last surviving beneficiary. You understand and agree, and the Company agrees, that the deferred compensation account is solely a bookkeeping account, does not represent a segregated amount of money for your benefit, and that you shall not have by virtue of this Agreement a security interest in the foregoing account or in any assets or funds of the Company.

(c) Benefit Plans.

You also shall be entitled to participate in all life and health insurance plans, pension plans and other plans, benefits or bonus arrangements provided by the Company from time to time during your term of employment under this Agreement and made available by the Company to its executives generally, if and to the extent that you are eligible to participate in accordance with the provisions of any such plan or for such benefits. Specifically, you shall be entitled to participate in the Company's stock option plans and shall continue to be entitled to participate in the Company's pension and disability plans and be provided with split-dollar life insurance coverage and reimbursement of club memberships and automobile expenses as under present practices, with initial coverage of $1.0 million. In no event shall the benefits provided you be less, in the aggregate, than those provided you under present plans and practices. Life and health insurance benefits and split-dollar life insurance coverage shall continue for your and your wife during the terms of your lives. In addition, the Company shall reimburse you for your reasonable personal legal and accounting expenses related to your estate and tax planning and to preparing and filing your tax returns.

5. Early Termination of the Term of Employment.

(a) Early Termination Other Than for Just Cause.

If at any time during your term of employment under this Agreement, the Board of Directors of the Company shall fail to reelect you as the President and Chief Operating Officer of the Company, shall remove you from such office, shall substantially reduce your duties and responsibilities or shall terminate your employment under this Agreement, in each case other than for "just cause" as such term is defined in paragraph (c) of this Section 5, such event shall be deemed an early termination other than for just cause. After an early termination other than for just cause, you shall have no obligations under this Agreement (other than your obligations under Sections 8 and 9 of this Agreement), you shall have no obligation to seek other employment in mitigation of damages in respect of any period following the date of such early termination and you shall be entitled to receive from the Company an immediate lump sum payment equal to the result of multiplying (i) the greater of (A) three or (B) the number of years and fractions thereof (rounded to the nearest month) then remaining in the term of employment by (ii) the sum of (A) your base annual salary to which you are then entitled and (B) an amount equal to the average of the bonuses, deferred compensation and incentive compensation earned by you in each of the Company's three fiscal years prior to the date of your early termination. If such lump sum payment is not made in full within ten days of such early termination other than for just cause, the Company shall also pay you interest on the amount of the remaining payment at the prime rate of The Chase Manhattan Bank, in effect from time to time.

In addition, in the event of your early termination other than for just cause, you shall be entitled to continued coverage under the benefit plans of the Company specified in paragraph (c) of Section 4 of this Agreement as if such early termination had not occurred, for a period equal to the greater of (x)

three years from the date of such early termination or (y) the remainder of the term of employment. You shall also be entitled to receive payment of the deferred compensation account as specified in paragraph (b) of Section 4 of this Agreement, and you or your beneficiary or your estate shall be entitled to receive from the Company all payments and benefits required pursuant to the provisions of Section 6 of this Agreement, as if such early termination had not occurred.

(b) Early Termination for Just Cause.

If at any time during your term of employment under this Agreement, the Board of Directors of the Company shall fail to reelect you as the Chief Operating Officer of the Company, shall remove you from such office, shall substantially reduce your duties and responsibilities or shall terminate your employment under this Agreement, in the case for "just cause" as such term is defined in paragraph (c) of this Section 5, subject to the provisions of Section 6 for additional payments and benefits in the event of your death or permanent disability (as such term is defined in Section 6), the Company shall only be obligated to pay you (i) your then base salary and to provide continued coverage under the benefit plans of the Company specified in paragraph (c) of Section 4 of this Agreement through the end of the month during which such early termination occurs, and (ii) the deferred compensation account as specified in paragraph (b) of Section 4 of this Agreement, plus an additional amount of deferred compensation equal to a pro rata amount of such deferred compensation under paragraph (b) of Section 4 for the year of your termination.

(c) Definition of Just Cause.

"Just cause" under this Agreement shall mean a breach by you of your obligations under this Agreement, willful misconduct, dishonesty, conviction of a crime (other than traffic or other similar violations or minor misdemeanors), intoxication on the job or excessive absenteeism not related to illness.

6. Death or Disability.

If before the expiration date of your term of employment under this Agreement you shall die, or become permanently disabled, the Company shall be obligated to pay (in the case of death) to your beneficiary in writing or to your estate in the absence or lapse of such designation, or (in the case of such disability) to you or your representative, 100% of your annual base salary to which you are then entitled to the end of such term of employment. In addition, in the event of such disability, you shall continue to fully participate in all benefit plans of the Company specified in paragraph (c) of Section 4 of this Agreement to the expiration date of such term of employment, and in the case of life and health insurance benefits and split-dollar life insurance coverage, the benefits will continue for you and your wife during the terms of your lives. For purposes of this Agreement, "permanent disability" means inability to perform the services required under this Agreement due to physical or mental disability which continues for 180 consecutive days. Evidence of such disability shall be certified by a physician acceptable to both the Company and you.

7. Non-competition.

It is agreed that during your term of employment under this Agreement and for a period of two years thereafter you will not, without the prior written approval of the Board of Directors of the Company, become an officer, employee, agent, limited or general partner, director, member or shareholder of any business enterprise in competition with the Company or any subsidiary of the Company, as the business of the Company or any such subsidiary may be constituted during such term of employment, or at the expiration of such term or period. Notwithstanding the preceding sentence, you shall not be prohibited from owning less than five (5%) percent of the outstanding equity of any publicly traded business enterprise.

8. Non-disclosure.

You shall not, at any time during or following your term of employment under this Agreement, disclose or use, except in the course of your employment or consultation arrangements with the Company in the pursuit of the business or interests of the Company or any of its subsidiaries or affiliates, any confidential information or proprietary data of the Company or any of its subsidiaries or affiliates, whether such information or proprietary data is in your memory or memorialized in writing or other physical terms.

9. Conflicts.

Any paragraph, sentence, phrase or other provision of this Agreement which is in conflict with any applicable statute, rule or other law shall be deemed, if possible, to be modified or altered to conform thereto or, if not possible, to be omitted herefrom. The invalidity of any portion of this Agreement shall not affect the force and effect of the remaining valid portions hereof. Section and paragraph headings are included in this Agreement for convenience only and are not intended to affect in any way the meaning or interpretation of this Agreement.

10. Beneficiaries.

Wherever this Agreement provides for the written designation of a beneficiary or beneficiaries by yourself, you shall have the right to revoke such designation and to redesignate a beneficiary or beneficiaries by written notice to the Company to such effect.

11. Governing Law.

This Agreement is governed by and is to be construed and enforced in accordance with the laws of the State of New York.

12. Miscellaneous.

This Agreement constitutes the entire understanding between you and the Company relating to your employment with the Company and supersedes and cancels all prior written and oral understandings and agreements with respect to such matters, other than with respect to the deferred compensation account under Section 4(b). This Agreement shall be binding upon, and shall inure to the benefit of you and the Company, your heirs, executors and administrators and the Company's successors.

If the foregoing correctly sets forth the understanding between you and the Company, please execute and return the enclosed copy of this letter.

CONMED CORPORATION

By: /s/Daniel S. Jonas, Esq.

Daniel S. Jonas, Esq.
Vice President - Legal Affairs
General Counsel

Agreed and accepted as of the date first above written:

/s/Joseph J. Corasanti

Joseph J. Corasanti

EXHIBIT 11

CONMED Corporation
Computation of Weighted Average Number of Shares of Common Stock

	Year Ended December, (in thousands)		
	1998	1999	2000
Shares outstanding at beginning of period (net of 25,000 shares held in treasury)	15,037	15,158	15,279
Weighted average shares issued	48	83	32
Shares used in the calculation of basic EPS (weighted average shares outstanding)	15,085	15,241	15,311
Effect of dilutive potential securities	236	189	203
Shares used in the calculation of diluted EPS	15,321	15,430	15,514

EXHIBIT 12

CONMED Corporation
Statement Showing Computations of Ratio of Earnings to Fixed Charges

	1996	1997	1998	1999	2000
Income (loss) before income taxes and extraordinary item	$25,447	$(10,705)	$ 30,276	$42,436	$30,178
Interest expense	217	-	30,891	32,360	34,286
Portion of rentals representative of interest factor	108	147	875	978	1,114
Total earnings available for fixed charges	$25,772	$(10,558)	$ 62,042	$75,774	$65,578
Interest expense	$ 217	$ -	$ 30,891	$32,360	$34,286
Portion of rentals representative of interest factor	108	147	875	978	1,114
Total fixed charges	$ 325	$ 147	$ 31,766	$33,338	$35,400
Ratio of earnings to fixed charges	79.30	(A)	1.95	2.27	1.85

(A) As a result of the loss incurred in 1997, the Company was unable to fully cover the indicated fixed charges.

EXHIBIT 21

CONMED Corporation
Subsidiaries of the Registrant

Name	State or Country of Incorporation
Aspen Laboratories, Inc.	Colorado
CONMED Andover Medical, Inc.	New York
Envision Medical Corporation	California
Linvatec Corporation	Florida
Linvatec Australia Pty. Ltd	Australia
Linvatec Belgium S.A.	Belgium
Linvatec Canada ULC	Canada
Linvatec Deutschland GmbH	Germany
Linvatec Europe SPRL	Belgium
Linvatec France S.A.R.L.	France
Linvatec Korea Ltd.	Korea
Linvatec U.K. Ltd.	United Kingdom

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-23514, 33-40455, 33-49422, 33-49526, 33-58119, 33-87746, 333-48693, 333-74497 and 333-78987) of CONMED Corporation of our report dated February 7, 2001 relating to the financial statements and financial statement schedule, which appears on page F-1 in this Form 10-K.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Syracuse, New York
March 29, 2001