CONMED CORP
Form 10-K
February 28, 2011

United States
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, 2010 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.)
525 French Road, Utica, New York	13502
(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 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act).
Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes o No x

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). x

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. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

As of June 30, 2010, the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the shares of voting common stock held by non-affiliates of the registrant was approximately $536,272,971 based upon the closing price of the Company’s common stock on the NASDAQ Stock Market.

The number of shares of the registrant's $0.01 par value common stock outstanding as of February 22, 2011 was 28,274,461.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Definitive Proxy Statement or other informational filing for the 2011 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

CONMED CORPORATION
ANNUAL REPORT ON FORM 10-K
FOR YEAR ENDED DECEMBER 31, 2010
TABLE OF CONTENTS

	Part I	
		Page
Item 1.	Business	2
Item 1A.	Risk Factors	20
Item 2.	Properties	29
Item 3.	Legal Proceedings	30
	Part II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	31
Item 6.	Selected Financial Data	34
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	53
Item 8.	Financial Statements and Supplementary Data	55
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	55
Item 9A.	Controls and Procedures	55
Item 9B.	Other Information	55
	Part III	
Item 10.	Directors, Executive Officers and Corporate Governance	56
Item 11.	Executive Compensation	56
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	56
Item 13.	Certain Relationships and Related Transactions, and Director Independence	56
Item 14.	Principal Accounting Fees and Services	56
	Part IV	
Item 15.	Exhibits, Financial Statement Schedules	57
	Signatures	58

Table of Contents

CONMED CORPORATION

Item 1. Business

Forward Looking Statements

This Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2010 ("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 "Company", "we" or "us" shall be deemed to include our direct and indirect subsidiaries unless the context otherwise requires) which 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 expres 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 1A-Risk Factors" and elsewhere in this Form 10-K which 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 foreign exchange and interest rates;
- cyclical customer purchasing patterns due to budgetary and other constraints;
- changes in customer preferences;
- competition;
- changes in technology;
- the introduction and acceptance of new products;
- the ability to evaluate, finance and integrate acquired businesses, products and companies;
- changes in business strategy;
- the availability and cost of materials;
- the possibility that United States or foreign regulatory and/or administrative agencies may initiate enforcement actions against us or our distributors;
- future levels of indebtedness and capital spending;
- 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", "Item 1-Business" and "Item 1A-Risk Factors" 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.

Table of Contents

General

CONMED Corporation was incorporated under the laws of the State of New York in 1970 by Eugene R. Corasanti, the Company's founder and Chairman of the Board. CONMED is a medical technology company with an emphasis on surgical devices and equipment for minimally invasive procedures and monitoring. The Company's products serve the clinical areas of arthroscopy, powered surgical instruments, electrosurgery, cardiac monitoring disposables, endosurgery and endoscopic technologies. They are used by surgeons and physicians in a variety of specialties including orthopedics, general surgery, gynecology, neurosurgery, and gastroenterology. Headquartered in Utica, New York, the Company's 3,300 employees distribute its products worldwide from eight manufacturing locations. See Note 8 to the Consolidated Financial Statements for further discussion of our reporting segments and financial information about geographic areas.

We have historically used strategic business acquisitions and exclusive distribution relationships to diversify our product offerings, increase our market share in certain product lines, realize economies of scale and take advantage of growth opportunities in the healthcare field.

We are committed to offering products with the highest standards of quality, technological excellence and customer service. Substantially all of our facilities have attained certification under the ISO international quality standards and other domestic and international quality accreditations.

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are accessible free of charge through the Investor Relations section of our website (http://www.conmed.com) as soon as practicable after such materials have been electronically filed with, or furnished to, the United States Securities and Exchange Commission.

Industry

Market growth for our products is primarily driven by:

- Favorable Demographics. The number of surgical procedures performed is increasing and we believe the long term demographic trend will be continued growth in surgical procedures as a result of the aging of the population, and technological advancements, which result in safer and less invasive (or non-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. Sales of surgical products aggregated approximately 90% of our total net revenues in 2010. See "Products."

- Continued Pressure to Reduce Health Care Costs. In response to rising health care costs, managed care companies and other third-party 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. Approximately 50% of our products are designed for use in minimally invasive surgical procedures. See "Products." Health care providers are also increasingly purchasing single-use, disposable products, which reduce the costs associated with

Table of Contents

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 75% of our sales are derived from single-use disposable products.

In the United States, the pressure on health care providers to contain costs has caused many health care providers to enter 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") or Integrated Health Networks ("IHNs"), whose stated purpose is to 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 which offer a diverse product portfolio. See "—Business Strategy".

- Increased Global Medical Spending. We believe that foreign markets offer significant growth opportunities for our products. We currently distribute our products through our own sales subsidiaries or through local dealers in over 100 foreign countries.

Competitive Strengths

Management believes that we hold a significant market share position in each of our key product areas including, Arthroscopy, Powered Surgical Instruments, Electrosurgery, Patient Care, Endosurgery and Endoscopic Technologies. We have established a leadership position in the marketplace by capitalizing on the following competitive strengths:

- Brand Recognition. Our products are marketed under leading brand names, including CONMED®, CONMED Linvatec® and Hall Surgical®. These brand names are recognized by physicians and healthcare professionals for quality and service. It is our belief that brand recognition facilitates increased demand for our products in the marketplace, enables us to build upon the brand's associated reputation for quality and service, and realize increased market acceptance of new branded products.

- Breadth of Product Offering. The breadth of our product lines in our key product areas enables us to meet a wide range of customer requirements and preferences. This has enhanced our ability to market our products to surgeons, hospitals, surgery centers, GPOs, IHNs and other customers, particularly as institutions seek to reduce costs and minimize the number of suppliers.

- Successful Integration of Acquisitions. We seek to build growth platforms around our core markets through focused acquisitions of complementary businesses and product lines. These acquisitions have enabled us to diversify our product portfolio, expand our sales and marketing capabilities and strengthen our presence in key geographical markets.

- Strategic Marketing and Distribution Channels. We market our products domestically through five focused sales force groups consisting of approximately 240 employee sales representatives and 200 sales professionals employed by independent sales agent groups. Each of our dedicated sales professionals are highly knowledgeable in the applications

Table of Contents

and procedures for the products they sell. Our sales representatives foster close professional relationships with physicians, surgeons, hospitals, outpatient surgery centers and physicians' offices. Additionally, we maintain a global presence through sales subsidiaries and branches located in key international markets. We directly service hospital customers located in these markets through an employee-based international sales force of approximately 240 sales representatives. We also maintain distributor relationships domestically and in numerous countries worldwide. See "—Marketing."

- Operational Improvements and Manufacturing. We are focused on continuously improving our supply chain effectiveness, strengthening our manufacturing processes and optimizing our plant network to increase operational efficiencies within the organization. Substantially all of our products are manufactured and assembled from components we produce. Our strategy has historically been to vertically integrate our manufacturing facilities in order to develop a competitive advantage. This integration provides us with cost efficient and flexible manufacturing operations which permit us to allocate capital more efficiently. Additionally, we attempt to exploit commercial synergies between operations, such as the procurement of common raw materials and components used in production.

- Technological Leadership. Research and development efforts are closely aligned with our key business objectives, namely developing and improving products and processes, applying innovative technology to the manufacture of products for new global markets and reducing the cost of producing core products. These efforts are evidenced by recent product introductions, such as the 2.8 and 3.3mm PopLock® Knotless Suture Anchors, the Concept® Suture Passer, the Sequent™ Meniscal Repair System, CrossFT BC™ biocomposite suture anchor for rotator cuff repair, PRO6140 & PRO 6240 pin driver and the Altrus® Thermal Tissue Fusion System.

Business Strategy

Our principal objectives are to improve the quality of surgical outcomes and patient care through the development of innovative medical devices, the refinement of existing products and the development of new technologies which reduce risk, trauma, cost and procedure time. We believe that by meeting these objectives we will enhance our ability to anticipate and adapt to customer needs and market opportunities, and provide shareholders with superior investment returns. We intend to achieve future growth and earnings development through the following initiatives:

- Introduction of New Products and Product Enhancements. We continually pursue organic growth through the development of new products and enhancements to existing products. We seek to develop new technologies which improve the durability, performance and usability of existing products. In addition to our internal research and development efforts, we receive new ideas for products and technologies, particularly in procedure-specific areas, from surgeons, inventors and other healthcare professionals.

- Pursue Strategic Acquisitions. We pursue strategic acquisitions in existing and new growth markets to achieve increased operating efficiencies, geographic diversification and market penetration. Targeted companies have historically included those with proven technologies and established brand names which provide potential sales, marketing and manufacturing synergies.

Table of Contents

- Realize Manufacturing and Operating Efficiencies. We continually review our production systems for opportunities to reduce operating costs, consolidate product lines or identical process flows, reduce inventory requirements and optimize existing processes. Our vertically integrated manufacturing facilities allow for further opportunities to reduce overhead, increase operating efficiencies and capacity utilization.

- Geographic Diversification. We believe that significant growth opportunities exist for our surgical products outside the United States. Principal foreign markets for our products include Europe, Latin America and Asia/Pacific Rim. Critical elements of our future sales growth in these markets include leveraging our existing relationships with foreign surgeons, hospitals, third-party payers and foreign distributors, maintaining an appropriate presence in emerging market countries and continually evaluating our routes-to-market.

- Active Participation In The Medical Community. We believe that excellent working relationships with physicians and others in the medical industry enable us to gain an understanding of new therapeutic and diagnostic alternatives, trends and emerging opportunities. Active participation allows us to quickly respond to the changing needs of physicians and patients.

Products –

The following table sets forth the percentage of net sales for each of our product lines during each of the three years ended December 31:

	Year Ended December 31,					
	2008		2009		2010	
Arthroscopy	38	%	39	%	40	%
Powered Surgical Instruments	21		21		20	
Electrosurgery	14		14		14	
Patient Care	11		10		10	
Endosurgery	9		9		9	
Endoscopic Technologies	7		7		7	
Total	100	%	100	%	100	%
Net Sales (in thousands)	$742,183		$694,739		$713,723	

Arthroscopy

We offer a comprehensive range 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 arthroscopes and related instruments. Minimally invasive arthroscopic procedures enable surgical repairs to be completed with less trauma to the patient, resulting in shorter recovery times and cost savings. Arthroscopic procedures are performed on the knee and shoulder, and hip as well as smaller joints, such as the hand, wrist and ankle.

Our arthroscopy products include powered resection instruments, arthroscopes, reconstructive systems, tissue repair sets, metal and bioabsorbable implants and

Table of Contents

related disposable products and fluid management systems. We also offer a line of video Endoscopy products suitable for use in multi-specialty clinical environments beyond orthopedic arthroscopy, including laparoscopy, ENT, gynecology and urology as well as integrated operating room systems and equipment. 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 arthroscopic products and technologies, such as bioabsorbable screws, ablators, "push-in" and "screw-in" suture anchors, and resection shavers.

A significant portion of arthroscopic procedures are performed to repair injuries which have occurred in the articulating joint areas of the body. Many of these injuries are the result of sports related events or similar traumas. For this reason, arthroscopy is often referred to as "sports medicine."

Arthroscopy

Product	Description	Brand Name
Ablators and Shaver Ablators	Electrosurgical ablators and resection ablators to resect and remove soft tissue and bone; used in knee, shoulder and small joint surgery.	Lightwave® Trident®
Knee Reconstructive Systems	Products used in cruciate reconstructive surgery; includes instrumentation, screws, pins and ligament harvesting and preparation devices.	Paramax® Pinn-ACL® Grafix® Matryx® Bioscrew® EndoPearl® XtraLok® Sequent™
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® Inteq® Shuttle Relay™ Blitz® Hi-Fi® Suture Saver™ Spectrum® MVP Super Shuttle®
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® Quick-Flow® Quick-Connect® 87K™ 10K® 24K™

Table of Contents

Arthroscopy

Product	Description	Brand Name
Video	Surgical video systems for endoscopic procedures; includes high definition (HD), autoclavable three-chip camera heads as well as camera consoles, endoscopes, light sources, monitors, image capture devices and printers.	Sm@rt OR™ Quicklatch® scopes Shock Flex™ prism mount TrueHD™ IM4000 HD camera system
Implants	Products including bioabsorbable and metal screws, pins and suture anchors for attaching soft tissue to bone in the knee, shoulder, wrist, and hip as well as meniscal repair.	BioScrew® Bio-Anchor® BioTwist® UltraFix® Revo® Super Revo® Bionx™ Meniscus Arrow™ Smart Nail® Smart Pin® Smart Screw® Smart Tack® The Wedge™ Biostinger® Hornet® ThRevo® Duet™ Impact™ Bio-Mini Revo® XO Button® Paladin® Presto® SRS PopLok® CrossFT™
Integrated operating room systems and equipment	Centralized operating room management and control systems.	CONMED® Nurse's Assistant® Sm@rt OR™
Arthroscopic Shaver Systems	Electrically powered shaver handpieces that accommodate a large variety of shaver blade disposables specific to clinical specialty and technological precision.	Advantage® Turbo™ Gator® Great White® Mako™ Merlin® Sterling®

	Ultracut® Zen® ReAct® Ergo™

Table of Contents

Arthroscopy		
Product	Description	Brand Name
Other Instruments and Accessories	Forceps, graspers, punches, probes, sterilization cases and other general instruments for arthroscopic procedures.	Shutt® Concept® TractionTower® Clearflex™ SE™ Dry Doc® Cannulae Hip Arthroscopy Kit

Powered Surgical Instruments

Electric, battery or pneumatic powered surgical instruments are used to perform orthopedic, arthroscopic and other surgical procedures where cutting, drilling or reaming of bone is required. Each power system consists of one or more handpieces and related accessories as well as disposable and limited reusable items (e.g., burs, saw blades, drills and reamers). Powered instruments are categorized as either small bone, large bone or specialty powered instruments. Specialty powered instruments are utilized in procedures such as spinal surgery, neurosurgery, ENT, oral/maxillofacial surgery, and cardiothoracic surgery.

Our line of powered instruments is sold principally under the Hall® Surgical brand name, for use in large and small bone orthopedic, arthroscopic, oral/maxillofacial, podiatric, plastic, ENT, neurological, spinal and cardiothoracic surgeries. Large bone, neurosurgical, spinal 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 physicians' offices. Our CONMED Linvatec subsidiary has devoted significant resources in the development of new technologies for battery, electric and pneumatic powertool platforms which may be easily adapted and modified for new procedures.

Our powered instruments product line also includes the MPower®Battery System. This full function orthopedic power system is specifically designed to meet the requirements of most orthopedic applications. The modularity and versatility of the MPower®system allows a facility to purchase a single power system to perform total joint arthroplasty, trauma, arthroscopy, and small bone procedures. The system also provides a multitude of battery technologies to meet the varying needs of hospitals worldwide.

Powered Surgical Instruments		
Product	Description	Brand Name
Large Bone	Powered saws, drills and related disposable accessories for use primarily in total knee and hip joint replacements and trauma surgical procedures.	Hall® Surgical PowerPro® PowerProMax™ MPower®
Small Bone	Powered saws, drills and related disposable accessories for hand, foot, and other small bone related surgical procedures.	Hall® Surgical MicroPower® Micro 100™ Surgairtome Two® MPower®

-9-

Table of Contents

Powered Surgical Instruments

Product	Description	Brand Name
Otolaryngology Neurosurgery Spine Oral/maxillofacial	Specialty powered saws, drills and related disposable accessories for use in neurosurgery, spine, otolaryngologic and oral/maxillofacial procedures.	Hall® Surgical E9000® UltraPower® Hall® Osteon Hall® Ototome Coolflex® Surgairtome Two® SmartGuard®
Cardiothoracic	Powered sternum saws and related disposable accessories for use by cardiothoracic surgeons.	Hall® Surgical MicroPower® Micro 100™ PowerPro® PowerProMax™ MPower®

Electrosurgery

The use of electrosurgical units and associated surgical tools is commonplace in the hospital surgical suite, surgery centers, clinics and physician offices. Electrosurgery is routinely used to cut and coagulate tissue and small vessels in open and laparoscopic procedures using energy produced through radio frequency (RF) technology. An electrosurgical system consists of three main components: an electrosurgical generator or ESU, an active electrode in the form of an electrosurgical pencil or instrument that is used to apply concentrated energy to the target tissues, and a dispersive electrode that grounds the patient and provides feedback to the ESU. Electrosurgery can be used in almost all surgical procedures including specialties such as general, gynecology, orthopedics, cardiology, thoracics, urology, neurology, and dermatology.

Also included in our portfolio of energy-based products is the Argon Beam Coagulation (ABC®) technology. ABC® technology combines the use of argon gas and electrosurgical energy to allow the surgeon to produce a surface coagulation which results in less tissue damage. The electrical energy travels through an ionized column of gas so that the energy is applied to bleeding tissue in a non-contact mode. Clinicians have reported notable benefits of ABC® technology in certain procedures such as liver resection, cancer tissue resection, heart bypass and trauma. In addition, certain handpieces allow ABC® to be used to dissect tissue through direct contact.

Surgical smoke evacuation products are an emerging segment within the electrosurgical market. These systems consist of a smoke evacuation unit which suctions surgical smoke from the operative site and filters the smoke plume. It is connected to the ESU and uses specific electrosurgical smoke evacuation pencils. The use of electrosurgical pencils and lasers during a procedure may produce smoke and may affect the surgeon’s ability to see the operative site clearly in both open and laparoscopic procedures.

Table of Contents

Electrosurgery

Product	Description	Brand Name
Pencils	Disposable and reusable surgical instruments designed to deliver high-frequency electrical energy to cut and/or coagulate tissue.	Hand-Trol® GoldLine™
Ground Pads	Disposable ground pads which disperse electrosurgical energy and safely return it to the generator; available in adult, pediatric and infant sizes.	MacroLyte® ThermoGard® SureFit™
Active Electrodes	Surgical accessory electrodes that are inserted into electrosurgical pencils. These electrodes are available with and without the proprietary UltraClean™ coating which provides an easy to clean electrode surface during surgery.	UltraClean™
Generators	Monopolar and bipolar clinical energy sources for surgical procedures performed in a hospital, physicians' office or clinical setting.	System 5000™ System 2450™ Hyfrecator® 2000
Argon Beam Coagulation Systems	Specialized electrosurgical generators, disposable hand pieces and ground pads for Argon Enhanced non-contact coagulation of tissues.	ABC® System 7550 ABC Flex® Bend-A-Beam® ABC® Dissecting Electrodes™
Smoke Evacuation System	Dedicated unit and integrated hand pieces designed for the removal of surgical smoke in both open and laparoscopic procedures where electrosurgery is utilized.	GoldVac™ ClearVac® AER DEFENSE™
Vessel Sealing System	A direct thermal based multi-funtional surgical tool that seals, cuts, grasps and dissects vessels and tissue bundles.	Altrus®

Patient Care

Our patient care product line offering includes a line of vital signs and cardiac monitoring products including pulse oximetry equipment & sensors, ECG electrodes and cables, cardiac defibrillation & pacing pads and blood pressure cuffs. We also offer a complete line of suction instruments & tubing for use in the operating room, as well as a line of IV products for use in the critical care areas of the hospital.

Table of Contents

Patient Care

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® Ultratrace® Cleartrace®
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®
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® MasterFlow® Stat 2®
Defibrillator Pads and Accessories	Stimulation electrodes for use in emergency cardiac response and conduction studies of the heart.	PadPro® R2®
Pulse Oximetry	Used in critical care to continuously monitor a patient's arterial blood oxygen saturation and pulse rate.	Dolphin® Pro2®
Cardiac Output Monitoring	Used in measuring volume of blood flow that is pumped from the heart and other hemodynamic functions.	ECOM™
Non-invasive blood pressure cuff	Used in critical care to measure blood pressure.	SoftCheck® UltraCheck® (registered trademarks of CAS Medical Systems, Inc.)

Endosurgery

Endosurgery (also referred to as minimally invasive surgery or laparoscopic surgery) is surgery performed without a major incision. This surgical specialty results in less trauma for the patient and produces important cost savings as a result of shorter recovery times and reduced hospitalization. Endosurgery is performed on organs in the abdominal cavity such as the gallbladder, appendix and female reproductive organs. During such procedures, devices called "trocars" are used to puncture the abdominal wall and are then removed, leaving in place a trocar cannula. The trocar cannula provides access into the abdomen for camera systems and surgical instruments. Some of our endosurgical instruments are "reposable", meaning that the instrument has a disposable and a reusable component.

Table of Contents

Our Endosurgical products include the Reflex® and PermaClip™ clip appliers for vessel and duct ligation, Universal S/ITM (suction/irrigation) and Universal Plus™ laparoscopic instruments, specialized suction/irrigation electrosurgical instrument systems for use in laparoscopic surgery and the OnePort® which incorporates a blunt-tipped version of a trocar. The OnePort® dilates access through the body wall rather than cutting with the sharp, pointed tips of conventional trocars thus resulting in smaller wounds, and less bleeding. We also offer cutting trocars, suction/irrigation accessories, laparoscopic scissors, dissectors and graspers, active electrodes, insufflation needles and linear cutters and staplers for use in laparoscopic surgery. Our disposable skin staplers are used to close large skin incisions with surgical staples, thus eliminating the time consuming suturing process. ConMed EndoSurgery also offers a unique and premium uterine manipulator called VCARE® for use in increasing the efficiency of laparoscopic hysterectomies.

	Endosurgery	
Product	Description	Brand Name
Trocars	Disposable and reposable devices used to puncture the abdominal wall providing access to the abdominal cavity for camera systems and instruments.	OnePort® TroGard Finesse® Reflex® Detach a Port® CORE Dynamics®
Multi-functional Electrosurgery and Suction/Irrigation instruments	Instruments for cutting and coagulating tissue by delivering high-frequency current. Instruments which deliver irrigating fluid to the tissue and remove blood and fluids from the internal operating field.	Universal™ Universal Plus™ FloVac®
Clip Appliers	Disposable and reposable devices for ligating blood vessels and ducts by placing a titanium clip on the vessel.	Reflex® PermaClip™
Laparoscopic Instruments	Scissors, graspers	DetachaTip®
Skin Staplers	Disposable devices which place surgical staples for closing a surgical incision.	Reflex®
Microlaparoscopy scopes and instruments	Small laparoscopes and instruments for performing surgery through very small incisions.	MicroLap®
Specialty Laparoscopic Devices	Specialized elevator, retractor for laparoscopic hysterectomy	VCARE®

Table of Contents

Endoscopic Technologies

Gastrointestinal (GI) endoscopy is the examination of the digestive tract with a flexible, lighted instrument referred to as an "endoscope". This instrument enables the physician to directly visualize the esophagus, stomach, portions of the small intestine, and colon. This technology allows the physician to more accurately diagnose and treat diseases of the digestive system. Through these scopes a physician may take biopsies, dilate narrowed areas referred to as strictures, and remove polyps which are growths in the digestive tract. Some of the more common conditions which may be diagnosed and treated using this procedure include ulcers, Crohn's disease, ulcerative colitis and gallbladder disease.

We offer a comprehensive line of minimally invasive diagnostic and therapeutic products used in conjunction with procedures which require flexible endoscopy. Our principal customers include GI endoscopists, pulmonologists, and nurses who perform both diagnostic and therapeutic endoscopic procedures in hospitals and outpatient clinics.

Our primary focus is to identify, develop, acquire, manufacture and market differentiated medical devices, which improve outcomes in the diagnosis and treatment of gastrointestinal and pulmonary disorders. Our diagnostic and therapeutic product offerings for GI and pulmonology include mucosal management devices, forceps, scope management accessories, bronchoscopy devices, dilatation, stricture management devices, hemostasis, biliary devices, and polypectomy.

Endoscopic Technologies

Product	Description	Brand Name
Pulmonary	Transbronchial Cytology and Histology Aspiration Needles, Disposable Biopsy Forceps, Cytology Brushes and Bronchoscope Cleaning Brushes	Wang® Blue Bullet® Precisor® Precisor BRONCHO® Precisor® EXL™ GARG™
Biopsy	Disposable biopsy forceps, Percutaneous Liver Biopsy instrument, Disposable Cytology Brushes	Precisor® OptiBite® Monopty®
Polypectomy	Disposable Polypectomy Snares, Retrieval Nets, Polyp Traps	Singular® Optimizer® Nakao Spider-Net™ Orbit-Snare®

Table of Contents

Endoscopic Technologies

Product	Description	Brand Name
Biliary	Triple Lumen Stone Removal Balloons, Advanced Cannulation Triple Lumen Papillotomes, High Performance Biliary Guidewires, Cannulas, Biliary Balloon Dilators, Plastic and Self Expanding Metal Endoscopic Biliary Stents (SEMS)	Apollo® Apollo3® Apollo3AC® FXWire® XWire® Director™ Duraglide™ Duraglide 3™ Flexxus® ProForma® HYDRODUCT® Viabil®
Dilation	Multi-Stage Balloon Dilators, American Dilation System	Eliminator®
Hemostasis	Endoscopic Injection Needles, Endoscopic and Mulit-Band Ligators, Sclerotherapy Needle, Bipolar Hemostasis Probes	SureShot® Auto Band™ Stiegmann-Goff™ Bandito™ Flexitip™ BICAP® BICAP SUPERCONDUCTOR™ Click-Tip™ Beamer® Beamer Mate® Beamer Plus™
Endoscopic Ultrasound	Fine Needle Aspiration	Vizeon®
Enteral Feeding	Initial Percutaneous Endoscopic Gastrostomy (PEG) systems, Replacement Tri-Funnel G-Tube	EnTake™
Accessories	Disposable Bite Blocks, Cleaning Brushes	Scope Saver® Channel Master™ Blue Bullet® Whistle®

Marketing

A significant portion of our products are distributed domestically directly to more than 6,000 hospitals and other healthcare institutions as well as through medical specialty distributors and surgeons. We are not dependent on any single customer and no single customer accounted for more than 10% of our net sales in 2008, 2009 and 2010.

Table of Contents

A significant portion of our U.S. sales are to customers affiliated with GPOs, IHNs and other large national or regional accounts, as well as to the Veterans Administration and other hospitals operated by the Federal government. For hospital inventory management purposes, some of our customers prefer to purchase our products through independent third-party medical product distributors.

In order to provide a high level of expertise to the medical specialties we serve, our domestic sales force consists of the following:

- 50 employee sales representatives and 200 sales representatives working for independent sales agent groups selling arthroscopy and powered surgical instrument products;
- 60 employee sales representatives selling electrosurgery products;
- 40 employee sales representatives selling endosurgery products;
- 50 employee sales representatives selling patient care products;
- 40 employee sales representatives selling endoscopic technologies products.

Each employee sales representative is assigned a defined geographic area and compensated on a commission basis or through a combination of salary and commission. The sales force is supervised and supported by either area directors or district managers. Sales agent groups are used in the United States to sell our arthroscopy, multi-specialty medical video systems and powered surgical instrument products. These sales agent groups are paid a commission for sales made to customers while home office sales and marketing management provide the overall direction for sales of our products.

Our Corporate sales organization is responsible for interacting with large regional and national accounts (eg. GPOs, IHNs, etc.). We have contracts with many such organizations and believe that, with certain exceptions, the loss of any individual group purchasing contract will not adversely impact our business. In addition, all of our sales professionals are required to work closely with distributors where applicable and maintain close relationships with end-users.

Each of our dedicated sales professionals is highly knowledgeable in the applications and procedures for the products they sell. Our sales professionals provide surgeons and medical personnel with information relating to the technical features and benefits of our products.

Maintaining and expanding our international presence is an important component of our long-term growth plan. Our products are sold in over 100 foreign countries. International sales efforts are coordinated through local country dealers or through direct in country sales. We distribute our products through sales subsidiaries and branches with offices located in Australia, Austria, Belgium, Canada, France, Germany, Korea, the Netherlands, Spain, Italy, Poland and the United Kingdom. In these countries, our sales are denominated in the local currency and amounted to approximately 30% of our total net sales in 2010. In the remaining countries where our products are sold through independent distributors, sales are denominated in United States dollars.

We sell to a diversified base of customers around the world and, therefore, believe there is no material concentration of credit risk.

Table of Contents

Manufacturing

We manufacture substantially all of our products and assemble them from components, many of which we produce. Our strategy has historically been to vertically integrate our manufacturing facilities in order to develop a competitive advantage. This integration provides us with cost efficient and flexible manufacturing operations which permit us to allocate capital more efficiently. Additionally, we attempt to exploit commercial synergies between operations, such as the procurement of common raw materials and components used in production.

Raw material costs constitute a substantial portion of our cost of production. We use numerous raw materials and components in the design, development and manufacturing of our products. Substantially all of our raw materials and select components used in the manufacturing process are procured from external suppliers. We work closely with multiple suppliers to ensure continuity of supply while maintaining high quality and reliability. None of our critical raw materials and components are procured from single sources for reasons of quality assurance, sole source availability, cost effectiveness or constraints resulting from regulatory requirements. The loss of any existing supplier or supplier contract would not have a material adverse effect on our financial and operational performance. To date, we have not experienced any protracted interruption in the availability of raw materials and components necessary to fulfill production schedules.

All of our products are classified as medical devices subject to regulation by numerous agencies and legislative bodies, including the United States Food and Drug Administration (“FDA”) and comparable foreign counter parts. The FDA’s Quality System Regulations set forth standards for our product design and manufacturing processes, require the maintenance of certain records and provide for on-site inspections of our facilities by the FDA. In many of the foreign countries in which we manufacture and distribute our products we are subject to regulatory requirements affecting, among other things, product performance standards, packaging requirements, labeling requirements import laws and onsite inspection by independent bodies with the authority to issue or not issue certifications we may require to be able to sell products in certain countries. Regulatory requirements affecting the Company vary from country to country. The timeframes and costs for regulatory submission and approval from foreign agencies or legislative bodies may vary from those required by the FDA. Certain requirements for approval from foreign agencies or legislative bodies may also differ from those of the FDA.

We believe that our production and inventory management practices are characteristic of those in the medical device industry. Substantially all of our products are stocked in inventory and are not manufactured to order or to individual customer specifications. We schedule production and maintain adequate levels of safety stock based on a number of factors including, experience, knowledge of customer ordering patterns, demand, manufacturing lead times and optimal quantities required to maintain the highest possible service levels. Customer orders are generally processed for immediate shipment and backlog of firm orders is therefore not considered material to an understanding of our business.

Research and Development

New and improved products play a critical role in our continued sales growth. Internal research and development efforts focus on the development of new products and product technological and design improvements aimed at complementing and expanding existing product lines. We continually seek to leverage new technologies which improve the durability, performance and usability of existing products. In addition, we maintain close working relationships with surgeons, inventors and operating room personnel who often make new product and technology disclosures, principally in procedure-specific areas. For clinical and commercially promising disclosures, we seek to obtain rights to these ideas through negotiated agreements. Such agreements typically compensate the originator through payments based upon a percentage of licensed product net sales. Annual royalty expense approximated $4.4 million, $3.5 million and $3.3 million in 2008, 2009 and 2010, respectively.

Table of Contents

Amounts expended for Company sponsored research and development was approximately $33.1 million, $31.8 million and $29.7 million during 2008, 2009, and 2010, respectively.

We have rights to intellectual property, including United States patents and foreign equivalent patents which cover a wide range of our products. We own a majority of these patents and have exclusive and non-exclusive licensing rights to the remainder. In addition, certain of these patents have currently been licensed to third parties on a non-exclusive basis. We believe that the development of new products and technological and design improvements to existing products will continue to be of primary importance in maintaining our competitive position.

Competition

The market for our products is highly competitive and our customers generally have numerous alternatives of supply. Many of our 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, group purchasing organizations and others. In addition, several of our competitors are large, technically-competent firms with substantial assets.

The following chart identifies our principal competitors in each of our key business areas:

Business Area	Competitor
Arthroscopy	Smith & Nephew, plc Arthrex, Inc. Stryker Corporation ArthroCare Corporation Johnson & Johnson: Mitek Worldwide Biomet, Inc.
Powered Surgical Instruments	Stryker Corporation Medtronic, Inc. Midas Rex and Xomed divisions Synthes, Inc. MicroAire Surgical Instruments, LLC
Electrosurgery	Covidien Ltd.; Valleylab 3M Company ERBE Elektromedizin GmbH
Patient Care	Covidien Ltd.: Kendall 3M Company
Endosurgery	Johnson & Johnson: Ethicon Endo-Surgery, Inc. Covidien Ltd.; U.S.Surgical

Table of Contents

Endoscopic Technologies	Boston Scientific Corporation – Endoscopy Wilson-Cook Medical, Inc. Olympus America, Inc. U.S. Endoscopy

Factors which affect our competitive posture include product design, customer acceptance, service and delivery capabilities, pricing and product development/improvement. In the future, other alternatives such as new medical procedures or pharmaceuticals may become interchangeable alternatives to our products.

Government Regulation and Quality Systems

Substantially all of our products are classified as class II medical devices subject to regulation by numerous agencies and legislative bodies, including the FDA and comparable foreign counterparts. Authorization to commercially market our products in the U.S. is granted by the FDA under a procedure referred to as 510(k) premarket notification. This process requires us to demonstrate that our new products or substantially modified products are substantially equivalent to a legally marketed device which was on the market prior to May 28, 1976 or is currently on the U.S. market and does not require premarket approval. We must continually meet certain FDA requirements to market our products in the United States. (Our products are classified as Class I, IIa, IIb and III in the European Union (EU) and subject to regulation by the Medical Device Directive). Our FDA clearance is subject to continual review and future discovery of previously unknown events could result in restrictions being placed on a product's marketing or notification from the FDA to halt the distribution of certain medical devices.

Medical device regulations continue to evolve world-wide. Products marketed in the EU and other countries require preparation of technical files and design dossiers which demonstrate compliance with applicable international regulations. Products marketed in Australia are subject to a new classification system and have been re-registered under the updated Therapeutics Goods Act in 2007. Products marketed in Japan must be re-registered under the Ministry of Health's recently updated Pharmaceutical Affairs Law (PAL). As government regulations continue to change, there is a risk that the distribution of some of our products may be interrupted or discontinued if they do not meet the new requirements.

Our operations are supported by quality system/regulatory compliance personnel tasked with monitoring compliance to design controls, process controls and the other relevant government regulations for all of our design, manufacturing, distribution and servicing activities. 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, Safe Medical Device Act of 1990, Medical Device Modernization Act of 1997, Medical User Fee and Modernization Act of 2002 and similar international regulations, such as the European Union Medical Device Directives.

As a manufacturer of medical devices, the FDA's Quality System Regulations as specified in Title 21, Code of Federal Regulation (CFR) part 820, set forth requirements for our product design and manufacturing processes, require the maintenance of certain records, provide for on-site inspection of our facilities and continuing review by the FDA. Many of our products are also subject to

Table of Contents

industry-defined standards. Such industry-defined product standards are generally formulated by committees of the Association for the Advancement of Medical Instrumentation (AAMI), International Electrotechnical Commission (IEC) and the International Organization for Standardization (ISO). We believe that our products and processes presently meet applicable standards in all material respects.

As noted above, our facilities are subject to periodic inspection by the FDA for, among other things, conformance to Quality System Regulation and Current Good Manufacturing Practice ("CGMP") requirements. Following an inspection, the FDA typically provides its observations, if any, in the form of a Form 483 (Notice of Inspectional Observations) with specific observations concerning potential violation of regulations. Although we respond to all Form 483 observations and correct deficiencies expeditiously, there can be no assurance that the FDA will not take further action including issuing a warning letter, seizing product and imposing fines. We market our products in several foreign countries and therefore are subject to regulations affecting, among other things, product standards, sterilization, packaging requirements, labeling requirements, import laws and onsite inspection by independent bodies with the authority to issue or not issue certifications we may require to be able to sell products in certain countries. Many of the regulations applicable to our devices and products in these countries are similar to those of the FDA. The member countries of the European Union have adopted the European Medical Device Directives, which create a single set of medical device regulations for all member countries. These regulations require companies that wish to manufacture and distribute medical devices in the European Union maintain quality system certification through European Union recognized Notified Bodies. These Notified Bodies authorize the use of the CE Mark allowing free movement of our products throughout the member countries. 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 and quality procedures currently meet applicable standards for the countries in which they are marketed.

Our products may become subject to recall or market withdrawal regulations and we have made product recall decisions in the past. No product recall has had a material effect on our financial condition, however there can be no assurance that regulatory issues will not have a material adverse effect in the future.

Any change in existing federal, state, foreign laws or regulations, or in the interpretation or enforcement thereof, or the promulgation or any additional laws or regulations may result in a material adverse effect on our financial condition, results of operations or cash flows.

Employees

As of December 31, 2010, we had approximately 3,300 full-time employees, including approximately 2,000 in operations, 130 in research and development, and the remaining in sales, marketing and related administrative support. We believe that we have good relations with our employees and have never experienced a strike or similar work stoppage. None of our employees are represented by a labor union.

Item 1A. Risk Factors

An investment in our securities, including our common stock, involves a high degree of risk. 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 "Forward Looking Statements".

Table of Contents

Our financial performance is dependent on conditions in the health care industry and the broader economy.

The results of our business are directly tied to the economic conditions in the health care industry and the broader economy as a whole. Given the difficult economic environment we experienced over the past few years including extreme volatility in the financial markets and foreign currency exchange rates and depressed economic conditions in both domestic and international markets, we continue to face significant business challenges. Approximately 25% of our revenues are derived from the sale of capital products. The sales of such products are negatively impacted if hospitals and other healthcare providers are unable to secure the financing necessary to purchase these products or otherwise defer purchases. While we are cautiously optimistic that the overall global economic environment is improving and have seen a return to revenue growth in 2010, there can be no assurance that the improvement in the economic environment will be sustained.

Our significant international operations subject us to foreign currency fluctuations and other risks associated with operating in foreign countries.

A significant portion of our revenues are derived from foreign sales. Approximately 48% of our total 2010 consolidated net sales were to customers outside the United States. We have sales subsidiaries in a significant number of countries in Europe as well as Australia, Canada and Korea. In those countries in which we have a direct presence, our sales are denominated in the local currency and those sales denominated in local currency amounted to approximately 32% of our total net sales in 2010. The remaining 16% of sales to customers outside the United States was on an export basis and transacted in United States dollars.

Because a significant portion of our operations consist of sales activities in foreign jurisdictions, our financial results may be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the markets in which we distribute products. While we have implemented a hedging strategy, our revenues may be unfavorably impacted from foreign currency translation if the United States dollar strengthens as compared with currencies such as the Euro. Our international presence exposes us to certain other inherent risks, including:

- imposition of limitations on conversions of foreign currencies into dollars or remittance of dividends and other payments by international subsidiaries;
- imposition or increase of withholding and other taxes on remittances and other payments by international subsidiaries;
- trade barriers;
- political risks, including political instability;
- reliance on third parties to distribute our products;
- hyperinflation in certain foreign countries; and
- imposition or increase of investment and other restrictions by foreign governments.

We cannot assure you that such risks will not have a material adverse effect on our business and results of operations.

Our financial performance is subject to the risks inherent in our acquisition strategy, including the effects of increased borrowing and integration of newly acquired businesses or product lines.

A key element of our business strategy has been to expand through acquisitions and we may seek to pursue additional acquisitions in the future. Our success is dependent in part upon our ability to integrate acquired companies or product lines into our existing operations. We may not have sufficient management and other resources to accomplish the integration of our past and future acquisitions and implementing our acquisition strategy may strain our relationship with customers, suppliers, distributors, manufacturing personnel or others. 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. 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, acquisitions may involve exposure to unknown liabilities and the amount and time for claiming under these indemnification provisions is often limited. 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.

Our financial performance may be adversely impacted by the recently passed healthcare reform legislation.

The Patient Protection and Affordable Care Act and Health Care and Education Affordability Reconciliation Act were enacted into law in the U.S. in March 2010. As a U.S. headquartered company with 52% of our 2010 sales derived in the U.S., this legislation will materially impact us. Among other initiatives, this legislation imposes a 2.3% excise tax on domestic sales of class I, II, and III medical devices beginning in 2013. Substantially all of our products are class II medical devices. If we are unable to raise prices or otherwise pass through this tax to our customers, this enacted excise tax on medical devices could materially and adversely affect our results of operations and cash flows. Other provisions of this legislation, including Medicare provisions aimed at improving quality and decreasing costs, comparative effectiveness research, an independent payment advisory board, and pilot programs to evaluate alternative payment methodologies, could meaningfully change the way healthcare is developed and delivered, and may adversely affect our business and results of operations. Alternatively, this legislation purports to increase the size of the market for our products, potentially offsetting other negative impacts of the legislation. Further, we cannot predict what healthcare programs and regulations will be ultimately implemented at the federal or state level, or the effect of any future legislation or regulation in the U.S. or internationally. However, any changes that lower reimbursements for our products or reduce medical procedure volumes could adversely affect our results of operations and cash flows.

Failure to comply with regulatory requirements may result in recalls, fines or materially adverse implications.

Substantially all of our products are classified as class II medical devices subject to regulation by numerous agencies and legislative bodies, including the FDA and comparable foreign counterparts. 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 the Quality System Regulations. Manufacturing and sales of our products outside the United States are also subject to foreign regulatory requirements which vary from country to country. Moreover, we are generally required to obtain regulatory clearance or approval prior to marketing a new product. The time required to obtain approvals from foreign countries may be longer or shorter than that required for FDA clearance, and requirements for foreign approvals may differ from FDA requirements. Failure to comply with applicable domestic and/or foreign regulatory requirements may result in:

Table of Contents

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

Failure to comply with Quality System Regulations and applicable foreign regulations could result in a material adverse effect on our business, financial condition or results of operations.

If we are not able to manufacture products in compliance with regulatory standards, we may decide to cease manufacturing of those products and may be subject to product recall.

In addition to the Quality System Regulations, many of our products are also subject to industry-defined standards. We may not be able to comply with these regulations and standards due to deficiencies in component parts or our manufacturing processes. If we are not able to comply with the Quality System Regulations or industry-defined standards, we may not be able to fill customer orders and we may decide to cease production of non-compliant products. Failure to produce products could affect our profit margins and could lead to loss of customers.

Our products are subject to product recall and we have made product recalls in the past, including $6.0 million in 2009 related to certain of our powered surgical instrument handpieces. Although no recall has had a material adverse effect on our business or financial condition, we cannot assure you that regulatory issues will not have a material adverse effect on our business, financial condition or results of operations in the future or that product recalls will not harm our reputation and our customer relationships.

The highly competitive market for our products may create adverse pricing pressures.

The market for our products is highly competitive and our customers have numerous alternatives of supply. Many of our 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, group purchasing organizations and others. In addition, several of our competitors are large, technically-competent firms with substantial assets. Competitive pricing pressures or the introduction of new products by our competitors could have an adverse effect on our revenues. See “Competition” for a further discussion of these competitive forces.

Table of Contents

Factors which may influence our customers' choice of competitor products include:

- changes in surgeon preferences;
- increases or decreases in health care spending related to medical devices;
- our inability to supply products to them, as a result of product recall, market withdrawal or back-order;
- the introduction by competitors of new products or new features to existing products;
- the introduction by competitors of alternative surgical technology; and
- advances in surgical procedures, discoveries or developments in the health care industry.

We use a variety of raw materials in our businesses, and significant shortages or price increases could increase our operating costs and adversely impact the competitive positions of our products.

Our reliance on certain suppliers and commodity markets to secure raw materials used in our products exposes us to volatility in the prices and availability of raw materials. In some instances, we participate in commodity markets that may be subject to allocations by suppliers. A disruption in deliveries from our suppliers, price increases, or decreased availability of raw materials or commodities, could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. We believe that our supply management practices are based on an appropriate balancing of the foreseeable risks and the costs of alternative practices. Nonetheless, price increases or the unavailability of some raw materials may have an adverse effect on our results of operations or financial condition.

Cost reduction efforts in the health care industry could put pressures on our prices and margins.

In recent years, the health care industry has undergone significant change driven by various efforts to reduce costs. Such efforts include national health care reform, trends towards managed care, cuts in Medicare, consolidation of health care distribution companies and collective purchasing arrangements by GPOs and IHNs. Demand and prices for our products may be adversely affected by such trends.

We may not be able to keep pace with technological change or to successfully develop new products with wide market acceptance, which could cause us to lose business to competitors.

The market for our products is characterized by rapidly changing technology. Our future financial performance will depend in part on our ability to develop and manufacture new products on a cost-effective basis, to introduce them to the market on a timely basis, and to have them accepted by surgeons.

We may not be able to keep pace with technology or to develop viable new products. Factors which may result in delays of new product introductions or cancellation of our plans to manufacture and market new products include:

- capital constraints;
- research and development delays;

Table of Contents

- delays in securing regulatory approvals; or
- changes in the competitive landscape, including the emergence of alternative products or solutions which reduce or eliminate the markets for pending products.

Our new products may fail to achieve expected levels of market acceptance.

New product introductions may fail to achieve market acceptance. The degree of market acceptance for any of our products will depend upon a number of factors, including:

- our ability to develop and introduce new products and product enhancements in the time frames we currently estimate;
- our ability to successfully implement new technologies;
- the market's readiness to accept new products;
- having adequate financial and technological resources for future product development and promotion;
- the efficacy of our products; and
- the prices of our products compared to the prices of our competitors' products.

If our new products do not achieve market acceptance, we may be unable to recover our investments and may lose business to competitors.

In addition, 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 "Competition" for a further discussion of these competitive forces.

Our senior credit agreement contains covenants which may limit our flexibility or prevent us from taking actions.

Our senior credit agreement contains, and future credit facilities are expected to contain, certain restrictive covenants which will affect, and in many respects significantly limit or prohibit, among other things, our ability to:

- incur indebtedness;
- make investments;
- engage in transactions with affiliates;
- pay dividends or make other distributions on, or redeem or repurchase, capital stock;
- sell assets; and
- pursue acquisitions.

These covenants, unless waived, may prevent us from 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 agreement, the credit agreement lenders may elect to declare all amounts borrowed under our credit agreement, together with accrued interest, to be due and payable. If we were unable to repay such borrowings, the credit agreement lenders could proceed against collateral securing the credit agreement, which consists of substantially all of our property and assets. Our credit agreement also contains a material adverse effect clause which may limit our ability to access additional funding under our credit agreement should a material adverse change in our business occur.

Table of Contents

Our leverage and debt service requirements may require us to adopt alternative business strategies.

As of December 31, 2010, we had $195.6 million of debt outstanding, net of a debt discount on our 2.50% convertible senior subordinated notes of $3.9 million, representing 25% of total capitalization. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

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

- a portion of our cash flow from operations must be dedicated to debt service and will not be available for operations, capital expenditures, acquisitions, dividends 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, or may be at higher interest rates;
- we may be at a competitive disadvantage when compared to competitors that are less leveraged;
- we may be hindered in our ability to adjust rapidly to market conditions;
- our degree of leverage could make us more vulnerable in the event of a downturn in general economic conditions or other adverse circumstances applicable to us; and
- our interest expense could increase if interest rates in general increase because a portion of our borrowings, including our borrowings under our credit agreement, are and will continue to be at variable rates of interest.

We may not be able to generate sufficient cash to service our indebtedness, which could require us to reduce our expenditures, sell assets, restructure our indebtedness or seek additional equity capital.

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. We may not have sufficient cash flow available to enable 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 foregoing acquisitions, reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking additional equity capital. We cannot assure you that any of these strategies could be implemented on terms acceptable to us, if at all. See "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.

Table of Contents

If we infringe third parties' patents, or if we lose our patents or they are held to be invalid, we could become subject to liability and our competitive position could be harmed.

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 2011 through 2029 and have additional patent applications pending. See "Research and Development" for a further description of our patents. 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 of enforcing our patents against third parties and defending our products against patent infringement actions by others could be substantial. We cannot assure you that:

- pending patent applications will result in issued patents;
- patents issued to or licensed by us will not be challenged by competitors;
- our patents will be found to be valid or sufficiently broad to protect our technology or provide us with a competitive advantage; or
- we will be successful in defending against pending or future patent infringement claims asserted against our products.

Ordering patterns of our customers may change resulting in reductions in sales.

Our hospital and surgery center customers purchase our products in quantities sufficient to meet their anticipated demand. Likewise, our health care distributor customers purchase our products for ultimate resale to health care providers in quantities sufficient to meet the anticipated requirements of the distributors' customers. Should inventories of our products owned by our hospital, surgery center and distributor customers grow to levels higher than their requirements, our customers may reduce the ordering of products from us. This could result in reduced sales during a financial accounting period.

We can be sued for producing defective products and our insurance coverage may be insufficient to cover the nature and amount of any product liability claims.

The nature of our products as medical devices and today's litigious environment should be regarded as potential risks which could significantly and adversely affect our financial condition and results of operations. The insurance we maintain to protect against claims associated with the use of our products have deductibles and may not adequately cover the amount or nature of any claim asserted against us. We are also exposed to the risk that our insurers may become insolvent or that premiums may increase substantially. See "Legal Proceedings" for a further discussion of the risk of product liability actions and our insurance coverage.

Damage to our physical properties as a result of windstorm, earthquake, fire or other natural or man-made disaster may cause a financial loss and a loss of customers.

Although we maintain insurance coverage for physical damage to our property and the resultant losses that could occur during a business interruption, we

Table of Contents

are required to pay deductibles and our insurance coverage is limited to certain caps. For example, our deductible for windstorm damage to our Florida property amounts to 2% of any loss and our deductible for earthquake damage to our California properties is 5% of any loss.

Further, while insurance reimburses us for our lost gross earnings during a business interruption, if we are unable to supply our customers with our products for an extended period of time, there can be no assurance that we will regain the customers' business once the product supply is returned to normal.

Table of Contents

Item 2. Properties

Facilities

The following table sets forth certain information with respect to our principal operating facilities. We believe that our facilities are generally well maintained, are suitable to support our business and adequate for present and anticipated needs.

Location	Square Feet	Own or Lease	Lease Expiration
Utica, NY	500,000	Own	-
Largo, FL	278,000	Own	-
Centennial, CO	87,500	Own	-
Tampere, Finland	5,662	Own	-
Chihuahua, Mexico	207,720	Lease	September 2019
Lithia Springs, GA	188,400	Lease	December 2019
Brussels, Belgium	45,531	Lease	June 2015
Santa Barbara, CA	33,900	Lease	September 2013
Chelmsford, MA	27,911	Lease	September 2015
Mississauga, Canada	22,378	Lease	December 2013
Frenchs Forest, Australia	16,909	Lease	July 2011
Tampere, Finland	15,855	Lease	Open Ended
Seoul, Korea	15,554	Lease	January 2014
Anaheim, CA	14,037	Lease	October 2012
Milan, Italy	13,024	Lease	March 2013
Swindon, Wiltshire, UK	10,000	Lease	December 2015
Montreal, Canada	7,232	Lease	March 2013
Frankfurt, Germany	6,900	Lease	December 2012
Barcelona, Spain	5,382	Lease	December 2013
Shepshed, Leicestershire, UK	5,000	Lease	October 2015
Beijing, China	3,456	Lease	June 2012
Warsaw, Poland	3,222	Lease	February 2018
Rungis Cedex, France	2,637	Lease	November 2011
Montreal, Canada	2,144	Lease	May 2012
Oxfordshire, UK	2,115	Lease	December 2015
San Juan Capistrano, CA	2,000	Lease	January 2012
Innsbruck, Austria	1,820	Lease	July 2020

Table of Contents

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. Likewise, from time to time, the Company may receive a subpoena from a government agency such as the Equal Employment Opportunity Commission, Occupational Safety and Health Administration, the Department of Labor, the Treasury Department, and other federal and state agencies or foreign governments or government agencies. These subpoena may or may not be routine inquiries, or may begin as routine inquiries and over time develop into enforcement actions of various types. The product liability claims are generally covered by various insurance policies, subject to certain deductible amounts, maximum policy limits and certain exclusions in the respective policies or required as a matter of law. In some cases we may be entitled to indemnification by third parties. When there is no insurance coverage, as would typically be the case primarily in lawsuits alleging patent infringement or in connection with certain government investigations, or indemnification obligation of a third party we establish reserves sufficient to cover probable losses associated with such claims. We do not expect that the resolution of any pending claims or investigations will have a material adverse effect on our financial condition, results of operations or cash flows. There can be no assurance, however, that future claims or investigations, or the costs associated with responding to such claims or investigations, especially claims and investigations not covered by insurance, will not have a material adverse effect on our financial condition, results of operations or cash flows.

Manufacturers of medical products may face exposure to significant product liability claims. To date, we have not experienced any product liability claims that are material to our financial statements or condition, 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 million per incident and $25 million in the aggregate annually, which we believe is adequate. This coverage is on a claims-made basis. There can be no assurance that claims will not exceed insurance coverage, that the carriers will be solvent or that such insurance will be available to us in the future at a reasonable cost.

Our operations are subject, and in the past have been 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 would not have a material adverse effect on our financial condition, results of operations or cash flows.

Table of Contents

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock, par value $.01 per share, is traded on the Nasdaq Stock Market under the symbol "CNMD". At January 31, 2011, there were 864 registered holders of our common stock and approximately 6,157 accounts held in "street name".

The following table sets forth quarterly high and low sales prices for the years ended December 31, 2009 and 2010, as reported by the Nasdaq Stock Market.

	2009	
Period	High	Low
First Quarter	$23.99	$11.68
Second Quarter	16.49	12.31
Third Quarter	20.58	15.00
Fourth Quarter	23.69	18.35

	2010	
Period	High	Low
First Quarter	$25.23	$21.51
Second Quarter	25.08	18.63
Third Quarter	22.41	16.84
Fourth Quarter	26.64	21.51

We did not pay cash dividends on our common stock during 2009 or 2010 and do not currently intend to pay dividends for the foreseeable future. Future decisions as to the payment of dividends will be at the discretion of the Board of Directors, subject to conditions then existing, including our financial requirements and condition and the limitation and payment of cash dividends contained in debt agreements.

Our Board of Directors has authorized a share repurchase program; see Note 7 to the Consolidated Financial Statements.

Information relating to compensation plans under which equity securities of CONMED Corporation are authorized for issuance is set forth below:

Table of Contents

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	2,870,723	$23.98	970,156
Equity compensation plans not approved by security holders	-	-	-
Total	2,870,723	$23.98	970,156

Performance Graph

The performance graph below compares the yearly percentage change in the Company's Common Stock with the cumulative total return of the NASDAQ Composite Index and the cumulative total return of the Standard & Poor's Health Care Equipment Index. In each case, the cumulative total return assumes reinvestment of dividends into the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable fiscal year.

Table of Contents

Table of Contents

Item 6. Selected Financial Data

The following table sets forth selected historical financial data for the years ended December 31, 2006, 2007, 2008, 2009 and 2010. The financial data set forth below should be read in conjunction with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of this Form 10-K and the Financial Statements of the Company and the notes thereto.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA (AS ADJUSTED) (1)

	Years Ended December 31,				
	2006	2007	2008	2009	2010
	(in thousands, except per share data)				
Statements of Operations Data (2):					
Net sales	$646,812	$694,288	$742,183	$694,739	$713,723
Cost of sales (3)	333,966	345,163	359,802	357,407	348,339
Gross profit	312,846	349,125	382,381	337,332	365,384
Selling and administrative	234,832	240,541	272,437	266,310	276,463
Research and development	30,715	30,400	33,108	31,837	29,652
Impairment of goodwill (4)	46,689	-	-	-	-
Other expense (income) (5)	5,213	(2,807)	1,577	10,916	2,176
Income (loss) from operations	(4,603)	80,991	75,259	28,269	57,093
Gain (loss) on early extinguishment of debt (6)	(678)	-	1,947	1,083	(79)
Amortization of debt discount	4,324	4,618	4,823	4,111	4,244
Interest expense	19,120	16,234	10,372	7,086	7,113
Income (loss) before income taxes	(28,725)	60,139	62,011	18,155	45,657
Provision (benefit) for income taxes	(13,492)	21,595	22,022	6,018	15,311
Net income (loss)	$(15,233)	$38,544	$39,989	$12,137	$30,346
Earnings (loss) Per Share					
Basic	$(.54)	$1.36	$1.39	$0.42	$1.06
Diluted	$(.54)	$1.33	$1.37	$0.42	$1.05
Weighted Average Number of Common Shares In Calculating:					
Basic earnings (loss) per share	27,966	28,416	28,796	29,074	28,715
Diluted earnings (loss) per share	27,966	28,965	29,227	29,142	28,911
Other Financial Data:					
Depreciation and amortization	$34,175	$36,152	$37,159	$41,283	$41,807
Capital expenditures	21,895	20,910	35,879	21,444	14,732
Balance Sheet Data (at period end):					
Cash and cash equivalents	$3,831	$11,695	$11,811	$10,098	$12,417
Total assets	861,571	893,951	931,661	958,413	985,773
Long-term obligations	329,818	298,383	316,532	302,791	219,344

Total shareholders’ equity	456,548	518,284	540,215	576,515	586,563

(1) In May 2008, the FASB issued guidance which specifies that issuers of convertible debt instruments that permit or require the issuer to pay cash upon conversion should separately account for the liability and equity components in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. The Company is required to apply the guidance retrospectively to all past periods presented. We adopted this guidance on January 1, 2009 related to our 2.50% convertible senior subordinated notes due 2024 (“the Notes”). See additional discussion in Note 15 of the Consolidated Financial Statements.

Table of Contents

(2) Results of operations of acquired businesses have been recorded in the financial statements since the date of acquisition.

(3) Includes acquisition and acquisition-transition related charges of $10.0 million in 2006 and $1.0 million in 2008. Also includes in 2006 charges of $1.3 million related to the closing of our manufacturing facility in Montreal, Canada; in 2008, 2009 and 2010, charges related to the restructuring of certain of our operations of $2.5 million, $11.8 million and $2.4 million, respectively; in 2009 charges of $0.8 million related to the write-down of inventory and in 2010 charges of $2.5 million related to the termination of a product offering in our CONMED Linvatec division. See additional discussion in Note 16 to the Consolidated Financial Statements.

(4) During 2006, we recorded a $46.7 million charge for the impairment of goodwill related to the CONMED Endoscopic Technologies business unit.

(5) Other expense (income) includes the following:

	2006	2007	2008	2009	2010
Acquisition-transition related costs	$ 2,592	$ -	$ -	$ -	$ -
Termination of product offering	1,448	148	-	-	-
Loss on settlement of patent dispute	595	-	-	-	-
Gain on litigation settlement	-	(6,072)	-	-	-
Loss on litigation settlement	-	1,295	-	-	-
New plant/facility consolidation	578	1,822	1,577	2,726	-
Net pension gain	-	-	-	(1,882)	-
Product recall	-	-	-	5,992	-
CONMED Endoscopic Technologies division consolidation	-	-	-	4,080	679
CONMED Linvatec division consolidation costs	-	-	-	-	1,497
Other expense (income)	$ 5,213	$ (2,807)	$ 1,577	$ 10,916	$ 2,176

See additional discussion in Note 11 to the Consolidated Financial Statements.

(6) Includes in 2006 and 2010, charges of $0.7 million and $0.1 million, respectively, related to losses on early extinguishment of debt. Includes in 2008 and 2009, gains of $1.9 million and $1.1 million, respectively, on early extinguishment of debt. See additional discussion in Note 5 to the Consolidated Financial Statements.

Table of Contents

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 and related notes contained elsewhere in this report.

Overview of CONMED Corporation

CONMED Corporation (“CONMED”, the “Company”, “we” or “us”) is a medical technology company with an emphasis on surgical devices and equipment for minimally invasive procedures and monitoring. The Company’s products serve the clinical areas of arthroscopy, powered surgical instruments, electrosurgery, cardiac monitoring disposables, endosurgery and endoscopic technologies. They are used by surgeons and physicians in a variety of specialties including orthopedics, general surgery, gynecology, neurosurgery, and gastroenterology. These product lines and the percentage of consolidated revenues associated with each, are as follows:

	2008		2009		2010	
Arthroscopy	38	%	39	%	40	%
Powered Surgical Instruments	21		21		20	
Electrosurgery	14		14		14	
Patient Care	11		10		10	
Endosurgery	9		9		9	
Endoscopic Technologies	7		7		7	
Consolidated Net Sales	100	%	100	%	100	%

A significant amount of our products are used in surgical procedures with approximately 75% of our revenues derived from the sale of disposable products. Our capital equipment offerings also facilitate the ongoing sale of related disposable products and accessories, thus providing us with a recurring revenue stream. We manufacture substantially all of our products in facilities located in the United States, Mexico and Finland. We market our products both domestically and internationally directly to customers and through distributors. International sales approximated 44%, 45% and 48% in 2008, 2009 and 2010, respectively.

Business Environment and Opportunities

The aging of the worldwide population along with lifestyle changes, continued cost containment pressures on healthcare systems and the desire of clinicians and administrators to use less invasive (or noninvasive) procedures are important trends which are driving the long-term growth in our industry. We believe that with our broad product offering of high quality surgical and patient care products, we can capitalize on this growth for the benefit of the Company and our shareholders.

In order to further our growth prospects, we have historically used strategic business acquisitions and exclusive distribution relationships to continue to

Table of Contents

diversify our product offerings, increase our market share and realize economies of scale.

We have a variety of research and development initiatives focused in each of our principal product lines as continued innovation and commercialization of new proprietary products and processes are essential elements of our long-term growth strategy. Our reputation as an innovator is exemplified by recent new product introductions such as the 2.8 and 3.3mm PopLock® Knotless Suture Anchors, for repair of unstable shoulders and for use in the emerging Endoscopic hip market; the Concept® Suture Passer, for use in rotator cuff repair; the Sequent™ Meniscal Repair System, which offers suture-locking implant cleats that will provide a knotless repair and allow the surgeon to complete an entire mensical repair with one device without leaving the joint; CrossFT BC™ biocomposite suture anchor for rotator cuff repair; PRO6140 & PRO6240 pin drivers, to allow the use of one device during procedures such as total joint arthroplasty, trauma, sports medicine surgeries as well as small bone orthopedics; and the Altrus® Thermal Tissue Fusion System, which utilizes thermal energy to seal, cut, grasp, and dissect vessels up to 7mm in size utilizing a closed feedback loop between the energy source and the single-use handpiece to precisely control the desired effect on tissue.

Business Challenges

Given significant volatility in the financial markets and foreign currency exchange rates and depressed economic conditions in both domestic and international markets, 2009 presented significant business challenges. While we are cautiously optimistic that the overall global economic environment is improving and have seen a return to revenue growth in 2010, there can be no assurance that the improvement in the economic environment will be sustained. We will continue to monitor and manage the impact of the overall economic environment on the Company.

During 2009 and 2010, we successfully completed our operational restructuring plans whereby we consolidated manufacturing and distribution centers as well as restructured certain of our administrative functions. We will continue to restructure both operations and administrative functions as necessary throughout the organization. However, we cannot be certain such activities will be completed in the estimated time period or that planned cost savings will be achieved.

Our facilities are subject to periodic inspection by the United States Food and Drug Administration (“FDA”) and foreign regulatory agencies or notified bodies for, among other things, conformance to Quality System Regulation and Current Good Manufacturing Practice (“CGMP”) requirements and foreign or international standards. Our products are also subject to product recall and we have made product recalls in the past, including $6.0 million in 2009 related to certain of our powered instrument handpieces. We are committed to the principles and strategies of systems-based quality management for improved CGMP compliance, operational performance and efficiencies through our Company-wide quality systems initiative. However, there can be no assurance that our actions will ensure that we will not receive a warning letter or other regulatory action, which may include consent decrees or fines, that we will not make product recalls in the future or that we will not experience temporary or extended periods during which we may not be able to sell products in foreign countries.

Critical Accounting Policies

Preparation of our financial statements requires us to make estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and

Table of Contents

expenses. Note 1 to the Consolidated Financial Statements describes the significant accounting policies used in preparation of the Consolidated Financial Statements. The most significant areas involving management judgments and estimates are described below and are considered by management to be critical to understanding the financial condition and results of operations of CONMED Corporation.

Revenue Recognition

Revenue is recognized when title has been transferred to the customer which is at the time of shipment. The following policies apply to our major categories of revenue transactions:

- Sales to customers are evidenced by firm purchase orders. Title and the risks and rewards of ownership are transferred to the customer when product is shipped under our stated shipping terms. Payment by the customer is due under fixed payment terms.

- We place certain of our capital equipment with customers in return for commitments to purchase disposable products over time periods generally ranging from one to three years. In these circumstances, no revenue is recognized upon capital equipment shipment and we recognize revenue upon the disposable product shipment. The cost of the equipment is amortized over the term of individual commitment agreements.

- Product returns are only accepted at the discretion of the Company and in accordance with our "Returned Goods Policy". Historically the level of product returns has not been significant. We accrue for sales returns, rebates and allowances based upon an analysis of historical customer returns and credits, rebates, discounts and current market conditions.

- Our terms of sale to customers generally do not include any obligations to perform future services. Limited warranties are provided for capital equipment sales and provisions for warranty are provided at the time of product sale based upon an analysis of historical data.

- Amounts billed to customers related to shipping and handling have been included in net sales. Shipping and handling costs included in selling and administrative expense were $13.4 million, $11.3 million and $7.9 million for 2008, 2009 and 2010, respectively.

- We sell to a diversified base of customers around the world and, therefore, believe there is no material concentration of credit risk.

- We assess the risk of loss on accounts receivable and adjust the allowance for doubtful accounts based on this risk assessment. Historically, losses on accounts receivable have not been material. Management believes that the allowance for doubtful accounts of $1.1 million at December 31, 2010 is adequate to provide for probable losses resulting from accounts receivable.

Table of Contents

Inventory Reserves

We maintain reserves for excess and obsolete inventory resulting from the inability to sell our products at prices in excess of current carrying costs. The markets in which we operate are highly competitive, with new products and surgical procedures introduced on an on-going basis. Such marketplace changes may result in our products becoming obsolete. We make estimates regarding the future recoverability of the costs of our products and record a provision for excess and obsolete inventories based on historical experience, expiration of sterilization dates and expected future trends. If actual product life cycles, product demand or acceptance of new product introductions are less favorable than projected by management, additional inventory write-downs may be required. We believe that our current inventory reserves are adequate.

Goodwill and Intangible Assets

We have a history of growth through acquisitions. Assets and liabilities of acquired businesses are recorded at their estimated fair values as of the date of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. We have accumulated goodwill of $295.1 million and other intangible assets of $190.1 million as of December 31, 2010.

In accordance with Financial Accounting Standards Board (“FASB”) guidance, goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to at least annual impairment testing. It is our policy to perform our annual impairment testing in the fourth quarter. The identification and measurement of goodwill impairment involves the estimation of the fair value of our reporting units. Estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporate management assumptions about expected future cash flows and other valuation techniques. Future cash flows may be affected by changes in industry or market conditions or the rate and extent to which anticipated synergies or cost savings are realized with newly acquired entities. We completed our goodwill impairment testing as of October 1, 2010 and determined that no impairment existed at that date. For our CONMED Electrosurgery, CONMED Endosurgery and CONMED Linvatec operating units, our impairment testing utilized CONMED Corporation’s EBIT multiple adjusted for a market-based control premium with the resultant fair values exceeding carrying values by 76% to 121%. Our CONMED Patient Care operating unit has the least excess of fair value over carrying value of our reporting units; we therefore utilized both a market-based approach and an income approach when performing impairment testing with the resultant fair value exceeding carrying value by 15%. The income approach contained certain key assumptions including that revenue would resume historical growth patterns in 2011 while including certain cost savings associated with the operational restructuring plan completed during 2010. We continue to monitor events and circumstances for triggering events which would more likely than not reduce the fair value of any of our reporting units and require us to perform impairment testing.

Intangible assets with a finite life are amortized over the estimated useful life of the asset and are evaluated each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that its carrying

Table of Contents

amount may not be recoverable. The carrying amount of an intangible asset subject to amortization is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset. An impairment loss is recognized by reducing the carrying amount of the intangible asset to its current fair value.

Customer relationship assets arose principally as a result of the 1997 acquisition of Linvatec Corporation. These assets represent the acquisition date fair value of existing customer relationships based on the after-tax income expected to be derived during their estimated remaining useful life. The useful lives of these customer relationships were not and are not limited by contract or any economic, regulatory or other known factors. The estimated useful life of the Linvatec customer relationship assets was determined as of the date of acquisition as a result of a study of the observed pattern of historical revenue attrition during the 5 years immediately preceding the acquisition of Linvatec Corporation. This observed attrition pattern was then applied to the existing customer relationships to derive the future expected retirement of the customer relationships. This analysis indicated an annual attrition rate of 2.6%. Assuming an exponential attrition pattern, this equated to an average remaining useful life of approximately 38 years for the Linvatec customer relationship assets. Customer relationship intangible assets arising as a result of other business acquisitions are being amortized over a weighted average life of 17 years. The weighted average life for customer relationship assets in aggregate is 34 years.

We evaluate the remaining useful life of our customer relationship intangible assets each reporting period in order to determine whether events and circumstances warrant a revision to the remaining period of amortization. In order to further evaluate the remaining useful life of our customer relationship intangible assets, we perform an analysis and assessment of actual customer attrition and activity as events and circumstances warrant. This assessment includes a comparison of customer activity since the acquisition date and review of customer attrition rates. In the event that our analysis of actual customer attrition rates indicates a level of attrition that is in excess of that which was originally contemplated, we would change the estimated useful life of the related customer relationship asset with the remaining carrying amount amortized prospectively over the revised remaining useful life.

We test our customer relationship assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors specific to our customer relationship assets which might lead to an impairment charge include a significant increase in the annual customer attrition rate or otherwise significant loss of customers, significant decreases in sales or current-period operating or cash flow losses or a projection or forecast of losses. We do not believe that there have been events or changes in circumstances which would indicate the carrying amount of our customer relationship assets might not be recoverable.

See Note 4 to the Consolidated Financial Statements for further discussion of goodwill and other intangible assets.

Pension Plan

We sponsor a defined benefit pension plan covering substantially all our employees. Major assumptions used in accounting for the plan include the discount rate, expected return on plan assets, rate of increase in employee compensation levels and expected mortality. Assumptions are determined based on Company data and appropriate market indicators, and are evaluated annually as of the plan's measurement date. A change in any of these assumptions would have an effect on net periodic pension costs reported in the consolidated financial statements.

Table of Contents

On March 26, 2009, the Board of Directors approved a plan to freeze benefit accruals under our pension plan effective May 14, 2009. As a result, we recorded a curtailment gain of $4.4 million and a reduction in accrued pension of $11.4 million which is included in other long term liabilities. See Note 9 to the Consolidated Financial Statements.

The weighted-average discount rate used to measure pension liabilities and costs is set by reference to the Citigroup Pension Liability Index. However, this index gives only an indication of the appropriate discount rate because the cash flows of the bonds comprising the index do not match the projected benefit payment stream of the plan precisely. For this reason, we also consider the individual characteristics of the plan, such as projected cash flow patterns and payment durations, when setting the discount rate. This discount rate, which is used in determining pension expense, was 5.97% for the first quarter of 2009. The discount rate used for purposes of remeasuring plan liabilities as of the date the plan freeze was approved and for purposes of measuring pension expense for the remainder of 2009 was 7.30%. The rates used in determining 2010 and 2011 pension expense are 5.86% and 5.41%, respectively.

We have used an expected rate of return on pension plan assets of 8.0% for purposes of determining the net periodic pension benefit cost. In determining the expected return on pension plan assets, we consider the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes and economic and other indicators of future performance. In addition, we consult with financial and investment management professionals in developing appropriate targeted rates of return.

Pension expense in 2011 is expected to be $1.9 million compared to expense of $0.9 million in 2010. In addition, we will be required to contribute approximately $2.1 million to the pension plan for the 2011 plan year.

See Note 9 to the Consolidated Financial Statements for further discussion.

Stock Based Compensation

All share-based payments to employees, including grants of employee stock options, restricted stock units, performance share units and stock appreciation rights are recognized in the financial statements based at their fair values. Compensation expense is generally recognized using a straight-line method over the vesting period. Compensation expense for performance share units is recognized using the graded vesting method.

Income Taxes

The recorded future tax benefit arising from deductible temporary differences and tax carryforwards is approximately $38.3 million at December 31, 2010. Management believes that earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits.

We operate in multiple taxing jurisdictions, both within and outside the United States. We face audits from these various tax authorities regarding the amount of taxes due. Such audits can involve complex issues and may require an extended period of time to resolve. The Internal Revenue Service (“IRS”) has completed examinations of our United States federal income tax returns through 2009. Tax years subsequent to 2009 are subject to future examination.

Table of Contents

Consolidated Results of Operations

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

	Year Ended December 31,					
	2008		2009		2010	
Net sales	100.0	%	100.0	%	100.0	%
Cost of sales	48.5		51.4		48.8	
Gross margin	51.5		48.6		51.2	
Selling and administrative expense	36.7		38.3		38.7	
Research and development expense	4.5		4.6		4.2	
Other expense	0.2		1.6		0.3	
Income from operations	10.1		4.1		8.0	
Gain (loss) on early extinguishment of debt	0.3		0.1		(0.0	)
Amortization of debt discount	0.6		0.6		0.6	
Interest expense	1.4		1.0		1.0	
Income before income taxes	8.4		2.6		6.4	
Provision for income taxes	3.0		0.9		2.1	
Net income	5.4	%	1.7	%	4.3	%

2010 Compared to 2009

Sales for 2010 were $713.7 million, an increase of $19.0 million (2.7%) compared to sales of $694.7 million in 2009 with the increases occurring in Arthroscopy, Electrosurgery and Endosurgery. Foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $9.6 million of the increase. In local currency, sales increased 1.4%. Sales of capital equipment decreased $0.7 million (-0.4%) from $165.9 million in 2009 to $165.2 million in 2010; sales of single-use and reposable products increased $19.7 million (3.7%) from $528.8 million in 2009 to $548.5 million in 2010. On a local currency basis, sales of capital equipment decreased 1.7% while single-use and reposable products increased 2.3%.

Cost of sales decreased to $348.3 million in 2010 as compared to $357.4 million in 2009. Gross profit margins increased 2.6 percentage points to 51.2% in 2010 as compared to 48.6% in the same period a year ago. The increase in gross profit margins of 2.6 percentage points is primarily a result of the effects of favorable foreign currency exchange rates on sales (0.7 percentage points) and net cost savings as a result of our restructuring efforts (1.9 percentage points) as more fully described in Note 16 to the Consolidated Financial Statements.

Selling and administrative expense increased to $276.5 million from $266.3 million in 2009. Foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $2.8 million of the increase. Selling and administrative expense as a percentage of net sales increased to 38.7% in 2010 from 38.3% in 2009. This increase of 0.4 percentage points is primarily attributable to higher compensation and benefit costs during the period.

Table of Contents

Research and development expense was $29.7 million in 2010 compared to $31.8 million in 2009. As a percentage of net sales, research and development expense decreased to 4.2% in 2010 compared to 4.6% in 2009. The decrease of 0.4 percentage points is mainly driven by decreased spending on our CONMED Patient Care products (0.2 percentage points), CONMED Linvatec products (0.1 percentage points) and other products (0.1 percentage points).

As discussed in Note 11 to the Consolidated Financial Statements, other expense in 2010 consisted of the following: a $1.5 million charge related to the consolidation of administrative functions in our CONMED Linvatec division and a $0.7 million charge related to a lease impairment on our Chelmsford, Massachusetts facility. Other expense in 2009 consisted of a $2.7 million charge related to the restructuring of certain of the Company's operations; a $4.1 million charge related to the consolidation of the administrative functions of the CONMED Endoscopic Technologies division; a $6.0 million charge related to a voluntary recall of certain of our powered instrument products; and a $1.9 million net pension gain resulting from the freezing of future benefit accruals effective May 14, 2009.

During the second quarter of 2010, we repurchased and retired $3.0 million of our 2.50% convertible senior subordinated notes (the "Notes") for $2.9 million and recorded a loss on the early extinguishment of debt of $0.1 million. During the first quarter of 2009, we repurchased and retired $9.9 million of the Notes for $7.8 million and recorded a gain on the early extinguishment of debt of $1.1 million net of the write-offs of $0.1 million in unamortized deferred financing costs and $1.0 million in unamortized Notes discount. See additional discussion under Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources and Note 5 to the Consolidated Financial Statements.

Amortization of debt discount in 2010 was $4.2 million compared to $4.1 million in 2009. This amortization is associated with the implementation of FASB guidance as of January 1, 2009 as further described in Note 15 to the Consolidated Financial Statements.

Interest expense was $7.1 million in both 2009 and 2010. Interest expense remained the same on lower weighted average borrowings due to higher weighted average interest rates on the borrowings. The weighted average interest rates on our borrowings (inclusive of the finance charge on our accounts receivable sale facility) increased to 3.18% in 2010 as compared to 2.90% in 2009.

A provision for income taxes was recorded at an effective rate of 33.5% in 2010 and 33.1% in 2009 as compared to the Federal statutory rate of 35.0%. The effective tax rate for 2010 is higher than that recorded in the same period a year ago as a result of the settlement of our 2007 IRS examination in the first quarter of 2009, and the resulting adjustment to our reserves and reduction of income tax expense. A reconciliation of the United States statutory income tax rate to our effective tax rate is included in Note 6 to the Consolidated Financial Statements.

2009 Compared to 2008

Sales for 2009 were $694.7 million, a decrease of $47.5 million (-6.4%) compared to sales of $742.2 million in 2008 with the decreases occurring in all product lines except Endosurgery. Foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $20.4 million of the decrease. In local currency, sales decreased 3.7%. Sales of capital equipment decreased $31.9 million (-16.1%) from $197.8 million in 2008 to $165.9 million in 2009; sales of single-use and reposable products decreased $15.6 million (-2.9%) from $544.4 million in 2008 to $528.8 million in 2009. On a local currency basis, sales of capital equipment decreased 13.3% while single-use and reposable products decreased 0.1%. We believe the overall decline in sales is driven by capital purchasing constraints in hospitals due to the depressed economic conditions.

-43-

Table of Contents

Cost of sales decreased to $357.4 million in 2009 as compared to $359.8 million in 2008 on overall decreases in sales volumes as described above. Gross profit margins decreased 2.9 percentage points to 48.6% in 2009 as compared to 51.5% in the same period a year ago. The decrease in gross profit margins of 2.9 percentage points is primarily a result of the effects of unfavorable foreign currency exchange rates on sales (1.5 percentage points) and restructuring of the Company’s operations as more fully described in Note 16 (1.8 percentage points) offset by improved product mix (0.4 percentage points).

Selling and administrative expense decreased from $272.4 million in 2008 to $266.3 million in 2009. Foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $6.8 million of the decrease. Selling and administrative expense as a percentage of net sales increased to 38.3% in 2009 from 36.7% in 2008. This increase of 1.6 percentage points is primarily attributable to higher benefit related costs (0.4 percentage points) and higher sales force and other administrative expenses (1.2 percentage points) as a percent of sales.

Research and development expense was $31.8 million in 2009 compared to $33.1 million in 2008. As a percentage of net sales, research and development expense increased to 4.6% in 2009 compared to 4.5% in 2008. The increase in research and development expense of 0.1 percentage point is due to increased spending on our CONMED Linvatec orthopedic products (0.5 percentage points) offset by decreases in other research and development spending (0.4 percentage points).

As discussed in Note 11 to the Consolidated Financial Statements, other expense in 2009 consisted of the following: a $2.7 million charge related to the restructuring of certain of the Company’s operations; a $4.1 million charge related to the consolidation of the administrative functions of the CONMED Endoscopic Technologies division; a $6.0 million charge related to a voluntary recall of certain of our powered instrument products; and a $1.9 million net pension gain resulting from the freezing of future benefit accruals effective May 14, 2009. Other expense in 2008 consisted of a $1.6 million charge related to the restructuring and relocation of certain of the Company’s facilities.

During the first quarter of 2009, we repurchased and retired $9.9 million of the Notes for $7.8 million and recorded a gain on the early extinguishment of debt of $1.1 million net of the write-offs of $0.1 million in unamortized deferred financing costs and $1.0 million in unamortized Notes discount. During the fourth quarter of 2008, we repurchased and retired $25.0 million of the Notes for $20.2 million and recorded a gain on the early extinguishment of debt of $1.9 million net of the write-off of $0.4 million in unamortized deferred financing costs and $2.4 million in unamortized Notes discount. See additional discussion under Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources and Note 5 to the Consolidated Financial Statements.

Amortization of debt discount in 2009 was $4.1 million compared to $4.8 million in 2008. This amortization is associated with the implementation of FASB guidance as of January 1, 2009 as further described in Note 15 to the Consolidated Financial Statements.

Interest expense in 2009 was $7.1 million compared to $10.4 million in 2008. The decrease in interest expense is due to lower weighted average interest rates combined with lower weighted average borrowings outstanding in 2009 as compared to 2008. The weighted average interest rates on our borrowings (inclusive of the finance charge on our accounts receivable sale facility) decreased to 2.90% in 2009 as compared to 3.78% in 2008.

A provision for income taxes was recorded at an effective rate of 33.1% in 2009 and 35.5% in 2008 as compared to the Federal statutory rate of 35.0%. The effective tax rate for 2009 is lower than that recorded in the same period a year ago as a result of the settlement of our 2007 IRS examination in the first quarter of 2009, and the resulting adjustment to our reserves and reduction of income tax expense. A reconciliation of the United States statutory income tax rate to our effective tax rate is included in Note 6 to the Consolidated Financial Statements.

Operating Segment Results:

Segment information is prepared on the same basis that we review financial information for operational decision-making purposes. We conduct our business through five principal operating segments: CONMED Endoscopic Technologies, CONMED Endosurgery, CONMED Electrosurgery, CONMED Linvatec and CONMED Patient Care. Based upon the aggregation criteria for segment reporting, we have grouped our CONMED Endosurgery, CONMED Electrosurgery and CONMED Linvatec operating segments into a single reporting segment. The economic characteristics of CONMED Patient Care and CONMED Endoscopic Technologies do not meet the criteria for aggregation due to the lower overall operating income (loss) of these segments.

The following tables summarize the Company's results of operations by segment for 2008, 2009 and 2010:

CONMED Endosurgery, CONMED Electrosurgery and CONMED Linvatec

	2008	2009	2010
Net sales	$612,521	$574,820	$596,923
Income from operations	98,101	62,715	77,271
Operating margin	16.0 %	10.9 %	12.9 %

Product offerings include a complete line of endo-mechanical instrumentation for minimally invasive laparoscopic procedures, electrosurgical generators and related surgical instruments, arthroscopic instrumentation for use in orthopedic surgery and small bone, large bone and specialty powered surgical instruments.

- Arthroscopy sales increased $18.6 million (6.9%) in 2010 to $288.4 million from $269.8 million in 2009. Favorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $4.6 million of the increase. Sales of capital equipment increased $1.9 million (2.6%) to $75.2 million in 2010 from $73.3 million in 2009; sales of single-use products increased $16.7 million (8.5%) to $213.2 million in 2010 from $196.5 million in 2009. On a local currency basis, sales of capital equipment increased 1.4% while single-use products increased 6.6%. We believe the overall increase in sales is driven by our new shoulder restoration system and increases in our resection and video imaging products for arthroscopy and general surgery. Arthroscopy sales decreased $22.1 million (-7.6%) in 2009 to $269.8 million from $291.9 million in 2008 as we believe hospitals experienced capital purchasing restraints due to depressed economic conditions. Unfavorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $9.2 million of the decrease. Sales of capital equipment decreased $19.6 million (-21.1%) to $73.3 million in 2009 from $92.9 million in 2008; sales of single-use products decreased $2.5 million (-1.3%) to $196.5 million in 2009 from $199.0 million in 2008. On a local currency basis, sales of capital equipment decreased 18.6% while single-use products increased 2.2%.

- Powered surgical instrument sales decreased $1.7 million (-1.2%) in 2010 to $142.3 million from $144.0 million in 2009 mainly due to decreases in sales of our small bone handpieces. Favorable foreign currency exchange rates (when compared to the same period a year ago) increased sales approximately $2.8 million. Sales of capital equipment decreased $3.3 million (-4.9%) to $64.4 million in 2010 from $67.7 million in 2009; sales of single-use products increased $1.6 million (2.1%) in 2010 to $77.9 million compared to $76.3 million in 2009. On a local currency basis, sales of capital equipment decreased 6.4% while single-use products decreased 0.3%. Powered surgical instrument sales decreased $11.7 million (-7.5%) in 2009 to $144.0 million from $155.7 million in 2008 as we believe hospitals experienced capital purchasing restraints due to depressed economic conditions. Unfavorable foreign currency exchange rates (when compared to the same period a year ago) accounted for approximately $6.1 million of the decrease. Sales of capital equipment decreased $8.7 million (-11.4%) to $67.7 million in 2009 from $76.4 million in 2008; sales of single-use products decreased $3.0 million (-3.8%) in 2009 to $76.3 million from $79.3 million in 2008. On a local currency basis, sales of capital equipment decreased 8.1% while single-use products increased 0.8%.

- Electrosurgery sales increased $2.2 million (2.3%) in 2010 to $97.2 million from $95.0 million in 2009 mainly due to higher pencil sales. Favorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $0.9 million of the increase. Sales of capital equipment increased $0.7 million (2.8%) to $25.6 million in 2010 from $24.9 million in 2009; sales of single-use products increased $1.5 million (2.1%) to $71.6 million in 2010 from $70.1 million in 2009. On a local currency basis, sales of capital equipment increased 1.6% while single-use products increased 1.3%. Electrosurgery sales decreased $5.5 million (-5.5%) in 2009 to $95.0 million from $100.5 million in 2008 as we believe hospitals experienced capital purchasing restraints due to depressed economic conditions. Unfavorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $1.5 million of the decrease. Sales of capital equipment decreased $3.6 million (-12.6%) to $24.9 million in 2009 from $28.5 million in 2008; sales of single-use products decreased $1.9 million (-2.6%) to $70.1 million in 2009 from $72.0 million in 2008. On a local currency basis, sales of capital equipment decreased 10.2% while single-use products decreased 1.5%.

Table of Contents

- Endosurgery sales increased $3.0 million (4.5%) in 2010 to $69.0 million from $66.0 million in 2009 mainly due to increased sales of our suction irrigation and VCARE products. Favorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) increased sales approximately $0.4 million. On local currency basis, sales increased 3.9%. Endosurgery sales increased $1.6 million (2.5%) in 2009 to $66.0 million from $64.4 million in 2008. Unfavorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) decreased sales approximately $1.6 million. On local currency basis, sales increased 5.0%.

- Operating margins as a percentage of net sales increased 2.0 percentage points to 12.9% in 2010 compared to 10.9% in 2009. The increase in operating margins is primarily due to higher gross margins (0.7 percentage points) mainly driven by favorable foreign currency exchange rates, net of costs associated with the termination of a product offering in our CONMED Linvatec division (0.4 percentage points) as more fully described in Note 16 to our Consolidated Financial Statements, lower research and development spending (0.2 percentage points) and the prior year including costs associated with the voluntary recall of certain powered instrument products (0.9 percentage points).

- Operating margins as a percentage of net sales decreased 5.1 percentage points to 10.9% in 2009 compared to 16.0% in 2008. The decrease in operating margins is due to lower gross margins (1.7 percentage points) due to unfavorable foreign currency exchange rates, higher research and development spending (0.6 percentage points) due to increased emphasis on our CONMED Linvatec orthopedic products, and costs associated with the voluntary recall of certain powered instrument products (1.0 percentage points); see Note 11 to the Consolidated Financial Statements for further discussion. In addition, sales force and other relatively fixed administrative expenses increased 1.8 points as a percentage of lower overall sales.

CONMED Patient Care

	2008		2009		2010	
Net sales	$78,384		$70,978		$68,283	
Income (loss) from operations	2,259		(1,263	)	(38	)
Operating margin	2.9	%	(1.8	%)	(0.1	%)

Product offerings include a line of vital signs and cardiac monitoring products including pulse oximetry equipment & sensors, ECG electrodes and cables, cardiac defibrillation & pacing pads and blood pressure cuffs. We also offer a complete line of reusable surgical patient positioners and suction instruments & tubing for use in the operating room, as well as a line of IV products.

- Patient Care sales decreased $2.7 million (-3.8%) in 2010 to $68.3 million compared to $71.0 million in 2009 principally due to decreased sales of ECG electrodes and IV devices. Favorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) increased sales approximately $0.3 million. On a local currency basis, sales decreased 4.2%. Patient Care sales decreased $7.4 million (-9.4%) in 2009 to $71.0 million compared to $78.4 million in 2008 principally due to decreased sales of suction instruments and ECG electrodes to distributors. Unfavorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $0.5 million of the decrease. On a local currency basis, sales decreased 8.8%.

Table of Contents

- Operating margins as a percentage of net sales increased 1.7% percentage points to -0.1% in 2010 compared to -1.8% in 2009. The increase in operating margins is primarily driven by increases in gross margins (0.8 percentage points) mainly due to cost improvements resulting from our operational restructuring and lower research and development spending (1.0 percentage points).

- Operating margins as a percentage of net sales decreased 4.7% percentage points to -1.8% in 2009 compared to 2.9% in 2008. The decreases in operating margins are primarily due to decreases in gross margins of 1.7 percentage points on lower sales volumes in 2009 compared to 2008. Higher selling and relatively fixed administrative costs (4.3 percentage points) accounted for the remaining increase and were offset by decreased research and development spending (1.3 percentage points) on our Endotracheal Cardiac Output Monitor ("ECOM") project.

CONMED Endoscopic Technologies

	2008	2009	2010
Net sales	$51,278	$48,941	$48,517
Income (loss) from operations	(7,411)	(7,904)	(1,315)
Operating margin	(14.5%)	(16.2%)	(2.7%)

Product offerings include a comprehensive line of minimally invasive endoscopic diagnostic and therapeutic instruments used in procedures which require examination of the digestive tract.

- Endoscopic Technologies net sales declined $0.4 million (-0.8%) in 2010 to $48.5 million from $48.9 million in 2009 principally due to lower stricture management and forcep sales. Favorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) increased sales approximately $0.6 million. On a local currency basis, sales decreased 2.0%. Endoscopic Technologies net sales declined $2.4 million (-4.7%) in 2009 to $48.9 million from $51.3 million in 2008 principally due to decreased sales of disposable biopsy forceps. Unfavorable foreign currency exchange rates (when compared to the foreign currency exchange rates in the same period a year ago) accounted for approximately $1.4 million of the decrease. On a local currency basis, sales decreased 1.9%.

- Operating margins as a percentage of net sales increased 13.5 percentage points to (-2.7%) in 2010 from (-16.2%) in 2009. The increase in operating margins of 13.5 percentage points in 2010 is primarily due to the prior year including costs associated with the consolidation of the administrative offices (8.3 percentage points), higher gross margins (1.3 percentage points) and overall lower administrative expenses (5.3 percentage points) as a result of the consolidation of the CONMED Endoscopic Technologies division into the Corporate facility offset by a lease impairment charge in 2010 related to the Chelmsford, Massachusetts facility (1.4 percentage points); see Note 11 to the Consolidated Financial Statements.

Table of Contents

- Operating margins as a percentage of net sales decreased 1.7 percentage points to (-16.2%) in 2009 from (-14.5%) in 2008. The decrease in operating margins of 1.7 percentage points in 2009 is primarily due to charges associated with the consolidation of divisional administrative offices from Chelmsford, Massachusetts to our Corporate Headquarters in Utica, New York (8.3 percentage points); see Note 11 to the Consolidated Financial Statements. This increase in cost was partially offset by higher gross margins (2.3 percentage points), lower research and development spending of (2.5 percentage points) and overall lower spending in selling and administrative expenses (1.8 percentage points) as a result of our continued efforts to improve the profitability of the business.

Liquidity and Capital Resources

Our liquidity needs arise primarily from capital investments, working capital requirements and payments on indebtedness under the senior credit agreement. During 2011, additional liquidity needs may arise if the Notes are put to us as further described below. We have historically met these liquidity requirements with funds generated from operations, including borrowings under our revolving credit facility. In addition, we use term borrowings, including borrowings under our senior credit agreement and borrowings under separate loan facilities, in the case of real property purchases, to finance our acquisitions. We also have the ability to raise funds through the sale of stock or we may issue debt through a private placement or public offering.

Operating cash flows

Our net working capital position was $170.3 million at December 31, 2010. Net cash provided by operating activities was $61.1 million in 2008, $25.0 million in 2009, and $38.2 million in 2010 generated on net income of $40.0 million in 2008, $12.1 million in 2009 and $30.3 million in 2010. The increase in cash provided by operating activities in 2010 is mainly driven by the increase in net income of $18.2 million.

Effective January 1, 2010, a new accounting pronouncement requires accounts receivable sold under our accounts receivable sale agreement be recorded as additional borrowings rather than as a reduction in accounts receivable. This change in accounting has been reflected on a prospective basis. Accordingly, cash collections on behalf of the purchaser of the $29.0 million undivided percentage ownership interest in accounts receivable sold prior to January 1, 2010 have been presented as a reduction in cash from operations. We terminated the accounts receivable sales agreement effective November 4, 2010 and repaid the outstanding balance of $24.0 million. See Note 14 to the Consolidated Financial Statements for further discussion of the change in accounting for the accounts receivable sales agreement.

Investing cash flows

Capital expenditures were $35.9 million, $21.4 million and $14.7 million in 2008, 2009, and 2010, respectively. Capital expenditures are expected to approximate $20.0 million in 2011.

The decrease in capital expenditures in 2010 compared to 2009 is due to the completion during the second quarter of 2009 of the implementation of an enterprise

Table of Contents

business software application as well as certain other infrastructure improvements related to our restructuring efforts as more fully described in Note 16 to the Consolidated Financial Statements and in “Restructuring” below.

During 2010, we acquired a business with a cash purchase price of $5.0 million (see Note 4 to the Consolidated Financial Statements for further discussion). During 2008, we purchased our Italian distributor (the “Italy acquisition”) for $21.8 million.

Financing cash flows

Net cash used in financing activities during 2010 consisted of the following: $2.5 million in proceeds from the issuance of common stock under our equity compensation plans and employee stock purchase plan (See Note 7 to the Consolidated Financial Statements), $12.0 million in borrowings on our revolver under our senior credit agreement, $23.0 million in repurchases of treasury stock, $1.4 million in repayments of term borrowings under our senior credit agreement, $0.8 million in repayments on our mortgage notes, a $2.9 million repurchase of our 2.50% convertible senior subordinated notes and $2.5 million in payments related to the issuance of debt. See Note 5 to the Consolidated Financial Statements for further discussion of the repurchase of the Notes.

On November 30, 2010, we entered into the First Amendment to our Amended and Restated Credit Agreement (the "senior credit agreement”) providing for an expanded $250.0 million revolving credit facility expiring on November 30, 2015. The senior credit agreement continues to include a $135.0 million term loan of which $54.9 million was outstanding as of December 31, 2010. There were $22.0 million in borrowings outstanding on the revolving credit facility as of December 31, 2010. Our available borrowings on the revolving credit facility at December 31, 2010 were $218.5 million with approximately $9.5 million of the facility set aside for outstanding letters of credit.

Borrowings outstanding on the revolving credit facility are due and payable on November 30, 2015. The scheduled principal payments on the term loan portion of the senior credit agreement are $1.4 million annually through December 2011, increasing to $53.6 million in 2012 with the remaining balance outstanding due and payable on April 12, 2013. We may also be required, under certain circumstances, to make additional principal payments based on excess cash flow as defined in the senior credit agreement. Interest rates on the term loan portion of the senior credit agreement are at LIBOR plus 1.50% (1.77% at December 31, 2010) or an alternative base rate; interest rates on the revolving credit facility portion of the senior credit agreement are at LIBOR plus 1.75% (2.02% at December 31, 2010) or an alternative base rate. For those borrowings where the Company elects to use the alternative base rate, the base rate will be the greater of the Prime Rate or the Federal Funds Rate in effect on such date plus 0.50%, plus a margin of 0.50% for term loan borrowings or 0.25% for borrowings under the revolving credit facility.

The senior credit agreement is collateralized by substantially all of our personal property and assets. The senior credit agreement contains covenants and restrictions which, among other things, require the maintenance of certain financial ratios, and restrict dividend payments and the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. We were in full compliance with these covenants and restrictions as of December 31, 2010. We are also required, under certain circumstances, to make mandatory prepayments from net cash proceeds from any issuance of equity and asset sales.

Table of Contents

We have a mortgage note outstanding in connection with the property and facilities utilized by our CONMED Linvatec subsidiary bearing interest at 8.25% per annum with semiannual payments of principal and interest through June 2019. The principal balance outstanding on the mortgage note aggregated $10.5 million at December 31, 2010. The mortgage note is collateralized by the CONMED Linvatec property and facilities.

We have outstanding $112.1 million in 2.50% convertible senior subordinated notes due 2024 ("the Notes"). During 2010, we repurchased and retired $3.0 million of the Notes for $2.9 million and recorded a loss on the early extinguishment of debt of $0.1 million. During 2009, we repurchased and retired $9.9 million of the Notes for $7.8 million and recorded a gain on the early extinguishment of debt of $1.1 million net of the write-offs of $0.1 million in unamortized deferred financing costs and $1.0 million in unamortized Notes discount. The Notes represent subordinated unsecured obligations and are convertible under certain circumstances, as defined in the bond indenture, into a combination of cash and CONMED common stock. Upon conversion, the holder of each Note will receive the conversion value of the Note payable in cash up to the principal amount of the Note and CONMED common stock for the Note's conversion value in excess of such principal amount. Amounts in excess of the principal amount are at an initial conversion rate, subject to adjustment, of 26.1849 shares per $1,000 principal amount of the Note (which represents an initial conversion price of $38.19 per share). As of December 31, 2010, there was no value assigned to the conversion feature because the Company's share price was below the conversion price. The Notes mature on November 15, 2024 and are not redeemable by us prior to November 15, 2011. Holders of the Notes have the right to put to us some or all of the Notes for repurchase on November 15, 2011, 2014 and 2019 and, provided the terms of the indenture are satisfied, we will be required to repurchase the Notes. If the Notes are put to us on November 15, 2011, we expect to utilize our $250.0 million revolving credit facility for payment of the Notes.

The Notes contain two embedded derivatives. The embedded derivatives are recorded at fair value in other long-term liabilities and changes in their value are recorded through the consolidated statements of operations. The embedded derivatives have a nominal value, and it is our belief that any change in their fair value would not have a material adverse effect on our business, financial condition, results of operations, or cash flows.

We had an accounts receivable sales agreement through November 4, 2010 at which time we repaid in full the $24.0 million outstanding and terminated the agreement. Under this agreement, we and certain of our subsidiaries sold on an ongoing basis certain accounts receivable to CONMED Receivables Corporation ("CRC"), a wholly-owned, bankruptcy-remote, special-purpose subsidiary of CONMED Corporation. CRC in turn sold up to an aggregate $40.0 million undivided percentage ownership interest in such receivables (the "asset interest") to a bank (the "purchaser"). The purchaser's share of collections on accounts receivable were calculated as defined in the accounts receivable sales agreement, as amended. Effectively, collections on the pool of receivables flowed first to the purchaser and then to CRC, but to the extent that the purchaser's share of collections were less than the amount of the purchaser's asset interest, there was no recourse to CONMED or CRC for such shortfall. For receivables which had been sold, CONMED Corporation and its subsidiaries retained collection and administrative responsibilities as agent for the purchaser. As of December 31, 2009, the undivided percentage ownership interest in receivables sold by CRC to the purchaser aggregated $29.0 million which was accounted for as a sale and reflected in the balance sheet as a reduction in accounts receivable. Effective January 1, 2010, new accounting guidance requires such receivables sales to be accounted for as additional borrowings and recorded in the current portion of long term debt rather than as previously treated as a sale and reflected in the balance sheet as a reduction in accounts receivable. This guidance is required to be applied on a prospective basis, therefore the December 31, 2009 balance sheet reflects accounts receivable sold under the accounts receivable sales agreement as a reduction in accounts receivable, not as additional borrowings - see Note 14 for further discussion. Expenses associated with the sale of accounts receivable, including the purchaser's financing costs to purchase the accounts receivable, were $1.7 million, $0.5 million and $0.3 million, in 2008, 2009, and 2010, respectively, and are included in interest expense.

-51-

Our Board of Directors has authorized a share repurchase program under which we may repurchase up to $100.0 million of our common stock, although no more than $50.0 million in any calendar year. We repurchased $23.0 million under the share repurchase program during 2010. The remaining availability under the Board of Directors' authorization for stock repurchases is $23.8 million. We have financed the repurchases and may finance additional repurchases through operating cash flow and from available borrowings under our revolving credit facility.

Management believes that cash flow from operations, including cash and cash equivalents on hand and available borrowing capacity under our senior credit agreement will be adequate to meet our anticipated operating working capital requirements, debt service, funding of capital expenditures and common stock repurchases in the foreseeable future. See "Item 1. Business – Forward Looking Statements."

Restructuring

During 2010, we continued our operational restructuring plan which includes the transfer of additional production lines from Utica, New York to our manufacturing facility in Chihuahua, Mexico. We incurred $2.4 million in costs associated with the restructuring during 2010. These costs were charged to cost of goods sold and include severance and other charges associated with the transfer of production to Mexico.

As part of our ongoing restructuring, in 2010 the Company decided to exit certain product offerings within our integrated operating room systems product line. These product offerings include the service arms and service managers. We incurred $2.5 million in costs associated with this termination which were charged to cost of goods sold.

During 2010, we incurred $1.5 million in restructuring costs associated with the consolidation of administrative functions in our CONMED Linvatec division. These costs were charged to other expense.

We will continue to restructure both operations and administrative functions as necessary throughout the organization. As the restructuring plan progresses, we will incur additional charges, including employee termination and other exit costs. Based on the criteria contained within FASB guidance, no accrual for such costs has been made at this time. We estimate restructuring costs will approximate $2.0 million to $3.0 million in 2011 and will be charged to cost of goods sold and other expense.

Refer to Note 16 to the Consolidated Financial Statements for further discussions regarding restructuring.

Table of Contents

Contractual Obligations

The following table summarizes our contractual obligations for the next five years and thereafter (amounts in thousands). Purchase obligations represent purchase orders for goods and services placed in the ordinary course of business. There were no capital lease obligations as of December 31, 2010.

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt	$199,518	$114,337	$55,606	$24,374	$5,201
Purchase obligations	48,627	48,264	363	-	-
Operating lease obligations	30,752	5,905	9,704	5,767	9,376
Total contractual obligations	$278,897	$168,506	$65,673	$30,141	$14,577

In addition to the above contractual obligations, we are required to make periodic interest payments on our long-term debt obligations; (see additional discussion under Item 7A. “Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk” and Note 5 to the Consolidated Financial Statements). The above table does not include required contributions to our pension plan in 2011, which are expected to be approximately $2.1 million. (See Note 9 to the Consolidated Financial Statements). The above table also does not include unrecognized tax benefits of approximately $1.3 million, the timing and certainty of recognition for which is not known. (See Note 6 to the Consolidated Financial Statements).

Stock-based Compensation

We have reserved shares of common stock for issuance to employees and directors under three shareholder-approved share-based compensation plans (the "Plans"). The Plans provide for grants of options, stock appreciation rights (“SARs”), dividend equivalent rights, restricted stock, restricted stock units (“RSUs”), performance share units (“PSUs”) and other equity-based and equity-related awards. The exercise price on all outstanding options and SARs is equal to the quoted fair market value of the stock at the date of grant. RSUs and PSUs are valued at the market value of the underlying stock on the date of grant. Stock options, SARs, RSUs and PSUs are non-transferable other than on death and generally become exercisable over a five year period from date of grant. Stock options and SARs expire ten years from date of grant. SARs are only settled in shares of the Company’s stock. (See Note 7 to the Consolidated Financial Statements).

New Accounting Pronouncements

See Note 14 to the Consolidated Financial Statements for a discussion of new accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices such as commodity prices, foreign currency exchange rates and interest rates. In the normal course of business, we are exposed to various market risks, including changes in foreign currency exchange rates and interest rates. We manage our exposure to these and other market risks through regular operating and financing activities and as necessary through the use of derivative financial instruments.

Foreign currency risk

Approximately 48% of our total 2010 consolidated net sales were to customers outside the United States. We have sales subsidiaries in a significant number of countries in Europe as well as Australia, Canada and Korea. In those countries in which we have a direct presence, our sales are denominated in the local currency amounting to approximately 32% of our total net sales in 2010. The remaining 16% of sales to customers outside the United States was on an export basis and transacted in United States dollars.

Because a significant portion of our operations consist of sales activities in foreign jurisdictions, our financial results may be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the markets in which we distribute products. During 2010, changes in foreign currency exchange rates increased sales by approximately $9.6 million and income before income taxes by approximately $6.8 million.

We manage our foreign currency transaction risks through the use of forward contracts to hedge forecasted cash flows associated with foreign currency transaction exposures. We account for these forward contracts as cash flow hedges. To the extent these forward contracts meet hedge accounting criteria, changes in their fair value are not included in current earnings but are included in Accumulated Other Comprehensive Loss. These changes in fair value will be recognized into earnings as a component of sales when the forecasted transaction occurs. The notional contract amounts for forward contracts outstanding at December 31, 2010 which have been accounted for as cash flow hedges totaled $51.4 million. Net realized gains (losses) recognized for forward contracts accounted for as cash flow hedges approximated -$0.4 million and $2.0 million for the years ended December 31, 2009 and 2010, respectively. Net unrealized losses on forward contracts outstanding which have been accounted for as cash flow hedges and which have been included in other comprehensive income totaled $1.2 million at December 31, 2010. It is expected these unrealized losses will be recognized in the consolidated statement of operations in 2011.

We also enter into forward contracts to exchange foreign currencies for United States dollars in order to hedge our currency transaction exposures on intercompany receivables denominated in foreign currencies. These forward contracts settle each month at month-end, at which time we enter into new forward contracts. We have not designated these forward contracts as hedges and have not applied hedge accounting to them. The notional contract amounts for forward contracts outstanding at December 31, 2010 which have not been designated as hedges totaled $30.1 million. Net realized gains (losses) recognized in connection with those forward contracts not accounted for as hedges approximated -$3.9 million and $0.3 million for the years ended December 31, 2009 and 2010, respectively, offsetting gains (losses) on our intercompany receivables of $4.6 million and -$0.7 million for the years ended December 31, 2009 and 2010, respectively. These gains and losses have been recorded in selling and administrative expense in the consolidated statements of operations.

We record these forward foreign exchange contracts at fair value; the fair value for forward foreign exchange contracts outstanding at December 31, 2010 was $2.0 million and is included in Other Current Liabilities in the Consolidated Balance Sheets.

Refer to Note 13 in the Consolidated Financial Statements for further discussion.

Interest rate risk

At December 31, 2010, we had approximately $76.9 million of variable rate long-term debt outstanding under our senior credit agreement. Assuming no repayments other than our 2010 scheduled term loan payments, if market interest rates for similar borrowings averaged 1.0% more in 2011 than they did in 2010, interest expense would increase, and income before income taxes would decrease by $0.8 million. Comparatively, if market interest rates for similar borrowings average 1.0% less in 2011 than they did in 2010, our interest expense would decrease, and income before income taxes would increase by $0.8 million.

Item 8. Financial Statements and Supplementary Data

Our 2010 Financial Statements are included elsewhere herein.

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

There were no changes in or disagreement with accountants on accounting and financial disclosure.

Item 9A. Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out by CONMED Corporation's management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the fourth quarter of the year ended December 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm thereon are set forth in Part IV, Item 15 of the Annual Report on Form 10-K.

Item 9B. Other Information

Not applicable.

Table of Contents

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to the sections captioned “Proposal One: Election of Directors” and “Directors, Executive Officers, Senior Officers, and Nominees for the Board of Directors” in CONMED Corporation’s definitive Proxy Statement or other informational filing to be filed with the Securities and Exchange Commission on or about April 8, 2011.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to the sections captioned “Compensation Discussion and Analysis”, “Summary Compensation Table”, “Grants of Plan-Based Awards”, “Outstanding Equity Awards at Fiscal Year-End”, “Option Exercises and Stock Vested”, “Pension Benefits”, “Non-Qualified Deferred Compensation”, “Potential Payments upon Termination or Change-in-Control”, “Director Compensation” and “Board of Directors Interlocks and Insider Participation; Certain Relationships and Related Transactions” in CONMED Corporation’s definitive Proxy Statement or other informational filing to be filed with the Securities and Exchange Commission on or about April 8, 2011.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to the section captioned “Security Ownership of Certain Beneficial Owners and Management” in CONMED Corporation’s definitive Proxy Statement or other informational filing to be filed with the Securities and Exchange Commission on or about April 8, 2011.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item 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 or other informational filing to be filed with the Securities and Exchange Commission on or about April 8, 2011.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference to the section captioned “Principal Accounting Fees and Services” in CONMED Corporation’s definitive Proxy Statement or other informational filing to be filed with the Securities and Exchange Commission on or about April 8, 2011.

Table of Contents

PART IV

Item 15. Exhibits, Financial Statement Schedules

Index to Financial Statements

(a)(1)	List of Financial Statements	Page in Form 10-K
	Management's Report on Internal Control Over Financial Reporting	64
	Report of Independent Registered Public Accounting Firm	65
	Consolidated Balance Sheets at December 31, 2009 and 2010	67
	Consolidated Statements of Operations for the Years Ended December 31, 2008, 2009 and 2010	68
	Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2008, 2009 and 2010	69
	Consolidated Statements of Cash Flows for the Years Ended December 31, 2008, 2009 and 2010	71
	Notes to Consolidated Financial Statements	73
(2)	List of Financial Statement Schedules	
	Valuation and Qualifying Accounts (Schedule II)	105
	All other schedules have been omitted because they are not applicable, or the required information is shown in the financial statements or notes thereto.	
(3)	List of Exhibits	
	The exhibits listed on the accompanying Exhibit Index on page 59 below are filed as part of this Form 10-K.	

Table of Contents

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

By: /s/ Joseph J. Corasanti
Joseph J. Corasanti
(President and Chief
Executive Officer)

Date: February 28, 2011

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

Signature	Title	Date
/s/ EUGENE R. CORASANTI Eugene R. Corasanti	Chairman of the Board of Directors	February 28, 2011
/s/ JOSEPH J. CORASANTI Joseph J. Corasanti	President, Chief Executive Officer and Director	February 28, 2011
/s/ ROBERT D. SHALLISH, JR. Robert D. Shallish, Jr.	Vice President-Finance and Chief Financial Officer (Principal Financial Officer)	February 28, 2011
/s/ LUKE A. POMILIO Luke A. Pomilio	Vice President – Corporate Controller and Corporate General Manager (Principal Accounting Officer)	February 28, 2011
/s/ BRUCE F. DANIELS Bruce F. Daniels	Director	February 28, 2011
/s/ Jo ANN GOLDEN Jo Ann Golden	Director	February 28, 2011
/s/ STEPHEN M. MANDIA Stephen M. Mandia	Director	February 28, 2011
/s/ STUART J. SCHWARTZ Stuart J. Schwartz	Director	February 28, 2011
/s/ MARK E. TRYNISKI Mark E. Tryniski	Director	February 28, 2011

Table of Contents

Exhibit Index

Exhibit No.		Description
3.1	-	Amended and Restated By-Laws, as adopted by the Board of Directors on November 5, 2007 (Incorporated by reference to the Company's Current Report on Form 10-Q filed with the Securities and Exchange Commission on November 5, 2007).
3.2	-	1999 Amendment to Certificate of Incorporation and Restated Certificate of Incorporation of CONMED Corporation (Incorporated by reference to Exhibit 3.2 of the Company's 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	-	Guarantee and Collateral Agreement, dated August 28, 2002, made by CONMED Corporation and certain of its subsidiaries in favor of JP Morgan Chase Bank (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).
4.4	-	First Amendment to Guarantee and Collateral Agreement, dated June 30, 2003, made by CONMED Corporation and certain of its subsidiaries in favor of JP Morgan Chase Bank and the several banks and other financial institutions or entities from time to time parties thereto (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
4.5	-	Second Amendment to Guarantee and Collateral Agreement, dated April 13, 2006, made by CONMED Corporation and certain of its subsidiaries in favor of JP Morgan Chase Bank and the several banks and other financial institutions or entities from time to time parties thereto (Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 19, 2006).
4.6	-	Indenture dated November 10, 2004 between CONMED Corporation and The Bank of New York, as Trustee (Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2004).
10.1+	-	Employment Agreement between the Company and Eugene R. Corasanti, dated October 31, 2006 (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2006).

Table of Contents

Exhibit No.		Description
10.2+	-	Amended and Restated Employment Agreement, dated October 30, 2009, by and between CONMED Corporation and Joseph J. Corasanti, Esq. (Incorporated by reference to the Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009).
10.3	-	1992 Stock Option Plan (including form of Stock Option Agreement) (Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 25, 1992).
10.4	-	Amended and Restated Employee Stock Option Plan (including form of Stock Option Agreement) (Incorporated by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
10.5	-	Stock Option Plan for Non-Employee Directors of CONMED Corporation (Incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
10.6	-	Amendment to Stock Option Plan for Non-employee Directors of CONMED Corporation (Incorporated by reference to the Company's Definitive Proxy Statement for the 2002 Annual Meeting filed with the Securities and Exchange Commission on April 17, 2002).
10.7	-	1999 Long-term Incentive Plan (Incorporated by reference to the Company's Definitive Proxy Statement for the 1999 Annual Meeting filed with the Securities and Exchange Commission on April 16, 1999).
10.8	-	Amendment to 1999 Long-term Incentive Plan (Incorporated by reference to the Company's Definitive Proxy Statement for the 2002 Annual Meeting filed with the Securities and Exchange Commission on April 17, 2002).
10.9	-	2002 Employee Stock Purchase Plan (Incorporated by reference to the Company's Definitive Proxy Statement for the 2002 Annual Meeting filed with the Securities and Exchange Commission on April 17, 2002).
10.10	-	Amendment to CONMED Corporation 2002 Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K for the year ended December 31, 2005).
10.11	-	2006 Stock Incentive Plan (Incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-8 on August 8, 2006)
10.12	-	2007 Non-Employee Director Equity Compensation Plan (Incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-8 on August 8, 2007)

Table of Contents

Exhibit No.		Description
10.13	-	Amended and Restated 1999 Long Term Incentive Plan (Incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-8 on November 3, 2009)
10.14	-	Amended and Restated 2007 Non-Employee Director Equity Compensation Plan of CONMED Corporation (Incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-8 on August 3, 2010)
10.15	-	Amended and Restated Credit Agreement, dated April 13, 2006, among CONMED Corporation, JP Morgan Chase Bank and the several banks and other financial institutions or entities from time to time parties thereto (Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 19, 2006).
10.16	-	First Amendment to Amended and Restated Credit Agreement, dated April 13, 2006, among CONMED Corporation, JP Morgan Chase Bank, N.A. and the several banks and other financial institutions or entities from time to time parties thereto (Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 2, 2010).
10.17	-	Registration Rights Agreement, dated November 10, 2004, among CONMED Corporation and UBS Securities LLC on behalf of Several Initial Purchasers (Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2004).
10.18	-	Purchase and Sale Agreement dated November 1, 2001 among CONMED Corporation, et al and CONMED Receivables Corporation (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
10.19	-	Amendment No. 1 dated October 23, 2003 to the Purchase and Sale Agreement dated November 1, 2001 among CONMED Corporation, et al and CONMED Receivables Corporation (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).
10.20	-	Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation, and Fleet National Bank (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).

10.21	-	Amendment No. 1, dated October 20, 2004 to the Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation and Fleet Bank (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.22	-	Amendment No. 2, dated October 21, 2005 to the Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation and Fleet Bank (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005).
10.23	-	Amendment No. 3, dated October 24, 2006 to the Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation and Fleet Bank (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated October 30, 2006).
10.24	-	Amendment No. 4, dated January 31, 2008 to the Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation and Fleet Bank (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 31, 2008).
10.25	-	Amendment No. 5, dated October 30, 2009 to the Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation and Fleet Bank (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated October 30, 2009)
10.26	-	Amendment No. 6, dated October 29, 2010 to the Amended and Restated Receivables Purchase Agreement, dated October 23, 2003, among CONMED Receivables Corporation, CONMED Corporation and Fleet Bank (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated October 29, 2010)
10.27	-	Change in Control Severance Agreement for Joseph J. Corasanti (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)
10.28	-	Change in Control Severance Agreement for Robert D. Shallish, Jr. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)
10.29	-	Change in Control Severance Agreement for Daniel S. Jonas (Incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)

Table of Contents

10.30	-	Change in Control Severance Agreement for Luke A. Pomilio (Incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)
10.31	-	Executive Severance Agreement for Joseph G. Darling (Incorporated by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008)
10.32	-	Change in Control Severence Agreement for Joseph G. Darling (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.)
14	-	Code of Ethics. The CONMED code of ethics may be accessed via the Company's website at http://www.CONMED.com/ investor-ethics.htm
21*	-	Subsidiaries of the Registrant.
23*	-	Consent of Independent Registered Public Accounting Firm.
31.1*	-	Certification of Joseph J. Corasanti pursuant to Rule 13a-15(f) and Rule 15d-15(f) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	-	Certification of Robert D. Shallish, Jr. pursuant to Rule 13a-15(f) and Rule 15d-15(f) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	-	Certifications of Joseph J. Corasanti and Robert D. Shallish, Jr. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
		* Filed herewith
		+ Management contract or compensatory plan or arrangement.

Table of Contents

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of CONMED Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management assessed the effectiveness of CONMED's internal control over financial reporting as of December 31, 2010. In making its assessment, management utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework". Management has concluded that based on its assessment, CONMED's internal control over financial reporting was effective as of December 31, 2010. The effectiveness of the Company's internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ Joseph J. Corasanti
Joseph J. Corasanti
President and
Chief Executive Officer

/s/ Robert D. Shallish, Jr.
Robert D. Shallish, Jr.
Vice President-Finance and
Chief Financial Officer

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CONMED Corporation

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of CONMED Corporation and its subsidiaries at December 31, 2010 and December 31, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 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 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report On Internal Control Over Financial Reporting". Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for the undivided percentage ownership interest in receivables sold effective January 1, 2010.

As discussed in Note 15 to the consolidated financial statements, the Company changed the manner in which it accounts for convertible debt instruments effective January 1, 2009.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

-65-

Table of Contents

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Albany, New York
February 28, 2011

Table of Contents

CONMED CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 2009 and 2010
(In thousands except share and per share amounts)

	2009	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$10,098	$12,417
Accounts receivable, less allowance for doubtful		
accounts of $1,175 in 2009 and $1,066 in 2010	126,162	145,350
Inventories	164,275	172,796
Deferred income taxes	14,782	8,476
Prepaid expenses and other current assets	10,293	11,153
Total current assets	325,610	350,192
Property, plant and equipment, net	143,502	140,895
Deferred income taxes	1,953	2,009
Goodwill	290,505	295,068
Other intangible assets, net	190,849	190,091
Other assets	5,994	7,518
Total assets	$958,413	$985,773
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$2,174	$110,433
Accounts payable	26,210	21,692
Accrued compensation and benefits	25,955	28,411
Income taxes payable	677	973
Other current liabilities	24,091	18,357
Total current liabilities	79,107	179,866
Long-term debt	182,195	85,182
Deferred income taxes	97,916	106,046
Other long-term liabilities	22,680	28,116
Total liabilities	381,898	399,210
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, par value $.01 per share; authorized		
500,000 shares, none issued or outstanding	-	-
Common stock, par value $.01 per share; 100,000,000		
authorized; 31,299,203 issued		
in 2009 and 2010, respectively	313	313
Paid-in capital	317,366	319,406
Retained earnings	325,370	354,020
Accumulated other comprehensive loss	(12,405)	(15,861)
Less: Treasury stock, at cost;		
2,149,832 and 3,077,377 shares in		

2009 and 2010, respectively	(54,129)	(71,315)
Total shareholders' equity	576,515	586,563
Total liabilities and shareholders' equity	$958,413	$985,773

See notes to consolidated financial statements.

Table of Contents

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2008, 2009 and 2010
(In thousands except per share amounts)

	As Adjusted (Note 15) 2008	2009	2010
Net sales	$742,183	$694,739	$713,723
Cost of sales	359,802	357,407	348,339
Gross profit	382,381	337,332	365,384
Selling and administrative expense	272,437	266,310	276,463
Research and development expense	33,108	31,837	29,652
Other expense	1,577	10,916	2,176
	307,122	309,063	308,291
Income from operations	75,259	28,269	57,093
Gain (loss) on early extinguishment of debt	1,947	1,083	(79)
Amortization of debt discount	4,823	4,111	4,244
Interest expense	10,372	7,086	7,113
Income before income taxes	62,011	18,155	45,657
Provision for income taxes	22,022	6,018	15,311
Net income	$39,989	$12,137	$30,346
Earnings per share:			
Basic	$1.39	$0.42	$1.06
Diluted	1.37	0.42	1.05

See notes to consolidated financial statements.

Table of Contents

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 31, 2008, 2009 and 2010
(In thousands)
As Adjusted (Note 15)

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity
Balance at December 31, 2007	31,299	$313	$309,734	$276,324	$ (505)	$(67,582)	$ 518,284
Common stock issued under employee plans			(1,483)	(1,940)		10,313	6,890
Tax benefit arising from common stock issued under employee plans			1,630				1,630
Stock-based compensation			4,178				4,178
Retirement of 2.50% convertible notes			(229)				(229)
Comprehensive income (loss):							
Foreign currency translation adjustments					(12,498)		
Pension liability (net of income tax benefit of $10,566)					(18,029)		
Net income				39,989			

Total comprehensive income							9,462
Balance at December 31, 2008	31,299	$313	$313,830	$314,373	$ (31,032)	$(57,269)	$ 540,215
Common stock issued under employee plans			(1,245)	(1,140)		3,140	755
Tax benefit arising from common stock issued under employee plans			561				561
Retirement of 2.50% convertible notes			(88)				(88)
Stock based compensation			4,308				4,308
Comprehensive income:							
Foreign currency translation adjustments					7,241		

Table of Contents

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 31, 2008, 2009 and 2010
(In thousands)
As Adjusted (Note 15)

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity
Pension liability (net of income tax expense of $6,629)					11,310		
Cash flow hedging gain (net of income tax expense of $45)					76		
Net income				12,137			
Total comprehensive income							30,764
Balance at December 31, 2009	31,299	$313	$317,366	$325,370	$ (12,405)	$(54,129)	$ 576,515
Common stock issued under employee plans			(2,376)	(1,696)		5,791	1,719
Repurchase of treasury stock						(22,977)	(22,977)
Tax benefit arising from common stock issued under employee plans			227				227
Retirement of 2.50% convertible notes			(34)				(34)

Stock based compensation			4,223				4,223
Comprehensive income (loss):							
Foreign currency translation adjustments					65		
Pension liability (net of income tax benefit of $1,289)					(2,200)		
Cash flow hedging loss (net of income tax benefit of $775)					(1,321)		
Net income				30,346			
Total comprehensive income							26,890
Balance at December 31, 2010	31,299	$313	$319,406	$354,020	$ (15,861)	$(71,315)	$ 586,563

See notes to consolidated financial statements.

-70-

Table of Contents

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008, 2009 and 2010
(In thousands)

	As Adjusted (Note 15) 2008	2009	2010
Cash flows from operating activities:			
Net income	$39,989	$12,137	$30,346
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	14,641	18,651	17,392
Amortization of debt discount	4,823	4,111	4,244
Amortization, all other	17,695	18,521	20,171
Stock-based compensation	4,178	4,308	4,223
Deferred income taxes	16,304	4,241	13,158
Sale of accounts receivable to (collections on behalf of) purchaser	(3,000)	(13,000)	(29,000)
Income tax benefit of stock option exercises	1,630	561	227
Excess tax benefit from stock option exercises	(1,738)	(886)	(485)
(Gain) loss on extinguishment of debt	(1,947)	(1,083)	79
Increase (decrease) in cash flows from changes in assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(3,735)	(12,879)	