TELEFLEX INC
Form 10-Q/A
August 05, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
Amendment No. 1

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 28, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission file number 1-5353

TELEFLEX INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	**23-1147939**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
155 South Limerick Road, Limerick, Pennsylvania	**19468**
(Address of principal executive offices)	(Zip Code)

(610) 948-5100
(Registrant s telephone number, including area code)

(None)
(Former Name, Former Address and Former Fiscal Year,
If Changed Since Last Report)

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 þ No 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 the definitions of large accelerated filler , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes o No þ

On July 17, 2009, 39,722,921 shares of the registrant s common stock, $1.00 par value, were outstanding.

Explanatory Note

This Amendment No. 1 on Form 10-Q/A (this “Amendment”) to the Quarterly Report on Form 10-Q of Teleflex Incorporated for the period ended June 28, 2009, as filed with the Securities and Exchange Commission on July 27, 2009 (the “Form 10-Q”) is being filed solely to correct typographical errors under Part 1, Item 2 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Specifically, the captions of the tables appearing in the “Revenues,” “Gross profit,” “Selling, engineering and administrative” and “Interest expense” sections of Item 2 have been revised to replace the “dollars in thousands” references with “dollars in millions.” In addition, the caption “dollars in thousands” has been removed from the table appearing under the “Taxes on income from continuing operations” section of Item 2. Except as specifically noted above, this Amendment does not amend, modify or update any disclosures contained in the Form 10-Q. Accordingly, this Amendment does not reflect events occurring after the filing of the Form 10-Q on July 27, 2009.

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

Forward-Looking Statements

All statements made in this Quarterly Report on Form 10-Q, other than statements of historical fact, are forward-looking statements. The words anticipate, believe, estimate, expect, intend, may, plan, will, guidance, potential, continue, project, forecast, confident, prospects, and similar expressions typically identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about our business and the industry and markets in which we operate. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied by these forward-looking statements due to a number of factors, including changes in business relationships with and purchases by or from major customers or suppliers, including delays or cancellations in shipments; demand for and market acceptance of new and existing products; our ability to integrate acquired businesses into our operations, realize planned synergies and operate such businesses profitably in accordance with expectations; our ability to effectively execute our restructuring programs; competitive market conditions and resulting effects on revenues and pricing; increases in raw material costs that cannot be recovered in product pricing; and global economic factors, including currency exchange rates and interest rates; difficulties entering new markets; and general economic conditions. For a further discussion of the risks relating to our business, see Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. We expressly disclaim any obligation to update these forward-looking statements, except as otherwise specifically stated by us or as required by law or regulation.

Overview

Teleflex strives to maintain a portfolio of businesses that provide consistency of performance, improved profitability and sustainable growth. Over the past several years, we significantly changed the composition of our portfolio through acquisitions and divestitures to improve margins, reduce cyclicality and focus our resources on the development of our core businesses.

On March 20, 2009, we completed the sale of our 51 percent share of Airfoil Technologies International Singapore Pte. Ltd. (ATI Singapore) to GE Pacific Private Limited for $300 million in cash. We recognized a gain of approximately $179 million, net of $97 million of taxes, in discontinued operations. We are also party to an agreement with General Electric Company (GE) that will permit us to transfer our ownership interest in the remaining ATI business (together with ATI Singapore, the ATI Business) to GE by the end of 2009. We used $240 million of the proceeds to repay long-term debt. (See Note 17 to our condensed consolidated financial statements included in this report for discussion of discontinued operations).

We are focused on achieving consistent and sustainable growth through our internal growth initiatives which include the development of new products, expansion of market share, moving existing products into new geographies, and through selected acquisitions which enhance or expedite our development initiatives and our ability to increase market share. We continually evaluate the composition of the portfolio of our businesses to ensure alignment with our overall objectives.

The Medical, Aerospace and Commercial segments comprised 74%, 8% and 18% of our revenues, respectively, for the six months ended June 28, 2009 and comprised 69%, 12% and 19% of our revenues, respectively, for the same period in 2008.

Critical Accounting Estimates

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We believe the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management s Discussion and Analysis and Note 1 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 describe the significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ from management s estimates. We have not identified any new critical accounting estimates during the first six months of 2009.

Results of Operations

Discussion of growth from acquisitions reflects the impact of a purchased company for up to twelve months beyond the date of acquisition. Activity beyond the initial twelve months is considered core growth. Core growth excludes the impact of translating the results of international subsidiaries at different currency exchange rates from year to year and the comparable activity of divested companies within the most recent twelve-month period.

The following comparisons exclude the operations of the ATI Business which have been presented in our consolidated financial results as discontinued operations (see Note 17 to our condensed consolidated financial statements included in this report for discussion of discontinued operations).

Revenues

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
	(Dollars in millions)			
Net revenues	$ 483.1	$ 559.7	$ 952.7	$ 1,101.8

Net revenues for the second quarter of 2009 decreased approximately 14% to $483.1 million from $559.7 million in 2008. Core revenues for the quarter declined 8% , and foreign currency translation caused an additional 5% of the decline in revenue. The disposition of a product line in the Commercial Segment during the first quarter of 2009 accounted for the remaining 1% of the decline in revenues. Core revenues were down in the Aerospace Segment (36%), as air cargo traffic continues to be well below 2008 levels and in the Commercial Segment (18%), as weak global economic conditions continue to negatively impact the markets served by our products in this segment. Core revenues in the Medical Segment were essentially unchanged from the second quarter of 2008 as slightly higher sales of surgical and cardiac care products were offset by lower sales of critical care products and orthopedic devices sold to medical original equipment manufacturers, or OEMs.

Net revenues for the first six months of 2009 decreased approximately 13% to $952.7 million from $1,101.8 million in 2008. Revenues from core business caused 8% of the decline in revenue, while foreign currency translation caused 5% of the decline. We experienced declines in core revenue in each of our three segments, Medical (1%), Aerospace (32%) and Commercial (16%). Weak global economic conditions have negatively impacted markets served by our Aerospace and Commercial Segments throughout 2009 and core growth in the Medical Segment was negatively impacted by distributor inventory reductions in the first quarter of 2009, lower demand for respiratory care products in North America due to a less severe flu season compared to 2008 and a decline in orthopedic devices sold to medical OEMs.

Gross profit

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
	(Dollars in millions)			
Gross profit	$ 206.0	$ 234.3	$ 402.1	$ 447.8
Percentage of sales	42.6%	41.9%	42.2%	40.6%

Gross profit as a percentage of revenues for second quarter of 2009 increased to 42.6% from 41.9% in 2008. The principal factor impacting the overall increase was the higher percentage of Medical revenues. Gross profit as a percentage of revenue was higher in the Medical Segment, but lower in the Aerospace and Commercial Segments.

Gross profit as a percentage of revenues for the first six months of 2009 increased to 42.2% from 40.6% for the same period in 2008. The principal factor impacting the overall increase was a higher percentage of Medical revenues and a $7 million fair value adjustment to inventory in the first quarter of 2008 related to inventory acquired in the Arrow acquisition, which did not recur in 2009. Gross profit as a percentage of revenue for the first six months of 2009 was higher in the Medical Segment, lower in the Commercial Segment and unchanged in the Aerospace Segment compared to the same period of 2008.

Selling, engineering and administrative

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008

	(Dollars in millions)			
Selling, engineering and administrative	$ 134.0	$ 157.4	$ 262.7	$ 305.0
Percentage of sales	27.7%	28.1%	27.6%	27.7%

Selling, engineering and administrative expenses (operating expenses) as a percentage of revenues were 27.7% for the second quarter of 2009 compared to 28.1% for 2008. The reduction in these costs was principally the result of movements in currency exchange rates of approximately $8 million and cost reduction initiatives, including restructuring and integration activities in connection with the Arrow acquisition, which reduced these expenses by approximately $15 million.

Selling, engineering and administrative expenses as a percentage of revenues were 27.6% for the first six months of 2009 which is essentially the same percentage as in the first six months of 2008. The reduction in these costs was principally the result of movements in currency exchange rates of approximately $13 million and cost reduction initiatives, including restructuring and integration activities in connection with the Arrow acquisition and the 2008 Commercial Segment restructuring program, which reduced these expenses by approximately $29 million.

Interest expense

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
	(Dollars in millions)			
Interest expense	$ 22.0	$ 31.4	$ 47.4	$ 62.5
Average interest rate on debt	5.9%	6.2%	5.8%	6.3%

Interest expense decreased in the second quarter of 2009 compared to the same period of 2008 due to a reduction of approximately $375 million in average outstanding debt during the period and lower interest rates. For the first six months of 2009 average outstanding debt was approximately $260 million lower compared to the corresponding period of 2008.

Taxes on income from continuing operations

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Effective income tax rate	51.1%	33.4%	34.3%	37.2%

The principal factors affecting comparability of the effective income tax rate for the respective periods are the impairment losses on non-deductible goodwill of $31.9 million taken in the second quarter of 2009 for which there was no income tax benefit, partially offset by (i) a beneficial net impact of discrete tax charges in both the first and second quarters of 2009, including a net reduction in income tax reserves related to the expiration of statutes of limitation for various uncertain tax positions, the settlement of tax audits, and adjustments to previously filed tax returns, and (ii) the impact of 2009 foreign income inclusions which will be immediately taxed in the US.

Goodwill impairment

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
	(Dollars in thousands)			
Commercial Segment	$ 25,145	$	$ 25,145	$
Aerospace Segment	6,728		6,728	
Goodwill impairment	$ 31,873	$	$ 31,873	$

On July 20, 2009 we announced that we had entered into a definitive agreement to sell our Power Systems operations for $14.5 million which is significantly less than its carrying value on the Company s balance sheet at June 28, 2009. Therefore, considering the guidance of SFAS No. 142 we recognized a non-cash goodwill impairment charge of $25.1 million in the quarter ended June 28, 2009 to adjust the carrying value of these operations to their estimated fair value.

The global recession has had a more significant impact on the Company s Marine and Cargo Container operations than initially anticipated and it appears recovery in those sectors will begin later and at a slower rate than previously believed. As a result of the difficult market conditions in which these reporting units are currently operating and the significant deterioration in the operating performance of these reporting units which has accelerated in the second quarter of 2009, the Company performed an interim review of goodwill and intangible assets in these two reporting units during the second quarter and determined that $6.7 million of goodwill in the Cargo Container operations was impaired.

We will continue to monitor and evaluate the carrying values of our goodwill. If market and economic conditions or our units business performance deteriorates significantly, this could result in our performance of additional interim impairment reviews in the future quarters. Any such impairment reviews could result in recognition of a goodwill impairment charge in 2009 or thereafter.

Restructuring and other impairment charges

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
	(Dollars in thousands)			
2008 Commercial Segment program	$ 917	$	$ 2,055	$
2007 Arrow integration program	2,775	2,734	4,100	10,780
2006 restructuring program		(143)		667
Impairment charges	2,474		2,474	
Restructuring and other impairment charges	$ 6,166	$ 2,591	$ 8,629	$ 11,447

In December 2008, we began certain restructuring initiatives that affect the Commercial Segment. These initiatives involve the consolidation of operations and a related reduction in workforce at three of our facilities in Europe and North America. We determined to undertake these initiatives to improve operating performance and to better leverage our existing resources in light of expected continued weakness in the marine and industrial markets. These costs amounted to approximately $0.9 million and $2.1 million during the three and six months ended June 28, 2009, respectively. As of June 28, 2009, we have completed the 2008 Commercial Segment restructuring program. We expect to realize annual pre-tax savings of between $3.5 $4.5 million in 2010.

In connection with the acquisition of Arrow in 2007, we formulated a plan related to the future integration of Arrow and our other Medical businesses. The integration plan focuses on the closure of Arrow corporate functions and the consolidation of manufacturing, sales, marketing, and distribution functions in North America, Europe and Asia. Costs related to actions that affect employees and facilities of Arrow have been included in the allocation of the purchase price of Arrow. Costs related to actions that affect employees and facilities of Teleflex are charged to earnings and included in restructuring and impairment charges within the consolidated statement of operations. These costs amounted to approximately $2.8 million and $4.1 million during the three and six months ended June 28, 2009, respectively. As of June 28, 2009, we estimate that, for the remainder of 2009 and 2010, the aggregate of future restructuring and impairment charges that we will incur in connection with the Arrow integration plan are approximately $9.9 $12.3 million. Of this amount, $3.5 $4.5 million relates to employee termination costs, $0.8 $1.0 million relates to facility closure costs, $5.5 $6.5 million relates to contract termination costs associated with the termination of leases and certain distribution agreements and $0.1 $0.3 million relates to other restructuring costs. We also have incurred restructuring related costs in the Medical Segment which do not qualify for classification as restructuring costs. In 2009 these costs amounted to $1.1 million and are reported in the Medical Segment s operating results in selling, engineering and administrative expenses. We expect to have realized annual pre-tax savings of between $70 $75 million in 2010 when these integration and restructuring actions are complete.

In June 2006, we began certain restructuring initiatives that affected all three of our operating segments. These initiatives involved the consolidation of operations and a related reduction in workforce at several of our facilities in

Europe and North America. We took these initiatives as a means to improving operating performance and to better leverage our existing resources. These activities are now complete.

During the second quarter of 2009, we recorded a $2.3 million impairment of an intangible asset in the Commercial Segment.

For additional information regarding our restructuring programs, see Note 4 to our condensed consolidated financial statements included in this report.

Segment Reviews

	Three Months Ended			Six Months Ended		
	June 28, 2009	June 29, 2008	% Increase/ (Decrease)	June 28, 2009	June 29, 2008	% Increase/ (Decrease)
	(Dollars in thousands)					
Medical	$ 363,928	$ 384,335	(5)	$ 704,470	$ 758,392	(7)
Aerospace	36,961	65,733	(44)	80,690	132,021	(39)
Commercial	82,170	109,610	(25)	167,574	211,375	(21)
Segment net revenues	$ 483,059	$ 559,678	(14)	$ 952,734	$ 1,101,788	(13)
Medical	$ 78,575	$ 70,652	11	$ 148,768	$ 141,564	5
Aerospace	1,020	7,657	(87)	4,057	12,585	(68)
Commercial	3,171	9,460	(66)	7,832	12,307	(36)
Segment operating profit [(1)]	$ 82,766	$ 87,769	(6)	$ 160,657	$ 166,456	(3)

(1) See Note 16 of our condensed consolidated financial statements for a reconciliation of segment operating profit to income from continuing operations before interest and taxes.

The percentage decreases in net revenues during the three and six month periods ended June 28, 2009 compared to the same period in 2008 are due to the following factors:

	% Increase / (Decrease) 2009 vs. 2008							
	Medical		Aerospace		Commercial		Total	
	Three Months	Six Months	Three Months	Six Months	Three Months	Six Months	Three Months	Six Months
Core growth		(1)	(36)	(32)	(18)	(16)	(8)	(8)
Currency impact	(5)	(6)	(8)	(7)	(3)	(3)	(5)	(5)
Dispositions					(4)	(2)	(1)	
Total change	(5)	(7)	(44)	(39)	(25)	(21)	(14)	(13)

The following is a discussion of our segment operating results.

Comparison of the three and six month periods ended June 28, 2009 and June 29, 2008

Medical

Medical Segment net revenues declined 5% in the second quarter of 2009 to $363.9 million, from $384.3 million in the same period last year. Foreign currency fluctuations caused all the revenue decline as core revenues were essentially flat compared to the second quarter of 2008. Core revenue was higher in the North American, European and Asia/Latin American surgical product groups, but offset by declines in the OEM orthopedic instrumentation product group.

Net revenues for the first six months of 2009 declined 7% compared to the same period of 2008 to $704.5 million, from $758.4 million in the same period in 2008. Foreign currency fluctuations caused 6% of this decrease while core revenue declined 1% during the first six months compared to the same period in 2008. The decline in core revenue was predominantly in the North American critical care market in the first quarter of 2009 and in the OEM orthopedic instrumentation product group.

Information regarding net sales by product group is provided in the following tables. Certain reclassifications within product groups have been made to 2008 amounts to conform to the current year presentation:

	Three Months Ended		% Increase/ (Decrease)		
	June 28, 2009	June 29, 2008	Core Growth	Currency Impact	Total Change
	(Dollars in millions)				
Critical Care	$ 230.9	$ 246.3		(6)	(6)
Surgical	73.1	74.4	5	(7)	(2)
Cardiac Care	19.3	19.0	7	(5)	2
OEM	37.7	40.8	(6)	(2)	(8)
Other	2.9	3.8	(12)	(12)	(24)
Total net sales	$ 363.9	$ 384.3		(5)	(5)

	Six Months Ended		% Increase/ (Decrease)		
	June 28, 2009	June 29, 2008	Core Growth	Currency Impact	Total Change
	(Dollars in millions)				
Critical Care	$ 449.0	$ 490.0	(3)	(5)	(8)
Surgical	142.1	147.3	3	(7)	(4)
Cardiac Care	34.7	37.2	(1)	(6)	(7)
OEM	71.9	77.1	(5)	(2)	(7)
Other	6.8	6.8	14	(14)	
Total net sales	$ 704.5	$ 758.4	(1)	(6)	(7)

Medical Segment net revenues for the six months ended June 28, 2009 and June 29, 2008, respectively, by geographic location were as follows:

	2009	2008
North America	54%	52%
Europe, Middle East and Africa	36%	38%
Asia and Latin America	10%	10%

The decrease in critical care product sales during the second quarter of 2009 compared to the same period in 2008 was entirely due to the 6% decrease in currency exchange rates as core revenue of critical care products was essentially unchanged from the same period in 2008. For the first six months of 2009, currency exchange rates caused 5% of the revenue decline and 3% was due to a decline in core revenue principally due to distributor inventory reductions in the first quarter of 2009 and, with regards to our respiratory care products, a less severe flu season in the first quarter of 2009 compared to 2008.

Surgical product core revenue increased approximately 5% during the second quarter of 2009 in North America, Europe and Asia / Latin America, combined, but was more than offset by the 7% decline in foreign currency rate movements. For the first six months of 2009, surgical product core revenue increased 3% principally due to higher sales in Europe and Asia/Latin America, but was more than offset by a 7% decline in currency exchange rates.

Sales credits issued to customers and the related delay in shipments of replacement products in connection with a voluntary recall of certain intra aortic balloon pump catheters during the first quarter of 2009 was the principal factor in the lack of growth in sales of cardiac care products during the first six months of 2009 compared to the same period of 2008.

Sales to OEMs declined 8% in the second quarter of 2009 and 7% for the first six months of 2009. These declines were largely attributable to lower sales of orthopedic instrumentation products due to customer inventory rebalancing and a reduction in new product launches by OEM customers.

Operating profit in the Medical Segment increased 11%, from $70.7 million in the second quarter of 2008 to $78.6 million during the second quarter of 2009. The negative impact on operating profit from a stronger US dollar was largely offset by approximately $15 million lower manufacturing and selling, general and administrative costs during the current period as a result of cost reduction initiatives, including restructuring and integration activities in connection with the Arrow acquisition, and lower expenses related to the remediation of FDA regulatory issues.

Medical Segment operating profit increased 5% from $141.6 million during the first six months of 2008 to $148.8 million during the first six months of 2009. The negative impact on operating profit from slighty lower revenues and a stronger US dollar was largely offset by approximately $19 million of lower manufacturing and selling, general and administrative costs during the current period as a result of cost reduction initiatives, including restructuring and integration activities in connection with the Arrow acquisition, and lower expenses related to the remediation of FDA regulatory issues. Also, a $7 million expense for fair value adjustment to inventory in the first quarter and year to date 2008 related to inventory acquired in the Arrow acquisition, which did not recur in 2009, had a favorable impact on the comparison of first quarter of 2009 operating profit to the prior year period.

Aerospace

Aerospace Segment revenues declined 44% in the second quarter of 2009 to $37.0 million, from $65.7 million in the same period last year and declined 39% for the first six months of 2009 to $80.7 million, from $132.0 million in the same period of 2008. The current weakness in the commercial aviation sector has reduced the number of aftermarket cargo system conversions, resulting in lower sales of wide body cargo handling systems. In addition, market weakness has resulted in reduced sales to commercial airlines and freight carriers of wide body cargo spare components and repairs and cargo containers and actuators. These reductions were the principal factors driving the 36% and 32% decline in core revenue during the quarter and for the first six months, respectively.

Segment operating profit decreased 87% in the second quarter of 2009, from $7.7 million to $1.0 million, and decreased 68% for the first six months of 2009, from $12.6 million to $4.1 million. This was principally due to the sharply lower sales volumes across the product lines noted above, including an unfavorable mix of lower margin systems sales compared with spares and repairs. The decrease was partially offset by cost reduction initiatives that resulted in operating cost reductions of approximately $2 million in the second quarter of 2009 and approximately $4 million for the first six months of 2009 compared to the same periods of 2008.

Commercial

Commercial Segment revenues declined approximately 25% in the second quarter of 2009 to $82.2 million, from $109.6 million in the same period last year, 18% of which is due to a decline in core revenue. The decline in core revenue was principally a result of a decline in sales of marine products to OEM manufacturers for the recreational boat market (9%) and lower volumes for alternate fuel systems and rigging services (9%) while sales of spare parts in the Marine aftermarket were flat with the same period of 2008. Weakness in global economic conditions continues to adversely impact the markets served by our Commercial businesses.

Commercial Segment revenues declined approximately 21% in the first six months of 2009 to $167.6 million, from $211.4 million in the same period last year, 16% of which is due to a decline in core revenue. The decline in core revenue was principally a result of a decline in sales of marine products to OEM manufacturers for the recreational boat market (13%) and lower volumes for alternate fuel systems (4%).

During the second quarter of 2009, operating profit in the Commercial Segment decreased 66%, from $9.5 million to $3.2 million principally due to the lower sales volumes of marine products to OEM manufacturers for the recreational boat market, alternate fuel systems and rigging services, higher warranty costs related to the truck auxiliary power unit products, and the sale of higher cost inventory in the rigging services business which more than offset the impact from the elimination of approximately $4 million of operating costs compared to the corresponding prior year quarter.

For the first six months of 2009, Commercial Segment operating income decreased 36% from $12.3 million to $7.8 million principally due to the lower sales volumes of marine products to OEM manufacturers for the recreational boat market and alternate fuel systems, higher warranty costs related to the truck auxiliary power unit products, and higher cost inventory in the rigging services business which more than offset the impact from the elimination of approximately $8 million of operating costs compared to the corresponding prior year period.

Liquidity and Capital Resources

Operating activities from continuing operations used net cash of approximately $19 million during the first six months of 2009. Changes in our operating assets and liabilities, which reduced cash by $152 million during the first six months of 2009, primarily reflects payment of income taxes, decreases in accounts payable and accrued expenses and an increase in inventory partly offset by a reduction in accounts receivable. The movement in income taxes payable and deferred income taxes of $116 million during the first six months of 2009 reflects tax payments of approximately

$133 million which included approximately $97 million related to the sale of the ATI Business. The decrease in accounts payable and accrued expenses of $41 million is primarily related to a $26 million reduction in accounts payable and a $15 million decrease in accrued expenses reflecting payment of 2008 incentive compensation and reductions in the integration and restructuring accruals due primarily to payments for termination benefits and contract terminations. The change in inventory reflects deferred orders for wide body cargo system conversions in the aftermarket in the Aerospace Segment coupled with inventory build-up in advance of planned manufacturing relocations in the Medical Segment, partly offset by a decrease in the Commercial Segment reflecting the sale of a product line in the Marine business in the first quarter of 2009. The change in accounts receivable is largely attributable to lower sales in the Aerospace and Commercial Segments, partly offset by changes in the European Medical business, where we have experienced a slightly slower paying pattern from our customers. We believe the slower paying pattern is a result of the current economic environment.

Our financing activities from continuing operations during the first six months of 2009 consisted primarily of payment of $240 million in long-term borrowings, which we funded from the proceeds of the sale of the ATI Business to GE and payment of dividends of $27 million. Cash flows provided by our investing activities from continuing operations during the first six months of 2009 consisted primarily of the proceeds from the sale of the ATI Business, offset principally by $15 million of capital expenditures.

We use an accounts receivable securitization program to gain access to enhanced credit markets and reduce financing costs. As currently structured, accounts receivable of certain domestic subsidiaries are sold on a non-recourse basis to a special purpose entity (SPE), which is a bankruptcy-remote consolidated subsidiary of Teleflex Incorporated. This SPE then sells undivided interests in those receivables to an asset backed commercial paper conduit. The conduit issues notes secured by those interests and other assets to third party investors.

To the extent that cash consideration is received for the sale of undivided interests in the receivables by the SPE to the conduit, it is accounted for as a sale in accordance with SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, as we have relinquished control of the receivables. Accordingly, undivided interests in accounts receivable sold to the commercial paper conduit under these transactions are excluded from accounts receivables, net in the condensed consolidated balance sheets. The interests for which cash consideration is not received from the conduit are retained by the SPE and remain in accounts receivable in the accompanying condensed consolidated balance sheets.

The interests in receivables sold and the interest in receivables retained by the SPE are carried at face value, which is due to the short-term nature of our accounts receivable. The special purpose entity has received cash consideration of $39.7 million and $39.7 million for the interests in the accounts receivable it has sold to the commercial paper conduit at June 28, 2009 and December 31, 2008, respectively. No gain or loss is recorded upon sale as fee charges from the commercial paper conduit are based upon a floating yield rate and the period the undivided interests remain outstanding. Fee charges from the commercial paper conduit are accrued at the end of each month. Should we default under the accounts receivable securitization program, the commercial paper conduit is entitled to receive collections on receivables owned by the SPE in satisfaction of the amount of cash consideration paid to the SPE to the commercial paper conduit. The assets of the SPE are not available to satisfy the obligations of Teleflex or any of its other subsidiaries.

On June 14, 2007, our Board of Directors authorized the repurchase of up to $300 million of our outstanding common stock. Repurchases of our stock under the Board authorization may be made from time to time in the open market and may include privately-negotiated transactions as market conditions warrant and subject to regulatory considerations. The stock repurchase program has no expiration date and the our ability to execute on the program will depend on, among other factors, cash requirements for acquisitions, cash generation from operations, debt repayment obligations, market conditions and regulatory requirements. In addition, our senior loan agreements impose certain restrictions on our ability to repurchase shares in the event our consolidated leverage ratio (described below) exceeds certain levels, which may further limit our ability to repurchase shares under this Board authorization. Through June 28, 2009, no shares have been purchased under this Board authorization.

The following table provides our net debt to total capital ratio:

	June 28, 2009	**December 31, 2008**
	(Dollars in thousands)	
Net debt includes:		
Current borrowings	$ 5,736	$ 108,853
Long-term borrowings	1,299,686	1,437,538
Total debt	1,305,422	1,546,391
Less: Cash and cash equivalents	114,270	107,275
Net debt	$ 1,191,152	$ 1,439,116

Total capital includes:		
Net debt	$ 1,191,152	$ 1,439,116
Total common shareholders equity	1,462,050	1,246,455
Total capital	$ 2,653,202	$ 2,685,571
Percent of net debt to total capital	45%	54%

Our current borrowings decreased significantly during the first six months of 2009 because we repaid $240 million of debt from the proceeds of the sale of the ATI Business. Of the $240 million payment $153 million represented scheduled principal payments through June 30, 2010 on our term loan.

Our senior credit agreement and senior note agreements, which we refer to as the senior loan agreements, contain covenants that, among other things, limit or restrict our ability, and the ability of our subsidiaries, to incur debt, create liens, consolidate, merge or dispose of certain assets, make certain investments, engage in acquisitions, pay dividends on, repurchase or make distributions in respect of capital stock and enter into swap agreements. These agreements also require us to maintain a Consolidated Leverage Ratio (generally, Consolidated Total Indebtedness to Consolidated EBITDA, each as defined in the senior credit agreement) and a Consolidated Interest Coverage Ratio (generally, Consolidated EBITDA to Consolidated Interest Expense, each as defined in the senior credit agreement) at specified levels as of the last day of any period of four consecutive fiscal quarters ending on or nearest to the end of each calendar quarter, calculated pursuant to the definitions and methodology set forth in the senior credit agreement. The following table indicates the applicable ratios under the senior loan agreements and provides actual ratios for prior periods.

	Consolidated Leverage Ratio		**Consolidated Interest Coverage Ratio**	
Fiscal quarter ending on or nearest to	**Must be less than**	**Actual**	**Must be more than**	**Actual**
December 31, 2007	4.75:1	3.80:1	3.00:1	3.46:1
March 31, 2008	4.75:1	3.84:1	3.00:1	3.51:1
June 30, 2008	4.75:1	3.71:1	3.00:1	3.58:1
September 30, 2008	4.75:1	3.43:1	3.00:1	3.78:1
December 31, 2008	4.00:1	3.29:1	3.50:1	4.04:1
March 31, 2009	4.00:1	3.13:1	3.50:1	4.16:1
June 30, 2009	4.00:1	3:19:1	3.50:1	4:37:1
September 30, 2009 and at all times thereafter	3.50:1		3.50:1	

As of June 28, 2009, the aggregate amount of debt maturing for each year is as follows (dollars in millions):

2009	$ 5.7
2010	51.2
2011	247.2
2012	769.7
2013	
2014 and thereafter	231.6

We believe that our cash flow from operations and our ability to access additional funds through credit facilities will enable us to fund our operating requirements and capital expenditures and meet debt obligations. As of June 28, 2009, we had no outstanding borrowings and approximately $7 million in outstanding stand by letters of credit issued under our $400 million revolving credit facility.

Potential Tax Legislation

President Obama and the U.S. Treasury Department proposed, on May 5, 2009, changing certain tax rules for U.S. corporations doing business outside the United States. The proposed changes would limit the ability of U.S. corporations to deduct expenses attributable to foreign earnings, modify the foreign tax credit rules and further restrict the ability of U.S. corporations to transfer funds between foreign subsidiaries without triggering U.S. income tax. It is unclear whether these proposed tax reforms will be enacted or, if enacted, what the ultimate scope of the reforms will be. Depending on their content, such reforms, if enacted, could have an adverse effect on our future operating results.

Item 6. Exhibits
The following exhibits are filed as part of this report:

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.

SIGNATURES

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

TELEFLEX INCORPORATED

By: /s/ Jeffrey P. Black
Jeffrey P. Black
Chairman and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Kevin K. Gordon
Kevin K. Gordon
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Charles E. Williams
Charles E. Williams
Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)

Dated: August 5, 2009

EXHIBIT INDEX

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