TELEFLEX INC
Form 10-K
February 22, 2013
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2012 or

¨ **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)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange On Which Registered**
Common Stock, par value $1 per share	New York Stock Exchange
Preference Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ 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 ¨

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the 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. ¨

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 filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant (32,243,334 shares) on July 1, 2012 (the last business day of the registrant s most recently completed fiscal second quarter) was $1,963,941,473[1] . The aggregate market value was computed by reference to the closing price of the Common Stock on such date.

The registrant had 40,974,639 Common Shares outstanding as of February 11, 2013.

DOCUMENT INCORPORATED BY REFERENCE:

Certain provisions of the registrant s definitive proxy statement in connection with its 2012 Annual Meeting of Shareholders, to be filed within 120 days of the close of the registrant s fiscal year, are incorporated by reference in Part III hereof.

(1) For the purposes of this definition only, the registrant has defined affiliate as including executive officers and directors of the registrant and owners of more than five percent of the common stock of the registrant, without conceding that all such persons are affiliates for purposes of the federal securities laws.

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TELEFLEX INCORPORATED

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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Information Concerning Forward-Looking Statements

All statements made in this Annual Report on Form 10-K, other than statements of historical fact, are forward-looking statements. The words anticipate, believe, estimate, expect, intend, may, plan, will, would, should, guidance, potential, continue, project, and similar expressions typically are used to 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, interest rates and sovereign debt issues; difficulties entering new markets; and general economic conditions. For a further discussion of the risks relating to our business, see Item 1A Risk Factors in this Annual Report on Form 10-K. 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.

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PART I

ITEM 1. ***BUSINESS***

Teleflex Incorporated is referred to herein as we, us, our, Teleflex and the Company.

THE COMPANY

Teleflex is a global provider of medical technology products that enhance clinical benefits, improve patient and provider safety and reduce total procedural costs. We primarily design, develop, manufacture and supply single-use medical devices used by hospitals and healthcare providers for common diagnostic and therapeutic procedures in critical care and surgical applications. We sell our products to hospitals and healthcare providers in more than 140 countries through a combination of our direct sales force and distributors. Because our products are used in numerous markets and for a variety of procedures, we are not dependent upon any one end-market or procedure.

We are focused on achieving consistent, sustainable and profitable growth by increasing our market share and improving our operating efficiencies through:

- the development of new products and product line extensions;
- the investment in new technologies and broadening their applications;
- the expansion of the use of our products in existing markets, as well as the introduction of our products into new geographic markets;
- leveraging our direct sales force and distribution network with new products, manufacturing and distribution facility rationalization and achieving economies of scale as we continue to expand; and
- the potential broadening of our product portfolio through select acquisitions, licensing arrangements and partnerships that enhance, extend or expedite our development initiatives or our ability to increase our market share.

Our research and development capabilities, commitment to engineering excellence and focus on low-cost manufacturing enable us to consistently bring cost effective, innovative products to market that improve the safety, efficacy and quality of healthcare. Our research and development initiatives focus on developing new, innovative products for existing and new therapeutic applications as well as enhancements to, and line extensions of, existing products. We introduced 20 new products and line extensions during 2012. Our portfolio of existing products and pipeline of potential new products consist primarily of Class I and Class II devices, which require 510(k) clearance by the FDA for sale in the United States. We believe that 510(k) clearance reduces our research and development costs and risks, and typically results in a shorter timetable for new product introductions as compared to the premarket approval, or PMA, process that would be required for Class III devices.

Over the past several years we have evolved into a pure-play medical technology company. Through an extensive acquisition and divestiture program, we have significantly changed the composition of our portfolio of businesses, expanding our presence in the medical technology industry, while divesting all of our businesses serving the aerospace and commercial markets.

During 2012, we continued to expand our presence in the anesthesia market through the acquisition of substantially all of the assets of LMA International N.V. (LMA) a global market leader in laryngeal masks with a portfolio of innovative products used extensively in anesthesia and emergency care. In addition, consistent with our strategy to invest in new technologies and research and development to support our future growth, we completed four late-stage technology acquisitions in 2012. See Note 3 to the consolidated financial statements included in this report for a discussion of the acquisitions.

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During 2012, we sold the orthopedics business line of our OEM Segment. See Note 19 to the consolidated financial statements included in this report for a discussion of the disposition.

OUR BUSINESS

We provide a broad-based platform of products, which we categorize into four groups: Critical Care, Surgical Care, Cardiac Care and OEM and Development Services.

Net Revenues

The following table sets forth our net revenues for 2012, 2011 and 2010 by product category.

	2012	2011	2010
		(Dollars in thousands)	
Critical Care	$ 1,040,547	$ 1,003,792	$ 943,367
Surgical Care	291,219	277,440	262,683
Cardiac Care	78,584	79,961	70,559
OEM and Development Services	140,230	129,630	118,364
Other	429	1,705	2,749
Total net revenues	$ 1,551,009	$ 1,492,528	$ 1,397,722

Our products generally serve three end-markets: hospitals and healthcare providers, medical device manufacturers and home care. These markets are influenced by a number of factors, including demographics, utilization and reimbursement patterns. The following table sets forth the percentage of net revenues for 2012, 2011 and 2010 by end market.

	2012	2011	2010
Hospitals / Healthcare Providers	84%	83%	84%
Medical Device Manufacturers	10%	9%	9%
Home Care	6%	8%	7%

We sell and market our products in over 140 countries through a combination of our direct sales force and independent distributors. The following table sets forth the percentage of net revenues (based on business unit location) for 2012, 2011 and 2010 derived from the major geographic areas we serve.

	2012	2011	2010
United States	51%	51%	54%
Europe, Middle East and Africa (EMEA)	34%	37%	36%
Asia, Latin America and Canada	15%	12%	10%

Additional geographic information is presented in Note 17 to our consolidated financial statements included in this Annual Report on Form 10-K.

We operate 25 manufacturing sites, with major manufacturing operations located in the Czech Republic, Malaysia, Mexico and the United States.

Critical Care

We are a leading provider of specialty products for critical care, which is predominantly comprised of single-use products. The large majority of our sales for single-use products are made to the hospital/healthcare provider market, with a smaller percentage sold to alternate sites.

Critical Care is our largest product group representing 67% of net revenues in 2012. Our products are used in a wide range of critical care procedures for vascular access, anesthesia and airway management, respiratory therapy, treatment of urologic conditions and other specialty procedures.

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Vascular Access Products

Our vascular access products, which accounted for 36 percent of our Critical Care net revenues in 2012, are generally catheter-based products used in a variety of clinical procedures to facilitate a variety of critical care therapies, including the administration of intravenous medications and other therapies and the measurement of blood pressure and taking of blood samples through a single puncture site.

Our vascular access catheters and related devices consist principally of central venous access catheters such as the following:

- the ARROW multi-lumen catheter, a catheter equipped with three or four channels, or lumens;
- ARROW double-and single-lumen catheters, which are designed for use in a number of clinical procedures;
- the ARROW pressure injectable central venous catheter, or CVC, which gives clinicians who perform contrast-enhanced CT scans the ability to use an indwelling pressure injectable ARROW CVC to inject contrast dye for their scan without having to insert a second catheter;
- ARROW percutaneous sheath introducers, which are used to insert cardiovascular and other catheterization devices into the vascular system during critical care procedures; and
- ARROW arterial catheterization sets, which facilitate arterial pressure monitoring and blood withdrawal for glucose, blood-gas and electrolyte measurement in a wide variety of critical care and intensive care settings.

Many of our vascular access catheters are treated with the ARROWg+ard or ARROWg+ard Blue Plus antimicrobial surface treatments to reduce the risk of catheter related bloodstream infection. ARROWg+ard Blue Plus provides antimicrobial treatment of the interior lumens and hubs of each catheter.

We also provide a range of peripherally inserted central catheters, or PICCs, which are soft, flexible catheters inserted in the upper arm and advanced into the superior vena cava that are used to administer various types of intravenous medications and therapies. Our offerings include a pressure injectable peripherally inserted catheter, which addresses the therapeutic need for a catheter that can withstand the higher pressures required by the injection of contrast media for CT scans. The two newest additions to the PICC portfolio in the United States include:

- ARROWEVOLUTION PICC with Chlorag+ard technology, a pressure-injectable PICC treated with a chlorhexidine-based solution from tip to hub on both the inner and outer lumen surfaces. Introduced in 2010, Chlorag+ard is our newest coating technology for use on some peripherally inserted central catheters, providing a reduction in colonization of pathogens responsible for causing catheter-related bloodstream infections for up to 30 days.
- ARROW s VasoNova Positioning System (VPS) collects data from its single use biosensor and uses proprietary algorithms to accurately confirm catheter location in the vasculature. The biosensor can be used with any suitable diameter CVC or PICC catheter. It is FDA cleared as an alternative to chest x-ray confirmation, shortening hospital stays and lowering costs associated with catheter insertion procedures.

As part of our ongoing efforts to meet physicians needs for safety and management of risk of infection in the hospital setting, we offer many of our vascular access catheters in a Maximal Barrier Precautions Tray. The tray is available for central venous (CVC), multi access (MAC) and peripheral venous access (PICC) and includes a full body drape, coated or non-coated catheter and other accessories. These kits were created to assist healthcare providers in complying with guidelines for reducing catheter-related bloodstream infections that have been established by a variety of health regulatory agencies, such as the Centers for Disease Control and Prevention and the Joint Commission on the Accreditation of Healthcare Organizations.

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Our newest offering is the ErgoPack system designed to support consistent compliance with established guidelines for infection prevention and safety measures during catheter insertion. The system provides components which are packaged in the tray in the order in which they will be needed during the procedure and incorporates features intended to enhance ease of use and patient and provider safety. The ErgoPack system is offered for CVC, PICC, MAC and Acute Hemodialysis product offerings.

These advanced ErgoPack systems are designed to reduce procedural time and the risk of catheter-related blood stream infection. Combined with the ARROW VPS system, which has been approved by the FDA as a replacement for chest x-ray following the insertion of a central venous catheter, these products collectively offer the opportunity to reduce injuries to the healthcare provider, expedite placement of a central venous catheter, reduce patient exposure to x-ray, expedite infusion of medication and reduce the risk of catheter related infection and thrombosis for the patient. The intended net result is a more cost-effective and safer approach to management of the insertion and use of central venous catheter.

Anesthesia

Our anesthesia portfolio, which includes airway and pain management products, accounted for 23 percent of our Critical Care product net revenues in 2012. Teleflex airway management products are used to maintain a patent airway for patients in surgical, critical care and emergency settings. These products are primarily marketed under the Rusch® brand and include endotracheal tubes, tracheostomy tubes, oral and nasal airways, laryngoscopes, face masks, and anesthesia circuits.

In 2012, Teleflex expanded our anesthesia franchise with the acquisition of LMA International N.V. (LMA). LMA® is a global market leader in laryngeal masks with a portfolio of innovative products used extensively in anesthesia and emergency care. The addition of this business significantly strengthens and expands our global anesthesia product portfolio, providing opportunities with respect to key clinical U.S. and international call points, while also further strengthening our Group Purchasing Organizations (GPO) relationships.

Teleflex also acquired and commercialized a late-stage airway management technology in 2012. The Rusch® EZ-Blocker disposable catheter is an innovative technology that improves Teleflex s competitive position. The EZ-Blocker catheter is used in lung isolation procedures to achieve one-lung ventilation and is designed to provide benefits that overcome the significant drawbacks of currently used products. The design of the EZ-Blocker catheter allows for use in combination with a standard endotracheal tube and enables positioning over the carina. We acquired the device in May of 2012.

Our pain management, or regional anesthesia, products include epidural catheters and trays, spinal needles and trays and peripheral nerve block needles, catheters and trays. Teleflex s comprehensive portfolio of pain management products are marketed under the ARROW® brand and are designed to provide pain relief during a broad range of surgical and obstetric procedures to help clinicians better manage each patient s individual pain, while reducing complications and associated costs.

In 2012, we strengthened our Pain Management portfolio with the launch of the ARROW® FlexTip® Plus Multi-Port Catheter, an epidural catheter that uses the same technology as our ARROW® FlexTip Plus open tip, single-port catheter, which has been proven to significantly reduce complications, such as vein cannulations and paresthesia. The unique polyurethane FlexTip Plus Multi-Port catheter provides a solution for clinicians who believe a better block is achieved with a multi-orifice catheter rather than with a single-hole, open tip catheter.

In late 2012, the Anesthesia business also launched the ARROW® FlexBlock Continuous Peripheral Nerve Block Catheter, which is intended for clinicians who use ultrasound-guidance when placing continuous peripheral nerve block catheters. The FlexBlock catheter s coil-reinforced, polyurethane body is designed to help improve continuous nerve blocking by providing clinicians with

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an echogenic catheter. The coil reinforcement also makes FlexBlock kink resistant to better maintain patency, even in some situations that might cause ordinary nylon catheters to fail. The unique Tuohy introducer needles are designed to enable clinicians to retract the catheter back into the needle, if necessary, without withdrawing the needle and resticking the patient.

Respiratory Care

Teleflex s respiratory products accounted for 16 percent of our Critical Care product net revenues in 2012. Our Hudson RCI brand has been a leader in respiratory care for more than 65 years, providing innovative products that are designed to help clinicians improve patient outcomes while reducing costs. Our comprehensive portfolio is used in a variety of care settings and includes:

- oxygen therapy products, including oxygen masks, cannulas, humidifiers and tubing;
- aerosol therapy products, including small and large volume nebulizers, peak flow meters and aerosol chambers;
- spirometry products, including incentive breathing exercisers; and
- ventilation management products, including ventilator circuits, humidification devices and bacteria/virus filters.

In 2012, we launched several new products to complement the popular ConchaTherm® Neptune® Heated Humidifier. The ConchaTherm Neptune enables clinicians to optimize humidification to improve patient outcomes. Featuring adjustable temperature and gradient control, the ConchaTherm® Neptune® supports clinical practice guidelines for humidification delivery during invasive and noninvasive ventilation. Because of the ConchaTherm® Neptune® s flexibility in operation, therapists can easily adjust the humidifier after routine clinical assessments.

Launched in late 2012, ISO-Gard® Circuit Technology is used in conjunction with the ConchaTherm Neptune. This disposable circuit promotes a closed system ventilation approach by integrating reservoirs into the breathing circuit that collect excess condensate or secretions, which can be easily emptied with a suction wand. This closed system minimizes circuit breaks, which reduces the risk of cross contamination and eliminates the need to interrupt ventilation. As a result, the ISO-Gard Circuit Technology helps to reduce both patient and clinician exposure to mucosal secretions and supports strategies for reducing the risk of ventilator-associated pneumonia in acute care hospitals.

In 2012, Teleflex also launched the Softech® Plus line of adult, pediatric, infant and neonatal oxygen cannulas that feature a new material blend resulting in softness that provides optimal patient comfort with an ideal fit. The Softech Plus non-DEHP construction helps customers comply with evolving patient safety standards.

Specialty Markets

Teleflex s Specialty products accounted for 25 percent of our Critical Care product net revenues in 2012. Our Specialty Markets business sells Respiratory, Anesthesia, Interventional Access and Urology products into the Homecare and other alternative channels of care.

Our line of Urology products provides bladder management for patients in the hospital and home care markets. Our product portfolio consists principally of a wide range of catheters (including Foley, intermittent, external and suprapubic), urine collectors, catheterization accessories and products for operative endurology marketed under the Rusch® brand name.

Our Urology business serves home care markets and patient care outside of the hospital. Over the past few years, we have expanded our offerings for these markets to include a wider range of intermittent catheters, catheter insertion kits and accessories used by quadriplegic and paraplegic people. Many of these products are designed to support patient safety and infection prevention

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efforts. For example, we market an intermittent catheter with hydrophilic coating, an Ergothan tip, protective sleeve and saline solution in our EMEA region. In the United States, we recently expanded our hydrophilic coated intermittent catheter line to include female lengths as well as complete sterile insertion kits for both standard (male) and female lengths. The uncoated intermittent catheter line in the United States was also expanded recently to include a full range of female length catheters and a complete offering of sterile insertion kits for the standard (male), Coudé, and female styles.

Home care markets are subject to local and regional reimbursement regulations that can impact volumes and pricing. For example, in the United States, reimbursement regulations were implemented in 2008 that permit reimbursement for up to 200 catheters per month, replacing the previous limit of four catheters per month. The change promoted a shift from re-useable catheters, with their inherent risk of infections, to single-use intermittent catheters. Sales of our intermittent catheters in the United States have benefited from this change in reimbursement policy.

The Gibeck® TRACH-VENT® HME (Heat & Moisture Exchanger) family of products are designed to provide excellent humidification for spontaneously breathing tracheostomized patients. In November 2012, we introduced the Gibeck® TRACH VENT T with 5mm Collar. This HME provides optimal moisture via Gibeck Microwell paper while accommodating all patient sizes.

Interventional Access products include tunneled hemodialysis catheters, acute hemodialysis catheters, Percutaneous transluminal angioplasty (PTA) balloons, embolectomy balloons, a mechanical thrombectomy device, reinforced percutaneous sheath introducers and diagnostic and drainage kits.

The line of tunneled dialysis catheters offers antegrade and retrograde catheters in the split tipped ARROW Edge Catheter and the ARROW Cannon II Plus Catheter. In the step tip catheter the antegrade and retrograde NextStep Catheter is offered with a reverse port configuration. The acute hemodialysis catheters are treated with the ARROWg+ard antimicrobial surface treatments to reduce the risk of catheter related bloodstream infection. In May of 2012, we acquired Semprus BioSciences, a biomedical company that developed Sustain , a long-lasting, covalently bonded, non-leaching polymer designed to reduce infections and thrombus related complications. Our tunneled hemodialysis catheters will be treated with Sustain , in order to reduce the attachment of platelets and blood proteins at the device surface.

In connection with the acquisition of Hotspur Technologies, a developer of catheter-based technologies designed to restore blood flow in patients with obstructed vessels, we obtained the VisioValve Injection System, a patented technology that is the basis for a portfolio of multi-function catheters, such as the GPSCath Balloon Dilitation Catheter. The GPSCath is a specialty two-in-one device intended for dialysis access and peripheral vascular interventions that enables physicians to conduct angioplasty and inject fluid while maintaining guidewire position.

Surgical Care

Surgical Care, which is predominantly comprised of single-use products, represented 19 percent of net revenues in 2012. Our surgical products include: ligation and closure products, including appliers, clips and sutures used in a variety of surgical procedures; access ports used in minimally invasive surgical procedures, including robotic surgery; and fluid management products used for chest drainage. Our surgical products also include reusable hand-held instruments for general and specialty surgical procedures. We market surgical products under the Deknatel, Pilling, Pleur-evac, Taut and Weck brand names. In April 2012 we expanded our Surgical product offerings through acquisition of technology enabling us to launch the Weck EFx™ Endo Fascial Closure System, a port site closure device used in laparoscopic surgical procedures.

Hem-o-lok, a significant part of the Weck portfolio, is a unique locking polymer ligation clip that combines the security of a suture with the speed of a metal clip for open and laparoscopic surgery. Hem-o-lok clips have special applications in robotic, laparoscopic and cardiovascular surgery.

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In addition to the launch of the Weck EFx™ Endo Fascial Closure System, recently introduced products include a new comprehensive line of bladeless laparoscopic access ports under the Weck brand featuring optical trocars, universal balloons and a line of sustainable, reusable obturators and Deklene Maxx, a line of high performing polypropylene sutures utilized extensively in Cardiovascular surgery.

Cardiac Care

Cardiac Care products accounted for approximately 5 percent of net revenues in 2012. Products in this category include diagnostic catheters and capital equipment. Our diagnostic catheters include thermodilution and wedge pressure catheters; specialized angiographic catheters, such as Berman and Reverse Berman catheters; therapeutic delivery catheters, such as temporary pacing catheters; sheaths for femoral and trans-radial aortic access used in diagnostic and therapeutic procedures; and intra-aortic balloon, or IAB, catheters. Capital equipment includes our intra-aortic balloon pump, or IABP, consoles. IABP products are used to augment oxygen delivery to the cardiac muscle and reduce the oxygen demand after cardiac surgery, serious heart attack or interventional procedures.

The IAB and IABP product lines feature the AutoCAT 2 WAVE console and the FiberOptix catheter, which together utilize fiber optic technology for arterial pressure signal acquisition and enable the patented WAVE timing algorithm to support the broadest range of patient heart rhythms, including severely arrhythmic patients.

OEM and Development Services

Customized extrusion, performance fibers and devices sold to original equipment manufacturers, or OEMs, represented 9 percent of our net revenues in 2012. Teleflex Medical OEM designs and delivers products that have applications for a wide variety of organs and systems in the human body. We offer comprehensive product development and outsourcing services, which include design, engineering, regulatory affairs, prototyping, manufacturing, assembly and packaging.

Our OEM products which are marketed under the TFX OEM brand name, include custom-manufactured extrusions, catheters, introducers, dilators and other devices. OEM also markets specialty sutures, resins and yarns for cardiovascular and orthopedic applications under the Deknatel brand.

HISTORY AND RECENT DEVELOPMENTS

Teleflex was founded in 1943 as a manufacturer of precision mechanical push/pull controls for military aircraft. From this original single market, single product orientation, we have grown through an active program of development of new products, introduction of products into new geographic or end-markets and through acquisitions of companies with related market, technology or industry expertise. Throughout our history, we have continually focused on providing innovative, technology-driven, specialty-engineered products that help our customers meet their business requirements.

Over the past several years, we have significantly changed the composition of our portfolio of businesses, expanding our presence in the medical device industry, while divesting all of our businesses serving the aerospace and commercial markets. The most significant of these transactions occurred in 2007 with our acquisition of Arrow International, a leading global supplier of catheter-based medical technology products used for vascular access and cardiac care, and the divestiture of our automotive and industrial businesses. Our acquisition of Arrow significantly expanded our single-use product offerings for critical care, enhanced our global footprint and added to our research and development capabilities. With the divestitures of our marine business and cargo container and systems businesses in 2011, we have become exclusively a medical device company.

We expect to continue to increase the relative composition of our business through a combination of portfolio management and organic growth initiatives. From time to time, we explore and engage in discussions regarding acquisitions that would augment our existing technology platform.

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CHANGE IN REPORTING SEGMENTS AND BUSINESS UNIT STRUCTURE

Effective January 1, 2012, we changed our segment reporting from a single reportable segment to four reportable segments. As initially changed, our reportable segments included three geographically-based segments, North America, EMEA (representing our operations in Europe, the Middle East and Africa) and AJLA (representing our Asian and Latin American operations) and a fourth reportable segment comprised of our OEM business. In addition, in the first quarter of 2012, we changed the number of our reporting units. Previously, we had six reporting units comprised of North America, EMEA, OEM, Japan, Asia Pacific and Latin America. In 2012, in addition to establishing a new North America segment, we established five reporting units within that segment: Vascular, Anesthesia/Respiratory, Cardiac, Surgical and Specialty. Due to the change in the reporting unit structure in North America, we were required to conduct a goodwill impairment test with respect to each of the North American reporting units in the first quarter of 2012, and determined that the goodwill of three of the reporting units was impaired. As a result, we recorded a goodwill impairment charge of $332 million in the first quarter of 2012. See Note 5 to the consolidated financial statements included in this report for a discussion of the goodwill impairment.

During the third quarter of 2012, due to changes in our management and internal reporting structure, our Latin America operations were moved from the AJLA Segment into the North America Segment. As a result of this change, the North America Segment is now referred to as the Americas Segment and the AJLA Segment is now referred to as the Asia Segment. The change did not affect our reporting unit structure. All prior comparative periods have been restated to reflect this change. See Note 17 to the consolidated financial statements included in this report for a discussion of the segments.

GOVERNMENT REGULATION

Government agencies in a number of countries regulate our products and the products sold by our customers that incorporate our products. The U.S. Food and Drug Administration and government agencies in other countries regulate the approval, manufacturing, sale and marketing of many of our healthcare products. For more information, see We are subject to extensive government regulation, which may require us to incur significant expenses to ensure compliance. Our failure to comply with those regulations could have a material adverse effect on our business, results of operations and financial condition. appearing in Item 1A. Risk Factors of this report.

COMPETITION

The medical device industry is highly competitive. We compete with many companies, ranging from small start-up enterprises to companies that are larger and more established than us and have access to significantly greater financial resources. Furthermore, extensive product research and development and rapid technological advances characterize the market in which we compete. We must continue to develop and acquire new products and technologies for our businesses to remain competitive. We believe that we compete primarily on the basis of clinical superiority and innovative features that enhance patient benefit, product reliability, performance, customer and sales support, and cost-effectiveness. Our competitors include C. R. Bard, Inc., Covidien and CareFusion.

SALES AND MARKETING

Our products are sold directly to hospitals, healthcare providers, distributors and to original equipment manufacturers of medical devices through our own sales forces and through independent representatives and independent distributor networks.

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BACKLOG

Most of our products are sold to hospitals or healthcare providers on orders calling for delivery within a few days or weeks, with longer order times for products sold to medical device manufacturers. Therefore, our backlog of orders is not indicative of probable revenues in any future 12-month period.

PATENTS AND TRADEMARKS

We own a portfolio of patents, patents pending and trademarks. We also license various patents and trademarks. Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. Trademark rights may potentially extend for longer periods of time and are dependent upon national laws and use of the marks. All capitalized product names throughout this document are trademarks owned by, or licensed to, us or our subsidiaries. Although these have been of value and are expected to continue to be of value in the future, we do not consider any single patent or trademark, except for the Teleflex and Arrow brands, to be essential to the operation of our business.

SUPPLIERS AND MATERIALS

Materials used in the manufacture of our products are purchased from a large number of suppliers in diverse geographic locations. We are not dependent on any single supplier for a substantial amount of the materials used or components supplied for our overall operations. Most of the materials and components we use are available from multiple sources, and where practical, we attempt to identify alternative suppliers. Volatility in commodity markets, particularly steel and plastic resins, can have a significant impact on the cost of producing certain of our products. We may not be able to successfully pass these cost increases through to all of our customers, particularly original equipment manufacturers.

RESEARCH AND DEVELOPMENT

We are engaged in both internal and external research and development. Our research and development costs principally relate to our efforts to bring innovative new products to the markets we serve, and our efforts to enhance the clinical value, ease of use, safety and reliability of our existing product lines. Our research and development efforts support our strategic objectives to provide safe and effective products that reduce infections, improve patient and clinician safety, enhance patient outcomes and enable less invasive procedures.

We also acquire or license products and technologies that are consistent with our strategic objectives and enhance our ability to provide a full range of product and service options to our customers.

SEASONALITY

Portions of our revenues are subject to seasonal fluctuations. Incidence of flu and other disease patterns as well as the frequency of elective medical procedures affect revenues related to single-use products.

EMPLOYEES

We employed approximately 11,600 full-time and temporary employees at December 31, 2012. Of these employees, approximately 3,100 were employed in the United States and 8,500 in countries outside of the United States. Less than 5% of our employees in the United States were covered by union contracts. We also have collective-bargaining arrangements or union contracts that cover employees in other countries. We believe we have good relationships with our employees.

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INVESTOR INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act). Therefore, we file reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Copies of such reports, proxy statements, and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

You can access financial and other information about us in the Investors section of our website, which can be accessed at www.teleflex.com. We make available through our website, free of charge, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed with or furnished to the SEC under Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after electronically filing or furnishing such material to the SEC. The information on our website is not part of this Annual Report on Form 10-K. The reference to our website address is intended to be an inactive textual reference only.

We are a Delaware corporation incorporated in 1943. Our executive offices are located at 155 South Limerick Road, Limerick, PA 19468. Our telephone number is (610) 948-5100.

EXECUTIVE OFFICERS

The names and ages of all of our executive officers and the positions and offices held by each such officer are as follows:

Name	Age	Positions and Offices with Company
Benson F. Smith	65	Chairman, President, Chief Executive Officer and Director
Liam Kelly	46	Executive Vice President and President, International
Laurence G. Miller	58	Executive Vice President, Chief Administrative Officer, General Counsel and Secretary
Thomas E. Powell	51	Executive Vice President and Chief Financial Officer

Mr. Smith has been our Chairman, President and Chief Executive Officer since January 2011, and has served as a Director since April 2005. Prior to January 2011, Mr. Smith was the managing partner of Sales Research Group, a research and consulting organization. From 1999 to January 2011, he also served as the Chief Executive Officer of BFS & Associates LLC, which specialized in strategic planning and venture investing. From 2000 until 2005, Mr. Smith also served as a speaker and author at The Gallup Organization, a global research-based consultancy firm. Prior to that, Mr. Smith worked for C.R. Bard, Inc., a company specializing in medical devices, for approximately 25 years, where he held various executive and senior level positions most recently as President and Chief Operating Officer from 1994 to 1998.

Mr. Kelly has been our Executive Vice President, President, International since June 2012. From June 2011 to June 2012, he served as President, EMEA. From November 2009 to June 2011, Mr. Kelly served as Executive Vice President, EMEA. From April 2009 to November 2009, he served as Vice President of Marketing, EMEA. Prior to joining Teleflex, Mr. Kelly held various senior level positions with Hill-Rom Holdings, Inc., a medical device company, from October 2002 to August 2009, serving as its Vice President of International Marketing and R&D from August 2006 to February 2009.

Mr. Miller has been our Executive Vice President, General Counsel and Secretary since February 2008 and has also served as Chief Administrative Officer since April 26, 2011. From November 2004 to February 2008, Mr. Miller was Senior Vice President, General Counsel and Secretary. From November 2001 until November 2004, he was Senior Vice President and Associate General Counsel

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for the Food & Support Services division of Aramark Corporation, a diversified management services company providing food, refreshment, facility and other support services for a variety of organizations.

Mr. Powell has been our Executive Vice President and Chief Financial Officer since February 2013. From March 2012 to February 2013, Mr. Powell was Senior Vice President and Chief Financial Officer. He joined Teleflex in August 2011 as Senior Vice President, Global Finance. Prior to joining Teleflex, Mr. Powell served as Chief Financial Officer and Treasurer of Tomotherapy Incorporated, a medical device company, from June 2009 until June 2011. In 2008, he served as Chief Financial Officer of Textura Corporation, a software provider. From April 2001 until January 2008, Mr. Powell was employed by Midway Games, Inc., a software provider, serving as its Executive Vice President, CFO and Treasurer from September 2001 until January 2008. Mr. Powell has also held leadership positions with Dade Behring, Inc. (now Siemens Healthcare Diagnostics), PepsiCo, Bain & Company, Tenneco Inc. and Arthur Andersen & Company.

Our officers are elected annually by our board of directors. Each officer serves at the discretion of the board.

ITEM 1A. ***RISK FACTORS***

We are subject to risks that could adversely affect our business, financial condition and results of operations. These risks include, but are not limited to the following:

We face strong competition. Our failure to successfully develop and market new products could adversely affect our business.

The medical device industry is highly competitive. We compete with many domestic and foreign medical device companies ranging from small start-up enterprises that might sell only a single or limited number of competitive products or compete only in a specific market segment, to companies that are larger and more established than us, have a broad range of competitive products, participate in numerous markets and have access to significantly greater financial and marketing resources than we do.

In addition, the medical device industry is characterized by extensive product research and development and rapid technological advances. The future success of our business will depend, in part, on our ability to design and manufacture new competitive products and enhance existing products. Our product development efforts may require us to make substantial investments. There can be no assurance that unforeseen problems will not occur with respect to the development, performance or market acceptance of new technologies or products, such as our inability to:

identify viable new products;

obtain adequate intellectual property protection;

gain market acceptance of new products; or

successfully obtain regulatory approvals.

In addition, our competitors currently may be developing, or may develop in the future, products that are more effective than those that we currently offer or subsequently develop. Our failure to successfully develop and market new products or enhance existing products could have an adverse effect on our business, financial condition and results of operations.

Our customers depend on third party coverage and reimbursements and the failure of healthcare programs to provide coverage and reimbursement, or the reduction in levels of reimbursement, for our medical products could adversely affect us.

The ability of our customers to obtain coverage and reimbursements for our products is important to our business. Demand for many of our existing and new medical products is, and will continue to be, affected by the extent to which government healthcare programs and private health insurers reimburse

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our customers for patients medical expenses in the countries where we do business. Even when we develop or acquire a promising new product, demand for the product may be limited unless reimbursement approval is obtained from private and governmental third party payors. Internationally, healthcare reimbursement systems vary significantly, with medical centers in some countries having fixed budgets, regardless of the extent of patient treatment. Other countries require application for, and approval of, government or third party reimbursement. Without both favorable coverage determinations by, and the financial support of, government and third party insurers, the market for many of our medical products would be adversely affected.

We cannot be sure that third party payors will maintain the current level of coverage and reimbursements to our customers for use of our existing products. Adverse coverage determinations or any reduction in the amount of reimbursements could harm our business by reducing potential customers selection of our products and the prices they are willing to pay. In addition, as a result of their purchasing power, third party payors are implementing cost cutting measures such as seeking discounts, price reductions or other incentives from medical products suppliers and imposing limitations on coverage and reimbursements for medical technologies and procedures. These trends could compel us to reduce prices for our existing products and potential new products and could cause a decrease in the size of the market or a potential increase in competition that could negatively affect our business, financial condition and results of operations.

We may incur material losses and costs as a result of product liability and warranty claims that may be brought against us and recalls, which may adversely affect our results of operations and financial condition. Furthermore, as a medical device company, we face an inherent risk of damage to our reputation if one or more of our products are, or are alleged to be, defective.

Our businesses expose us to potential product liability risks that are inherent in the design, manufacture and marketing of our products. In particular, our medical device products are often used in surgical and intensive care settings with seriously ill patients. In addition, many of our products are designed to be implanted in the human body for varying periods of time. Product defects or inadequate disclosure of product-related risks with respect to products we manufacture or sell could result in patient injury or death. Product liability and warranty claims often involve very large or indeterminate amounts, including punitive damages. The magnitude of potential losses from product liability lawsuits may remain unknown for substantial periods of time, and the cost to defend against these lawsuits may be significant. We could experience material warranty or product liability losses in the future and incur significant costs to defend these claims.

In addition, if any of our products are, or are alleged to be, defective, we may voluntarily participate, or be required by regulatory authorities to participate, in a recall of that product. In the event of a recall, we may experience lost sales and be exposed to individual or class-action litigation claims. Moreover, our reputation could be damaged if one or more of our products are, or are alleged to be, defective. Product liability, warranty and recall costs may have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive government regulation, which may require us to incur significant expenses to ensure compliance. Our failure to comply with those regulations could have a material adverse effect on our business, results of operations and financial condition.

Our products are classified as medical devices and are subject to extensive regulation in the United States by the FDA and by comparable government agencies in other countries. The regulations govern the development, design, approval, manufacturing, labeling, importing and exporting and sale and marketing of many of our products. Moreover, these regulations are subject to future change. Failure to comply with applicable regulations could lead to manufacturing shutdowns, product shortages, delays in product manufacturing, product seizures, recalls, operating restrictions, withdrawal or suspension of required licenses, and prohibitions against exporting of products to, or importing

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products from, countries outside the United States. We could be required to expend significant financial and human resources to remediate failures to comply with applicable regulations and quality assurance guidelines. In addition, civil and criminal penalties, including exclusion under Medicaid or Medicare, could result from regulatory violations. Any one or more of these events could have a material adverse effect on our business, financial condition and results of operations.

In the United States, before we can market a new medical device, or a new use of, or claim for, or significant modification to, an existing product, we generally must first receive either 510(k) clearance or approval of a premarket approval, or PMA, application from the FDA. In order for us to obtain 510(k) clearance, the FDA must determine that our proposed product is substantially equivalent to a device legally on the market, known as a predicate device, with respect to intended use, technology and safety and effectiveness. Obtaining PMA approval is more difficult, requiring us to demonstrate the safety and effectiveness of the device based, in part, on data obtained in human clinical trials. Similarly, most major markets for medical devices outside the United States also require clearance, approval or compliance with certain standards before a product can be commercially marketed. The process of obtaining regulatory clearances and approvals to market a medical device, particularly from the FDA and certain foreign governmental authorities, can be costly and time consuming, and clearances and approvals might not be granted for new products on a timely basis, if at all. In addition, once a device has been cleared or approved, a new clearance or approval may be required before the device may be modified or its labeling changed. Furthermore, the FDA or a foreign governmental authority may make its review and clearance or approval process more rigorous, which could require us to generate additional clinical or other data, and expend more time and effort, in obtaining future product clearances or approvals. The regulatory clearance and approval process may result in, among other things, delayed realization of product revenues, substantial additional costs or limitations on indicated uses of products, any one of which could have a material adverse effect on our financial condition and results of operations.

Even after a product has received marketing approval or clearance, such product approval or clearance can be withdrawn or limited due to unforeseen problems with the device or issues relating to its application. Violations of FDA requirements for medical devices could result in FDA enforcement actions, including warning letters, fines, delays in obtaining new regulatory clearances, product seizures or recalls, injunctions, advisories or other field actions, and/or operating restrictions. Medical devices are cleared or approved for one or more specific intended uses. Promoting a device for an off-label use could result in government enforcement action.

Furthermore, our facilities are subject to periodic inspection by the FDA and other federal, state and foreign government authorities, which require manufacturers of medical devices to adhere to certain regulations, including the FDA s Quality System Regulation, which requires periodic audits, design controls, quality control testing and documentation procedures, as well as complaint evaluations and investigation. The FDA also requires the reporting of certain adverse events and may require the reporting of recalls or other field safety corrective actions. Issues identified through such inspections and reports may result in warning letters, manufacturing shutdowns, product shortages, product seizures or recalls, fines and delays in product manufacturing, and may require significant resources to resolve.

We may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions, and may experience business disruptions associated with restructuring, facility consolidations, realignment, cost reduction and other strategic initiatives.

Over the past several years we have implemented a number of restructuring, realignment and cost reduction initiatives, including the realignment of our North American organizational structure, facility consolidations and reductions in our workforce. While we have realized some efficiencies from these actions, we may not realize the benefits of these initiatives to the extent we anticipated. Further, such

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benefits may be realized later than expected, and the ongoing difficulties in implementing these measures may be greater than anticipated, which could cause us to incur additional costs or result in business disruptions. In addition, if these measures are not successful or sustainable, we may undertake additional realignment and cost reduction efforts, which could result in significant additional charges. Moreover, if our restructuring and realignment efforts prove ineffective, our ability to achieve our other strategic goals and business plans may be adversely affected.

In addition, as part of our efforts to increase operating efficiencies, we commenced efforts in 2012 to transition our businesses to a single enterprise resource planning, or ERP, system. In the event we encounter any problems with this transition, we could experience business disruptions, which could adversely affect customer relationships and divert the attention of management away from daily operations. In addition, any delays in the implementation of the ERP system could cause us to incur additional unexpected costs. Should we experience such difficulties, our business, cash flows and results of operations could be adversely affected.

Our strategic initiatives, including acquisitions, may not produce the intended growth in revenue and operating income.

Our strategies include making significant investments to achieve revenue growth and margin improvement targets. If we do not achieve the expected benefits from these investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting and our results of operations may be adversely affected.

In addition, as part of our strategy for growth, we have made, and may continue to make, acquisitions and divestitures and enter into strategic alliances such as joint ventures and joint development agreements. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully, and our strategic alliances may not prove to be successful. In this regard, acquisitions involve numerous risks, including difficulties in the integration of acquired operations, technologies, services and products and the diversion of management s attention from other business concerns. Although our management will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will identify all such risks or the magnitude of the risks. In addition, prior acquisitions have resulted, and future acquisitions could result, in the incurrence of substantial additional indebtedness and other expenses. Future acquisitions may also result in potentially dilutive issuances of equity securities. There can be no assurance that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

An interruption in our manufacturing or distribution operations or our supply of raw materials may adversely affect our business.

Many of our key products are manufactured at or distributed from single locations, and the availability of alternate facilities is limited. If operations at one or more of our facilities is suspended due to natural disasters or other events, we may not be able to timely manufacture or distribute the relevant products at previous levels or at all. In addition, in the event of delays or cancellations in shipments of raw materials by our suppliers, we may not be able to timely manufacture or supply the affected products at previous levels or at all. Furthermore, our ability to establish replacement facilities or to substitute suppliers may be delayed due to regulations and requirements of the FDA and other regulatory authorities regarding the manufacture of our products. A reduction or interruption in manufacturing or distribution, or our inability to secure suitable alternative sources of raw materials or components, could have a material adverse effect on our business, results of operations and financial condition.

Our ability to attract, train, develop and retain key employees is important to our success.

Our success depends, in part, on our ability to continue to retain our key personnel, including our executive officers and other members of our senior management team. Our success also depends, in

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part, on our ability to attract, train, develop and retain other key employees, including research and development, sales, marketing and operations personnel. Achieving this objective may be difficult due to many factors, including:

the intense competition for skilled personnel in our industry;

fluctuations in global economic and industry conditions;

changes in our organizational structure;

our restructuring initiatives;

competitors hiring practices; and

the effectiveness of our compensation programs.

Our inability to attract, train, develop and retain such personnel could have an adverse effect on our results of operations and financial condition.

The ongoing volatility in the domestic and global financial markets, including the European sovereign debt crisis, combined with a continuation of constrained global credit markets could adversely impact our operating results, financial condition and liquidity.

We are subject to risks arising from adverse changes in general domestic and global economic conditions, including the economic slowdown and disruption of credit markets in recent years. In particular, the European sovereign debt crisis and its collateral effects on global financial markets may have a negative impact on our business. The credit and capital markets experienced extreme volatility and disruption in recent years, leading to recessionary conditions and depressed levels of consumer and commercial spending. These recessionary conditions have caused customers to reduce, delay or cancel purchases of our products and services. While recent economic indicators suggest improvement in the United States and global economy, we cannot predict the duration or extent of any economic recovery or the extent to which our customers will return to more normalized spending behaviors. If the recessionary conditions worsen, our customers may terminate existing purchase orders or reduce the volume of products or services they purchase from us.

Adverse economic and financial market conditions may also cause our suppliers to be unable to meet their commitments to us or may cause them to make changes in the credit terms they extend to us, such as shortening the required payment period for our accounts payable or reducing the maximum amount of trade credit available to us. These types of actions could significantly affect our liquidity and could have a material adverse effect on our results of operations.

Additionally, our customers, particularly in the European region, have extended or delayed payments for products and services already provided, which may lead to collectability concerns regarding our accounts receivable from these customers. We currently do not foresee any difficulties in meeting our cash requirements or accessing credit as needed in the next twelve months. To date, we have not experienced an inordinate amount of payment defaults by our customers, and we have sufficient lending commitments in place to enable us to fund our anticipated additional operating needs. However, in light of the ongoing volatility in the domestic and global financial markets, including the European sovereign debt crisis, combined with a continuation of constrained global credit markets there is a risk that our customers and suppliers may be unable to access liquidity. As of December 31, 2012 and December 31, 2011, our aggregate net receivables in Italy, Spain, Portugal and Greece were $101.0 million and $108.5 million, respectively. In 2012, 2011 and 2010, net revenues from these countries was approximately 9% of total net revenues in each of the years, and average days that accounts receivable were outstanding were 288, 318 and 217 days, respectively. Although we maintain allowances for doubtful accounts to cover the estimated losses which may occur when customers cannot make their required payments, we cannot be assured that we will continue to experience the same loss rate in the future given the volatility in the worldwide economy. If our allowance for doubtful

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accounts is insufficient to address receivables we ultimately determine are uncollectible, we would be required to incur additional charges, which could materially adversely affect our operating results. Moreover, our inability to collect outstanding receivables could adversely affect our financial condition and cash flow from operations.

In addition, adverse economic and financial market conditions may result in future charges to recognize impairment in the carrying value of our goodwill and other intangible assets, which would not directly affect our liquidity but could have a material adverse effect on our reported financial results.

We are subject to healthcare fraud and abuse laws, regulation and enforcement; our failure to comply with those laws could have a material adverse effect on our results of operations and financial condition.

We are subject to healthcare fraud and abuse regulation and enforcement by the federal government and the states and foreign governments in which we conduct our business. The laws that may affect our ability to operate include:

- the federal healthcare programs Anti-Kickback Law, which prohibits, among other things, persons from knowingly and willfully offering or paying remuneration to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs, or soliciting payment for such referrals, purchases, orders and recommendations;

- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, false or fraudulent claims for payment from Medicare, Medicaid, or other third-party payors;

- the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which prohibit schemes to defraud any healthcare benefit program and false statements relating to healthcare matters; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations, we may be subject to penalties, including civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to operate our business and our financial results. The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations.

Further, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the Healthcare Reform Act), imposes new reporting and disclosure requirements on device manufacturers for any transfer of value made or distributed to prescribers and other healthcare providers, effective March 30, 2013. Such information will be made publicly available in a searchable format beginning September 30, 2013. In addition, device manufacturers will also be required to report and disclose any investment interests held by physicians and their immediate family members during the preceding calendar year. Failure to submit required information may result in civil monetary penalties of up to an aggregate of $150,000 per year (and up to an aggregate of $1 million per year for knowing failures), for all payments, transfers of value or ownership or investment interests not reported in an annual submission.

In addition, there has been a recent trend of increased federal and state regulation of payments made to healthcare providers. Some states, such as California, Massachusetts and Vermont, mandate implementation of compliance programs that include the tracking and reporting of gifts, compensation

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for consulting and other services, and other remuneration to healthcare providers. The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements and may result in increased compliance costs, which could adversely impact our results of operations.

Health care reform may have a material adverse effect on our industry and our business.

Political, economic and regulatory developments have effected fundamental changes in the healthcare industry. The Healthcare Reform Act, enacted in March 2010, substantially changes the way health care is financed by both government and private insurers, encourages improvements in the quality of health care products and services, and significantly impacts the U.S. pharmaceutical and medical device industries. Among other things, the Healthcare Reform Act:

- establishes a 2.3% deductible excise tax on sales of medical devices with respect to any entity that manufactures or imports specified medical devices offered for sale in the United States, beginning in 2013;
- establishes a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research;
- implements payment system reforms, including a national pilot program to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain health care services through bundled payment models; and
- creates an independent payment advisory board that will submit recommendations to reduce Medicare spending if projected Medicare spending exceeds a specified growth rate.

Based on our current product portfolio and sales volumes, we currently estimate the impact of the 2.3% deductible excise tax to be approximately $15.0 million annually. However, we cannot predict at this time the full impact of the Healthcare Reform Act or other healthcare reform measures that may be adopted in the future on our financial condition, results of operations and cash flow.

We depend upon relationships with physicians and other health care professionals.

Research and development for some of our products is dependent on our maintaining strong working relationships with physicians and other healthcare professionals. We rely on these professionals to provide us with considerable knowledge and experience regarding the development and use of our products. Physicians assist us as researchers, product consultants, inventors and public speakers. If we fail to maintain our working relationships with physicians and receive the benefits of their knowledge and advice, our products may not be developed in a manner that is responsive to the needs and expectations of the professionals who use and support our products, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with our non-U.S. operations.

We have significant manufacturing and distribution facilities, research and development facilities, sales personnel and customer support operations outside the United States in a number of countries, including Canada, Belgium, the Czech Republic, France, Germany, Ireland, Malaysia, Mexico, and Singapore. As of December 31, 2012, approximately 39% of our net property, plant and equipment was located outside the United States and 73% of our full-time and temporary employees were employed in countries outside of the United States. In addition, in 2012, approximately 49% of our net revenues (based on business unit location) were derived from operations outside the United States.

Our international operations are subject to risks inherent in doing business outside the United States, including:

- exchange controls, currency restrictions and fluctuations in currency values;

trade protection measures;

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potentially costly and burdensome import or export requirements;

laws and business practices that favor local companies;

changes in non-U.S. medical reimbursement policies and procedures;

subsidies or increased access to capital for firms that currently are or may emerge as competitors in countries in which we have operations;

substantial foreign tax liabilities, including potentially negative consequences from changes in tax laws;

restrictions and taxes related to the repatriation of foreign earnings;

differing labor regulations;

additional U.S. and foreign government controls or regulations;

difficulties in the protection of intellectual property; and

unsettled political and economic conditions and possible terrorist attacks against American interests.

In addition, the U.S. Foreign Corrupt Practices Act (the FCPA) and similar worldwide anti-bribery laws in non-U.S. jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. The FCPA also imposes accounting standards and requirements on publicly traded U.S. corporations and their foreign affiliates, which, among other things, are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of off the books slush funds from which such improper payments can be made. Because of the predominance of government-sponsored health care systems around the world, many of our customer relationships outside of the United States are with governmental entities and are therefore subject to such anti-bribery laws. Our policies mandate compliance with these anti-bribery laws. However, despite meaningful measures that we undertake to facilitate lawful conduct, which include training and compliance programs and internal control policies and procedures, we may not always prevent reckless or criminal acts by our employees or agents, or employees or agents of businesses or operations we may acquire. Violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and have a material adverse effect on our business, financial condition and results of operations. We also could be subject to severe penalties, including criminal and civil penalties, disgorgement, further changes or enhancements to our procedures, policies and controls, personnel changes and other remedial actions.

Furthermore, we are subject to the export controls and economic embargo rules and regulations of the United States, including the Export Administration Regulations and trade sanctions against embargoed countries, which are administered by the Office of Foreign Assets Control within the Department of the Treasury, as well as other laws and regulations administered by the Department of Commerce. These regulations limit our ability to market, sell, distribute or otherwise transfer our products or technology to prohibited countries or persons. While we train our employees and contractually obligate our distributors to comply with these regulations, we cannot assure that a violation will not occur, whether knowingly or inadvertently. Failure to comply with these rules and regulations may result in substantial civil and criminal penalties, including fines and the disgorgement of profits, the imposition of a court-appointed monitor, the denial of export privileges and debarment from participation in U.S. government contracts.

The risks relating to our foreign operations may have a material adverse effect on our international operations or on our business, results of operations and financial condition generally.

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Foreign currency exchange rate, commodity price and interest rate fluctuations may adversely affect our results.

We are exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, commodity prices and interest rates. We expect revenue from products manufactured in, and sold into, non-U.S. markets to continue to represent a significant portion of our net revenue. Our consolidated financial statements reflect translation of financial statements denominated in non-U.S. currencies to U.S. dollars, our reporting currency. When the U.S. dollar strengthens or weakens in relation to the foreign currencies of the countries where we sell or manufacture our products, such as the euro, our U.S. dollar-reported revenue and income will fluctuate. Although we have entered into forward contracts with several major financial institutions to hedge a portion of projected cash flows denominated in non-functional currency in order to reduce the effects of currency rate fluctuations, changes in the relative values of currencies may, in some instances, have a significant effect on our results of operations.

Many of our products have significant plastic resin content. We also use quantities of other commodities, such as aluminum. Increases in the prices of these commodities could increase the costs of our products and services. We may not be able to pass on these costs to our customers, particularly with respect to those products we sell under group purchase agreements, which could have a material adverse effect on our results of operations and cash flows.

Increases in interest rates may adversely affect the financial health of our customers and suppliers and thus adversely affect their ability to buy our products and supply the components or raw materials we need, which could have a material adverse effect on our results of operations and cash flows.

Fluctuations in our effective tax rate and changes to tax laws may adversely affect our results.

As a company with significant operations outside of the United States, we are subject to taxation in numerous countries, states and other jurisdictions. Our effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of the jurisdictions in which we operate. Our effective tax rate may, however, differ from the estimated amount due to numerous factors, including a change in the mix of our profitability from country to country, changes in accounting for income taxes and changes in tax laws. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations, which could have an adverse effect on our business and results of operations.

In addition, unfavorable results of tax audits and changes in tax laws in jurisdictions in which we operate could adversely affect our results of operations and cash flows.

Our technology is important to our success, and our failure to protect our intellectual property rights could put us at a competitive disadvantage.

We rely on the patent, trademark, copyright and trade secret laws of the United States and other countries to protect our proprietary rights. Although we own numerous U.S. and foreign patents and have submitted numerous patent applications, we cannot be assured that any pending patent applications will issue, or that any patents, issued or pending, will provide us with any competitive advantage or will not be challenged, invalidated or circumvented by third parties. In addition, we rely on confidentiality and non-disclosure agreements with employees and take other measures to protect our know-how and trade secrets. The steps we have taken may not prevent unauthorized use of our technology by competitors or other persons who may copy or otherwise obtain and use these products or technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. There is no guarantee that current and former employees, contractors and other parties will not breach their confidentiality agreements with us, misappropriate proprietary information or copy or otherwise obtain and use our information and proprietary technology without

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authorization or otherwise infringe on our intellectual property rights. Moreover, there can be no assurance that others will not independently develop the know-how and trade secrets or develop better technology than our own, which could reduce or eliminate any competitive advantage we have developed. Our inability to protect our proprietary technology could adversely affect our business.

Our products or processes may infringe the intellectual property rights of others, which may cause us to pay unexpected litigation costs or damages or prevent us from selling our products.

We cannot be certain that our products do not and will not infringe issued patents or other intellectual property rights of third parties. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the intellectual property rights of third parties. Any such claims, whether or not meritorious, could result in litigation and divert the efforts of our personnel. If we are found liable for infringement, we may be required to enter into licensing agreements (which may not be available on acceptable terms or at all) or to pay damages and to cease making or selling certain products. We may need to redesign some of our products or processes to avoid future infringement liability. Any of the foregoing could be detrimental to our business.

Other pending and future litigation may lead us to incur significant costs and have an adverse effect on our business.

We also are party to various lawsuits and claims arising in the normal course of business involving, among other things, contracts, intellectual property, import and export regulations, employment and environmental matters. The defense of these lawsuits may divert our management s attention, and we may incur significant expenses in defending these lawsuits. In addition, we may be required to pay damage awards or settlements, or become subject to injunctions or other equitable remedies, that could have a material adverse effect on our financial condition and results of operations. While we do not believe that any litigation in which we are currently engaged would have such an adverse effect, the outcome of litigation, including regulatory matters, is often difficult to predict, and we cannot assure that the outcome of pending or future litigation will not have a material adverse effect on our business, financial condition or results of operations.

Our operations expose us to the risk of material environmental liabilities.

We are subject to numerous foreign, federal, state and local environmental protection and health and safety laws governing, among other things:

- the generation, storage, use and transportation of hazardous materials;
- emissions or discharges of substances into the environment; and
- the health and safety of our employees.

These laws and regulations are complex, change frequently and have tended to become more stringent over time. We cannot provide assurance that our costs of complying with current or future environmental protection and health and safety laws, or our liabilities arising from past or future releases of, or exposures to, hazardous substances will not exceed our estimates or will not adversely affect our financial condition and results of operations. Moreover, we may become subject to additional environmental claims, which may include claims for personal injury or cleanup, based on our past, present or future business activities, which could also adversely affect our financial condition and results of operations.

Our workforce covered by collective bargaining and similar agreements could cause interruptions in our provision of products and services.

For the fiscal year ended December 31, 2012, approximately 5% of our net revenues were generated by operations for which a significant part of our workforce is covered by collective bargaining

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agreements and similar agreements in foreign jurisdictions. It is likely that a portion of our workforce will remain covered by collective bargaining and similar agreements for the foreseeable future. Strikes or work stoppages could occur that would adversely impact our relationships with our customers and our ability to conduct our business.

Our substantial indebtedness could adversely affect our business, financial condition or results of operations.

As of December 31, 2012, we had total consolidated indebtedness of $970.0 million.

Our substantial level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. It could also have significant effects on our business. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;
- limit our ability to borrow additional funds for such general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from exploiting business opportunities; and
- place us at a competitive disadvantage compared to our competitors that have less indebtedness.

If we do not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to pay our indebtedness or to fund our other liquidity needs, we may be forced to:

- refinance all or a portion of our indebtedness on or before the maturity thereof;
- sell assets;
- reduce or delay capital expenditures; or
- seek to raise additional capital.

We may not be able to effect any of these actions on commercially reasonable terms or at all. Our ability to refinance our indebtedness will depend on our financial condition at the time, the restrictions in the instruments governing our outstanding indebtedness and other factors, including market conditions.

Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, could have a material adverse effect on our business, financial condition and results of operations.

Our debt agreements impose restrictions on our business, which could prevent us from capitalizing on business opportunities and taking some corporate actions and may adversely affect our ability to respond to changes in our business and manage our operations.

The credit agreement governing our credit facilities and the indenture governing our 6.875% senior subordinated notes contain covenants that, among other things, impose significant restrictions on our business. The restrictions that these covenants place on us and our restricted subsidiaries include limitations on our and their ability to:

incur additional indebtedness or issue disqualified stock or preferred stock;

create liens;

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pay dividends, make investments or make other restricted payments;

sell assets;

merge, consolidate, sell or otherwise dispose of all or substantially all of our assets;

enter into transactions with our affiliates;

permit layering of debt;

designate subsidiaries as unrestricted; and

use the proceeds of permitted sales of our assets.

In addition, the credit agreement governing our credit facilities also contains financial covenants. A breach of any covenants under any one or more of these debt agreements could result in a default, which if not cured or waived, could result in the acceleration of all our debts. In addition, any debt agreements we enter into in the future may further limit our ability to enter into certain types of transactions.

We may not pay dividends on our common stock in the future.

Holders of our common stock are entitled to receive dividends only as our board of directors may declare out of funds legally available for such payments. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, compliance with debt instruments, legal requirements and other factors as our board of directors deems relevant. We cannot assure you that our cash dividend will not be reduced, or eliminated, in the future.

The contingent conversion features of our convertible notes, if triggered, may adversely affect our financial condition.

In August 2010, we issued $400 million in aggregate principal amount of convertible senior subordinated notes due 2017, which we refer to as the Convertible Notes. The Convertible Notes are convertible under certain circumstances, including the attainment of 130% of the conversion price (approximately $79.72) of the Company s closing stock price during a certain number of days at the end of a fiscal quarter. The Company s closing stock price has recently approached this amount, which increases the possibility that the Convertible Notes could become convertible in the near future, at which point the Convertible Notes would be classified as a current liability and would result in a material reduction of our net working capital. The Company has elected a net settlement method to satisfy its conversion obligation, under which the Company may settle the principal amount of the Convertible Notes in cash and settle the excess conversion value in shares, plus cash in lieu of fractional shares. The Company believes that it has the ability to raise sufficient cash to repay the principal amounts due through a combination of utilizing our existing cash on hand, accessing our credit facility, or raising money in the capital markets, however, doing so could adversely affect our results of operations and liquidity. See Convertible Notes under Note 9 to our consolidated financial statements included in this Annual Report on Form 10-K for a further discussion regarding the conversion terms of the Convertible Notes.

The convertible note hedge transactions and warrant transactions entered into in connection with the issuance of our Convertible Notes may affect the value of our common stock.

In connection with our issuance of the Convertible Notes, we entered into privately negotiated hedge transactions with third parties, which we refer to as the hedge counterparties. The hedge transactions cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that underlie the Convertible Notes and are expected to reduce our exposure to potential dilution with respect to our common stock and/or reduce our exposure to potential cash

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payments that may be required to be made by us upon conversion of the Convertible Notes. Separately, we also entered into privately negotiated warrant transactions relating to the same number of shares of our common stock with the hedge counterparties with a strike price of $74.648, subject to customary anti-dilution adjustments, pursuant to which we may be obligated to issue shares of our common stock. The warrant transactions could have a dilutive effect with respect to our common stock or, if we so elect, obligate us to make cash payments to the extent that the market price per share of our common stock exceeds the strike price of the warrants on any expiration date of the warrants.

In connection with establishing its initial hedges of the convertible note hedge transactions and the warrant transactions, the hedge counterparties (and/or their affiliates) entered into various cash-settled over-the-counter derivative transactions with respect to our common stock concurrently with, or shortly following, the pricing of the Convertible Notes. The hedge counterparties (and/or their affiliates) may, in their sole discretion, with or without notice, modify their hedge positions from time to time (and are likely to do so during any conversion period related to the conversion of the Convertible Notes) by entering into or unwinding various over-the-counter derivative transactions with respect to shares of our common stock, and/or by purchasing or selling shares of our common stock or Convertible Notes in privately negotiated transactions and/or open market transactions. The effect, if any, of these transactions and activities on the market price of our common stock will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock.

We are subject to counterparty risk with respect to the convertible note hedge transactions.

Each hedge counterparty is a financial institution or the affiliate of a financial institution, and we will be subject to the risk that one or more hedge counterparties may default under the Convertible Note hedge transactions. Our exposure to the credit risk of each hedge counterparty will not be secured by any collateral. If a hedge counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Convertible Note hedge transaction with that hedge counterparty. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in our stock market price and in volatility of our common stock. In addition, upon a default by a hedge counterparty, we may suffer adverse tax consequences and dilution with respect to our common stock. We can provide no assurances as to the financial stability or viability of the hedge counterparties.

We may issue additional shares of our common stock or instruments convertible into our common stock, including in connection with conversions of our Convertible Notes, which could lower the price of our common stock.

We are not restricted from issuing additional shares of our common stock or other instruments convertible into our common stock. As of December 31, 2012, we had outstanding approximately 41.0 million shares of our common stock, options to purchase approximately 1.1 million shares of our common stock (of which approximately 0.6 million were vested as of that date), approximately 0.4 million of restricted stock awards (which are expected to vest over the next three years) and approximately 20,000 shares of our common stock to be distributed from our deferred compensation plan. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options, upon conversion of the Convertible Notes and upon the exercise of the warrants issued in connection with the Convertible Notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock.

If we issue additional shares of our common stock or instruments convertible into our common stock, it may materially and adversely affect the price of our common stock. Furthermore, the conversion of some or all of the Convertible Notes may dilute the ownership interests of existing stockholders, and any sales in the public market of such shares of our common stock issuable upon any conversion of the Convertible Notes could adversely affect prevailing market prices of our common stock. In addition, the anticipated issuance and sale of substantial amounts of common stock or

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conversion of the Convertible Notes into shares of our common stock could depress the price of our common stock.

Certain provisions of our corporate governing documents, Delaware law and our Convertible Notes could discourage, delay, or prevent a merger or acquisition.

Provisions of our certificate of incorporation and bylaws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock. For example, our certificate of incorporation authorizes our board of directors to determine the number of shares in a series, the consideration, dividend rights, liquidation preferences, terms of redemption, conversion or exchange rights and voting rights, if any, of unissued series of preferred stock, without any vote or action by our stockholders. Thus, our board of directors can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. We are also subject to Section 203 of the Delaware General Corporation Law, which imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. These provisions could have the effect of delaying or deterring a third party to acquire us even if an acquisition might be in the best interest of our stockholders, and accordingly could reduce the market price of our common stock.

Certain provisions in the Convertible Notes and the indenture governing the Convertible Notes could make it more difficult or more expensive for a third party to acquire us. For example, if an acquisition event constitutes a fundamental change, as defined in the indenture, holders of the Convertible Notes will have the right to require us to purchase their notes in cash. In addition, if an acquisition event constitutes a make-whole fundamental change, as defined in the indenture, we may be required to increase the conversion rate for holders who convert their notes in connection with such acquisition event. In either case, and in other cases, our obligations under the Convertible Notes and the indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, and accordingly could reduce the market price of our common stock.

ITEM 1B. ***UNRESOLVED STAFF COMMENTS***

Not applicable.

ITEM 2. ***PROPERTIES***

We own or lease approximately 72 properties consisting of plants, engineering and research centers, distribution warehouses, offices and other facilities. We believe that the properties are maintained in good operating condition and are suitable for their intended use. In general, our facilities meet current operating requirements for the activities currently conducted therein.

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Our major facilities are as follows:

Location	Square Footage	Owned or Leased
Olive Branch, MS	428,000	Leased
Haslet, TX	303,000	Leased
Nuevo Laredo, Mexico	277,000	Leased
Asheboro, NC	204,000	Owned
Durham, NC	199,000	Leased
Reading, PA	166,000	Owned
Chihuahua, Mexico	154,000	Owned
Research Triangle Park, NC	147,000	Owned
Kernen, Germany	145,000	Leased
Zdar nad Sazavou, Czech Republic	108,000	Owned
Tongeren, Belgium	108,000	Leased
Kamunting, Malaysia	102,000	Owned
Everett, MA	100,000	Leased
Tecate, Mexico	96,000	Leased
Hradec Kralove, Czech Republic	92,000	Owned
Arlington Heights, IL	86,000	Leased
Kamunting, Malaysia	82,000	Leased
Kernen, Germany	73,000	Owned
Wyomissing, PA	66,000	Leased
Jaffrey, NH	65,000	Owned
Limerick, Ireland	54,000	Leased
Bad Liebenzell, Germany	53,000	Leased
Ramseur, NC	52,000	Leased
Asheboro, NC	50,000	Leased

In addition to the properties listed above, we own or lease approximately 700,000 square feet of warehousing, manufacturing and office space located in the United States, Canada, Mexico, South America, Europe, Asia and Africa. We also own or lease several properties that are no longer being used in our operations, which we are actively marketing for sale or sublease. At December 31, 2012, three unused owned properties were classified as held for sale.

In December 2012, we entered into an agreement for the lease of approximately 84,000 square feet of office space in Wayne, Pennsylvania, which we intend to use as our new corporate headquarters commencing in the first half of 2014. The lease has a term of 10 years and 8 months from the commencement date with an option to renew for an additional ten years.

ITEM 3. ***LEGAL PROCEEDINGS***

The Company is party to various lawsuits and claims arising in the normal course of business. These lawsuits and claims include actions involving product liability and product warranty, intellectual property, employment and environmental matters. As of December 31, 2012, the Company has recorded reserves of approximately $11.1 million in connection with such contingencies, representing our best estimate of the cost within the range of possible loss to resolve these matters. Based on information currently available, advice of counsel, established reserves and other resources, we do not believe that any such actions are likely to be, individually or in the aggregate, material to our business, financial condition, results of operations or liquidity. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to our business, financial condition, results of operations or liquidity.

ITEM 4. ***MINE SAFETY DISCLOSURES***

Not applicable.

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PART II

ITEM 5. ***MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

Our common stock is listed on the New York Stock Exchange, Inc. (symbol TFX). Our quarterly high and low stock prices and dividends for 2012 and 2011 are shown below.

Price Range and Dividends of Common Stock

2012	High	Low	Dividends
First Quarter	$ 63.91	$ 57.78	$ 0.34
Second Quarter	$ 64.79	$ 57.26	$ 0.34
Third Quarter	$ 70.78	$ 59.96	$ 0.34
Fourth Quarter	$ 71.59	$ 65.07	$ 0.34

2011	High	Low	Dividends
First Quarter	$ 61.58	$ 53.05	$ 0.34
Second Quarter	$ 64.05	$ 56.59	$ 0.34
Third Quarter	$ 64.56	$ 49.40	$ 0.34
Fourth Quarter	$ 62.22	$ 50.50	$ 0.34

The terms of our senior credit facility and our 6.875% senior subordinated notes due 2019 limit our ability to repurchase shares of our stock and pay cash dividends. Under the most restrictive of these provisions, on an annual basis $397 million of retained earnings was available for dividends and stock repurchases at December 31, 2012. On February 20, 2013, the Board of Directors declared a quarterly dividend of $0.34 per share on our common stock, which is payable on March 15, 2013 to holders of record on March 5, 2013. As of February 20, 2013, we had approximately 657 holders of record of our common stock.

On June 14, 2007, our Board of Directors authorized the repurchase of up to $300 million of our outstanding common stock. Through December 31, 2012, no shares have been purchased under this Board authorization. See Stock Repurchase Programs contained in Management Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this report for more information.

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Stock Performance Graph

The following graph provides a comparison of five year cumulative total stockholder returns of Teleflex common stock, the Standard & Poor s (S&P) 500 Stock Index and the S&P 500 Healthcare Equipment & Supply Index. The annual changes for the five-year period shown on the graph are based on the assumption that $100 had been invested in Teleflex common stock and each index on December 31, 2007 and that all dividends were reinvested.

MARKET PERFORMANCE

Comparison of Cumulative Five Year Total Return

Company / Index	2007	2008	2009	2010	2011	2012
Teleflex Incorporated	100	82	90	93	108	128
S&P 500 Index	100	63	80	92	94	109
S&P 500 Healthcare Equipment & Supply Index	100	72	93	91	90	106

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ITEM 6. ***SELECTED FINANCIAL DATA***

The selected financial data in the following table includes the results of operations for acquired companies from the respective date of acquisition. See note (4) below for a description of special charges included in the 2008 financial results.

	2012	2011	2010	2009	2008
	(Dollars in thousands, except per share)				
Statement of Income Data[1]:					
Net revenues	$ 1,551,009	$ 1,492,528	$ 1,397,722	$ 1,394,906	$ 1,426,160
Income (loss) from continuing operations before interest, loss on extinguishments of debt and taxes	$ (97,375)[2]	$ 229,570	$ 230,290	$ 246,487	$ 201,156[4]
Income (loss) from continuing operations	$ (181,782)[2]	$ 119,322	$ 87,672[3]	$ 124,189	$ 55,799[4]
Amounts attributable to common shareholders for income (loss) from continuing operations	$ (182,737)[2]	$ 118,301	$ 86,811[3]	$ 123,557	$ 55,358[4]
Per Share Data[1]:					
Income (loss) from continuing operations basic	$ (4.47)	$ 2.92	$ 2.18[3]	$ 3.11	$ 1.40
Income (loss) from continuing operations diluted	$ (4.47)	$ 2.90	$ 2.16[3]	$ 3.09	$ 1.39
Cash dividends	$ 1.36	$ 1.36	$ 1.36	$ 1.36	$ 1.34
Balance Sheet Data:					
Total assets	$ 3,739,497	$ 3,924,103	$ 3,643,155	$ 3,839,005	$ 3,926,744
Long-term borrowings, less current portion	$ 965,280	$ 954,809	$ 813,409	$ 1,192,491	$ 1,437,538
Shareholders equity	$ 1,778,950	$ 1,980,588	$ 1,783,376	$ 1,580,241	$ 1,246,455
Statement of Cash Flows Data[1]:					
Net cash provided by operating activities from continuing operations	$ 193,853	$ 94,357	$ 143,834[6]	$ 113,999[6]	$ 62,574[6]
Net cash (used in) provided by investing activities from continuing operations	$ (385,854)	$ 300,723	$ 152,138	$ 288,877	$ (15,714)
Net cash (used in) provided by financing activities from continuing operations	$ (47,292)	$ (5,159)	$ (335,499)	$ (401,918)	$ (180,327)
Free cash flow[5]	$ 128,459	$ 49,775	$ 114,504	$ 89,200	$ 39,126

Certain financial information is presented on a rounded basis, which may cause minor differences.

(1) Amounts exclude the impact of certain businesses which have been presented in our consolidated financial results as discontinued operations.

(2) Includes a pretax goodwill impairment charge of $332.1 million, or $315.1 million net of tax. See Note 5 to the consolidated financial statements included in this report for a discussion on the goodwill impairment charge.

(3) Includes a $29.7 million, net of tax, or a $0.74 per share loss (basic and diluted) on extinguishments of debt.

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(4) The table below sets forth the effect of the write-off of a fair value adjustment to inventory acquired through our acquisition of Arrow International, Inc. on our results for 2008.

	2008 Impact	
	Income from Continuing Operations Before Interest, Loss on Extinguishments of Debt and Taxes	Income from Continuing Operations
	(Dollars in thousands)	
Write-off of inventory fair value adjustment	$ 6,936	$ 4,449

(5) Free cash flow is calculated by subtracting capital expenditures from cash provided by operating activities from continuing operations. Free cash flow is considered a non-GAAP financial measure. We use this financial measure for internal managerial purposes, when publicly providing guidance on possible future results, and to evaluate period-to-period comparisons. This financial measure is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management believes that free cash flow is a useful measure to investors because it facilitates an assessment of funds available to satisfy current and future obligations, pay dividends and fund acquisitions. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations, such as debt service, that are not deducted from the measure. We strongly encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. The following is a reconciliation of free cash flow to the most comparable GAAP measure.

	2012	2011	2010	2009	2008
	(Dollars in thousands)				
Net cash provided by operating activities from continuing operations	$ 193,853	$ 94,357	$ 143,834	$ 113,999	$ 62,574
Less: Capital expenditures	65,394	44,582	29,330	24,799	23,448
Free cash flow	$ 128,459	$ 49,775	$ 114,504	$ 89,200	$ 39,126

(6) 2009 and 2008 cash flow from continuing operations reflect the impact of estimated tax payments made in connection with businesses divested of $97.5 million and $90.2 million, respectively, and 2010 cash flow reflects the impact of a refund of $59.5 million of the estimated tax payments.

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ITEM 7. ***MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

Overview

We are a global provider of medical technology products that enhance clinical benefits, improve patient and provider safety and reduce total procedural costs. We primarily design, develop, manufacture and supply single-use medical devices used by hospitals and healthcare providers for common diagnostic and therapeutic procedures in critical care and surgical applications. We sell our products to hospitals and healthcare providers in more than 140 countries through a combination of our direct sales force and distributors. Because our products are used in numerous markets and for a variety of procedures, we are not dependent upon any one end-market or procedure.

We categorize our products into four groups: Critical Care, Surgical Care, Cardiac Care and Original Equipment Manufacturer and Development Services (OEM). Critical Care, representing our largest product group, includes medical devices used in vascular access, anesthesia, urology and respiratory care applications; Surgical Care includes surgical instruments and devices; and Cardiac Care includes cardiac assist devices and equipment. OEM designs and manufactures instruments and devices for other medical device manufacturers.

Over the past several years we have evolved into a pure-play medical technology company. Through an extensive acquisition and divestiture program, we significantly changed the composition of our portfolio of businesses, expanding our presence in the medical technology industry, while divesting all of our businesses serving the aerospace and commercial markets. The following is a listing of our more significant acquisitions and divestitures that have occurred since 2010. With respect to divested businesses listed below, we have reported results of operations, cash flows and (gains) losses on the disposition of these businesses as discontinued operations for all periods presented. See Note 19 to our consolidated financial statements included in this Annual Report on Form 10-K for additional information regarding our significant divestitures.

Medical Device Business Transactions

October 2012 Acquired substantially all of the assets of LMA International N.V. (LMA), a global provider of laryngeal masks with a portfolio of innovative products used extensively in anesthesia and emergency care, for $292.2 million in cash. In a separate transaction, acquired the LMA branded laryngeal mask supraglottic airway business and certain other products in the United Kingdom, Ireland and Channel Islands from the shareholders of Intravent Direct Limited and affiliates for $19.9 million in cash.

August 2012 Sold the orthopedic business for $45.2 million in cash and realized a loss of $25 thousand, net of tax, from the sale of the business.

June 2012 Acquired Hotspur Technologies, a developer of catheter-based technologies designed to restore blood flow in patients with obstructed vessels, for an initial payment of $15.0 million in cash.

May 2012 Acquired Semprus BioSciences, a biomedical company that developed a long-lasting, covalently bonded, non-leaching polymer designed to reduce infections and thrombus related complications, for an initial payment of $30.0 million in cash.

May 2012 Acquired substantially all of the assets of Axiom Technology Partners, LLC, constituting its EFx laparoscopic fascial closure system, which is designed for the closure of abdominal trocar defects through which access ports and instruments were used during laparoscopic surgeries, for an initial payment of $7.5 million in cash.

April 2012 Acquired the EZ-Blocker product line, a single-use catheter used to perform lung isolation and one-lung ventilation, for an initial payment of $3.3 million in cash.

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January 2011 Acquired VasoNova Inc., a privately-held company with proprietary intra-vascular catheter navigation technology, for an initial payment of $25 million in cash.

March 2010 Sold SSI Surgical Services Inc. business (SSI), a surgical service provider, for approximately $25 million and realized a gain of $2.2 million, net of tax.

We may be required to pay contingent consideration in connection with some of the acquisitions listed above. The amount of contingent consideration we ultimately will pay will be based upon the achievement of specified objectives, including regulatory approvals and sales targets. For additional information on the contingent consideration, see Note 3, Acquisitions to our consolidated financial statements included in this report.

Former Aerospace Segment Divestitures

December 2011 Sold the cargo systems and container businesses for approximately $280 million and realized a gain of $126.8 million, net of tax.

December 2010 Sold the actuation business of our subsidiary Telair International Incorporated, an aftermarket service and support provider for commercial and military aircraft actuators, for approximately $94 million and realized a gain of $51.0 million, net of tax.

Former Commercial Segment Divestitures

March 2011 Sold the marine businesses that were engaged in the design, manufacture and distribution of steering and throttle controls and engine and drive assemblies for the recreational marine market, heaters for commercial vehicles and burner units for military field feeding appliances for $123.1 million, consisting of $101.6 million in cash, net of $1.5 million of cash included in the marine business as part of the net assets sold, plus a subordinated promissory note in the amount of $4.5 million (which has subsequently been repaid in full) and the assumption by the buyer of approximately $15.5 million in liabilities related to the marine business. We realized a gain of $57.3 million, net of tax benefits, in connection with the sale.

June 2010 Sold the rigging products and services business (Heavy Lift), a supplier of customized heavy-duty wire rope, wire and synthetic rope assemblies, and related rigging hardware products, for approximately $50 million and realized a gain of $17.0 million, net of tax.

Change in Reporting Segments and Business Unit Structure

Effective January 1, 2012, we changed our segment reporting from a single reportable segment to four reportable segments, three of which are geographically based. As initially changed, the three geographic segments were North America, EMEA (representing our operations in Europe, the Middle East and Africa) and AJLA (representing our Asian and Latin American operations). The fourth reportable segment is comprised of our OEM business. In addition, in the first quarter of 2012, we changed the number of our reporting units. In 2011, we had six reporting units comprised of North America, EMEA, OEM, Japan, Asia Pacific and Latin America. In 2012, in addition to establishing a new North America segment, we established five reporting units in that segment: Vascular, Anesthesia/Respiratory, Cardiac, Surgical and Specialty. Due to the change in the reporting unit structure in North America, we were required to conduct a goodwill impairment test with respect to each of the North American reporting units in the first quarter of 2012, and determined that the goodwill of three of the reporting units (Vascular, Anesthesia/Respiratory and Cardiac) was impaired. As a result, we recorded a goodwill impairment charge of $332 million in the first quarter of 2012. See Note 5 to the consolidated financial statements included in this report for a discussion of the goodwill impairment.

The impairment charge does not reflect any significant business change or any change in our expectations regarding the future operating results or liquidity of the North American segment. Rather, it is attributable to the creation of five new reporting units out of the North American reporting unit. In

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the fourth quarter of 2011, we determined the fair value of the North American reporting unit exceeded its carrying value, and thus there was no further analysis to determine if there was an impairment of goodwill. In the first quarter of 2012, we determined the relative fair values of each reporting unit and allocated the goodwill assigned to the North American reporting unit to each of the new reporting units based on relative fair value. We subsequently allocated all assets and liabilities other than goodwill to the reporting unit based on specific identification and the reporting unit s respective operating activities. The resulting allocation of the carrying amounts was different from the allocation of the relative fair value. Accordingly, while there was very little change between the fourth quarter of 2011 and the first quarter of 2012 in the total fair value and carrying value of the sum of the five reporting units compared to the North American reporting unit, the relative values were different for each of the five new reporting units. For some reporting units the fair value exceeded the carrying value, and in other situations the carrying value exceeded fair value of the reporting unit, which resulted in further analysis to determine the implied fair value of the goodwill and the resulting impairment charge. This charge was primarily attributable to the fact that the fair value of assets other than goodwill increased which results in a decrease in the assumed fair value of goodwill.

In the third quarter of 2012, due to changes in our management and internal reporting structure, our Latin America operations were moved from the AJLA Segment into the North America Segment. As a result of this change, the North America Segment is now referred to as the Americas Segment and the AJLA Segment is now referred to as the Asia Segment. The change did not affect our reporting unit structure. Segment disclosures for all prior comparative periods have been restated to reflect this change. See Note 17 to the consolidated financial statements included in this report for a discussion of the segments.

Health Care Reform

On March 23, 2010 the Patient Protection and Affordable Care Act was signed into law. This legislation will have a significant impact on our business. For medical device companies such as Teleflex, the expansion of medical insurance coverage should lead to greater utilization of the products we manufacture, but this legislation also contains provisions designed to contain the cost of healthcare, which could negatively affect pricing of our products. In addition, commencing in 2013, the legislation imposes a 2.3% excise tax on sales of medical devices. As implementation of this tax begins and as the taxing authorities clarify aspects of the application of the tax relevant to us, we will be in a better position to ascertain its impact on our business. We currently estimate the impact of the medical device excise tax will be approximately $15 million annually, beginning in 2013.

Global Economic Conditions

Global economic conditions have had adverse impacts on market activities including, among other things, failure of financial institutions, falling asset values, diminished liquidity, and reduced demand for products and services. In response, we adjusted production levels and engaged in new restructuring activities and we continue to review and evaluate our manufacturing, warehousing and distribution processes to maximize efficiencies through the elimination of redundancies and the consolidation of facilities. Although, on a consolidated basis, the economic conditions did not have a significant adverse impact on our financial position, results of operations or liquidity, healthcare policies and practice trends vary by country, and the impact of the global economic downturn was felt to varying degrees in each of our regional markets over the last three years, the continuation of the present broad economic trends of weak economic growth, constricted credit and public sector austerity measures in response to growing public budget deficits could adversely affect our operations in the future, as described below. The potential effect of these factors on our current and future liquidity is discussed below.

Hospitals in some regions of the United States experienced a decline in admissions, a weaker payor mix, and a reduction in elective procedures. Hospitals consequently took actions to reduce their costs, including limiting their capital spending. Distributors in the supply chain reduced inventory levels

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and generally have not replenished inventories to pre-recession levels. The impact of these actions is most pronounced in capital goods markets, which affected our surgical instrument and cardiac assist businesses. More recently, the economic environment has improved somewhat, but has not returned to pre-recession levels, and challenges persist, particularly in some European countries, as discussed below. Approximately 91 percent of our net revenues come from single-use products used in critical care and surgical applications, and our sales volume could be negatively impacted if hospital admission rates or payor mix decline further as a result of continuing high unemployment rates (and subsequent loss of insurance coverage by consumers).

In Europe, some countries have taken austerity measures due to the current economic climate. Elective surgeries have been delayed and hospital budgets have been reduced. In certain countries (mainly Germany) we have seen changes in the local reimbursement to home care patients and pricing impacts on business awarded through the tendering process. These markets have introduced more buying groups and group purchasing organizations, or GPOs, resulting in reductions in commodity product pricing. It is possible that funding for publically funded healthcare institutions could be affected in the future as governments make further spending adjustments and enact healthcare reform measures to lower overall healthcare costs. The public healthcare systems in certain countries in Western Europe, most notably Greece, Spain, Portugal and Italy, have experienced significantly reduced liquidity due to recessionary conditions, which has resulted in a slowdown in payments to us. We believe this situation will continue and may worsen unless and until these countries are able to find alternative means of funding their respective public healthcare sectors.

In Asia, recovery from the global recession has varied by country. China has announced plans for major healthcare investment targeted at second tier cities and hospitals, which may provide future growth opportunities for us, while slow economic growth and continued pursuit of reimbursement cuts by the public hospital sector in Japan is expected to limit growth in that market.

Results of Operations

The following comparisons exclude the impact of the operations of the orthopedic and SSI businesses and businesses in our former Commercial and Aerospace segments, which have been presented in our consolidated financial results as discontinued operations (see Note 19 to our consolidated financial statements included in this Annual Report on Form 10-K and Discontinued Operations in this Management s Discussion and Analysis of Financial Condition and Results of Operations for discussion of discontinued operations). Discussion of constant currency excludes the impact of translating the results of international subsidiaries at different currency exchange rates from year to year. Certain financial information is presented on a rounded basis, which may cause minor differences.

Revenues

Information regarding net revenues by product group is provided in the following table:

	Year Ended December 31			% Increase/(Decrease)	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
	(Dollars in millions)				
Critical Care	$ 1,040.5	$ 1,003.8	$ 943.4	3.7	6.4
Surgical Care	291.1	277.4	262.7	5.0	5.6
Cardiac Care	78.6	79.9	70.6	(1.7)	13.3
OEM and Development Services	140.3	129.6	118.4	8.2	9.5
Other	0.5	1.8	2.6	(74.7)	(34.4)
Net Revenues	$ 1,551.0	$ 1,492.5	$ 1,397.7	3.9	6.8

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The following table presents the percentage increases or (decreases) in product group net revenues during the years ended December 31, 2012 and 2011 compared to the respective prior years on a constant currency basis, the impact of foreign currency fluctuations on those revenues and the total increase or (decrease) in net revenues for the periods presented taking into account the impact of foreign currency fluctuations as defined in note 1 below:

	% Increase/(Decrease)					
		2012 vs 2011			2011 vs 2010	
	Constant Currency[1]	Currency Impact	Total Change	Constant Currency[1]	Currency Impact	Total Change
Critical Care	6.6	(2.9)	3.7	4.1	2.3	6.4
Surgical Care	7.8	(2.8)	5.0	3.0	2.6	5.6
Cardiac Care	2.2	(3.9)	(1.7)	10.0	3.3	13.3
OEM and Development Services	9.5	(1.3)	8.2	8.6	0.9	9.5
Other	(70.9)	(3.8)	(74.7)	(47.1)	12.7	(34.4)
Total Change	6.8	(2.9)	3.9	4.4	2.4	6.8

(1) Constant currency is a non-GAAP financial measure that measures the change in net revenues between current and prior year periods by excluding the impact of translating the results of international subsidiaries at different currency exchange rates from period to period. The constant currency increase/decrease percentage is calculated by translating the prior year period s local currency net revenues into an amount reflecting the current year period s foreign currency exchange rates and calculating the percentage difference between net revenues for the current year period and net revenues for the prior year period, as so translated. Management believes this measure is useful to investors because it eliminates items that do not reflect our day-to-day operations. In addition, management uses this financial measure for internal managerial purposes, when publicly providing guidance on possible future results, and to assist in our evaluation of period-to-period comparisons. This financial measure may not be comparable to similarly titled measures used by other companies, is presented in addition to results presented in accordance with GAAP and should not be relied upon as a substitute for GAAP financial measures.

Comparison of 2012 and 2011

Net revenues increased 3.9% in 2012 to $1,551.0 million from $1,492.5 million in 2011. The $58.5 million increase in net revenues was largely due to higher volume (approximately $39.7 million), reflecting core growth in all segments, acquisitions (approximately $25.3 million), primarily from our acquisition of LMA (approximately $24.4 million), price increases (approximately $18.6 million) across all segments and new products (approximately $17.5 million) in North America and EMEA. These increases were partly offset by the $42.3 million unfavorable impact of foreign currency exchange rates in 2012.

Critical Care net revenues increased 3.7% in 2012 to $1,040.5 million from $1,003.8 million in 2011. Excluding the impact of foreign currency exchange rates, net revenues increased 6.6% over the corresponding prior year period. The increase in net revenues was due to higher sales of vascular access, anesthesia, urology and respiratory products.

Surgical Care net revenues increased 5.0% in 2012 to $291.1 million from $277.4 million in 2011. Excluding the impact of foreign currency exchange rates, net revenues increased 7.8% over the corresponding prior year period. The increase in net revenues was due to higher sales of ligation, general surgical instruments and closure products.

Cardiac Care net revenues decreased 1.7% in 2012 to $78.6 million from $79.9 million in 2011. Excluding the impact of foreign currency exchange rates, net revenues increased 2.2% over the corresponding prior year period. The increase in net revenues was due to higher sales of intra-aortic pumps and catheters.

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OEM net revenues increased 8.2% in 2012 to $140.3 million from $129.6 million in 2011. Excluding the impact of foreign currency exchange rates, net revenues increased 9.5% over the corresponding prior year period. The increase in net revenues was due to higher sales of specialty suture and catheter fabrication products.

Comparison of 2011 and 2010

Net revenues increased 6.8% in 2011 to $1,492.5 million from $1,397.7 million in 2010. The $94.8 million increase in net revenues was largely due to higher volumes in all segments and favorable foreign currency rates (approximately $32.7 million). In addition, net revenues in 2010 were lower by approximately $16.8 million due to the recall of custom IV tubing during the first quarter of 2010.

Critical Care net revenues increased 6.4% in 2011 to $1,003.8 million from $943.4 million in 2010. Excluding the impact of favorable foreign currency exchange rates, net revenues increased 4.1% primarily due to higher sales of vascular access and anesthesia products in North America, Europe and Asia/Latin America, respiratory products in North America, Europe and Asia and urology products in Europe and Latin America. In addition, net revenues in 2010 were lower by approximately $16.8 million due to the recall of custom IV tubing during the first quarter of 2010.

Surgical Care net revenues increased 5.6% in 2011 to $277.4 million from $262.7 million in 2010. Excluding the impact of favorable foreign currency exchange rates, net revenues increased 3.0% principally due to higher sales of ligation products in each of our regions.

Cardiac Care net revenues increased 13.3% in 2011 to $79.9 million, from $70.6 million in 2010. Excluding the impact of favorable foreign currency exchange rates, net revenues increased 10.0% largely attributable to higher sales of intra-aortic balloon pump catheters in each of our regions.

OEM net revenues increased 9.5% in 2011 to $129.6 million, from $118.4 million in 2010. Excluding the impact of favorable foreign currency exchange rates, net revenues increased 8.6% due to higher sales of specialty suture and catheter fabrication products.

Gross profit

	2012	2011	2010
		(Dollars in millions)	
Gross profit	$ 748.2	$ 708.8	$ 678.8
Percentage of revenues	48.2%	47.5%	48.6%

Comparison of 2012 and 2011

Gross profit as a percentage of revenues increased 0.7% in 2012 to 48.2% from 47.5% in 2011. The increase is primarily due to price increases in all segments and lower manufacturing costs in North America. In addition, 2011 included charges related to stock keeping unit (SKU) rationalization to eliminate SKUs based on low sales volume or insufficient margins to help improve future profitability. The increases were partly offset by the unfavorable impact of foreign currency exchange rates, higher manufacturing costs in EMEA and inventory write-offs for excess and slow moving product and damaged product in Asia (approximately $4.9 million).

Comparison of 2011 and 2010

Gross profit as a percentage of net revenues decreased 1.1% in 2011 to 47.5% from 48.6% in 2010. The decrease was primarily related to higher manufacturing, raw material and fuel-related freight costs and a $2.0 million pre-tax charge to cost of goods sold attributable to the SKU rationalization implemented at the end of 2011. Our ability to increase prices to offset the impact of higher commodity costs has been mixed, as price increases in Asia, Latin America and North America were offset by price erosion in Europe during 2011.

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Selling, general and administrative

	2012	2011	2010
		(Dollars in millions)	
Selling, general and administrative	$ 454.5	$ 423.9	$ 403.6
Percentage of revenues	29.3%	28.4%	28.9%

Comparison of 2012 and 2011

Selling, general and administrative expenses increased $30.6 million in 2012. The increase is primarily due to higher general and administrative costs across all segments, principally on higher employee related costs ($15.1 million), incremental operating expenses associated with the businesses acquired ($14.7 million), a $7.6 million loss on foreign currency forward exchange contracts entered into in anticipation of the acquisition of substantially all of the assets of LMA, acquisition related costs ($7.2 million) and higher selling costs ($4.8 million), driven by the increased revenue volumes and support of new products. These increases were partly offset by favorable foreign currency exchange rates ($11.1 million). In addition, 2011 expenses included increases in the valuation allowance with respect to the Greek government bonds that we received in 2011 in settlement of trade receivables due to us from sales to the public hospital system in Greece ($4.5 million); approximately $2.2 million of net separation costs for our former CEO (comprised of $5.5 million of payments under his employment agreement, less approximately $3.3 million of stock option and restricted share forfeitures) and increases in litigation reserves ($1.7 million). For additional information on the Greek government bonds, see Note 11, Fair Value Measurement to our consolidated financial statements included in this Annual Report on form 10-K.

During the third quarter of 2012, we entered into forward exchange contracts for Singapore dollars and US dollars in anticipation of the acquisition of substantially all of the assets of LMA. In accordance with FASB guidance, a forecasted transaction is not eligible for hedge accounting if the forecasted transaction involves a business combination. Therefore, gains and losses relating to this arrangement were recognized as incurred. We realized a pre-tax loss of $7.6 million upon settlement of the forward exchange contracts. For additional information regarding the acquisition of LMA and the forward exchange contracts, see Note 3 and Note 10 to our consolidated financial statements included in this Annual Report on form 10-K.

Comparison of 2011 and 2010

Selling, general and administrative expenses as a percentage of revenues were 28.4% in 2011 compared to 28.9% in 2010. The increase in selling, general and administrative expenses in 2011, as compared with 2010, was primarily attributable to increased spending related to sales, marketing and clinical education initiatives of $18.5 million and a $4.5 million loss pertaining to our zero-coupon Greek government bonds. In addition, increases in litigation reserves during 2011 increased selling, general and administrative expenses by approximately $1.7 million. The above increases were partially offset by the fact that the 2010 period included approximately $10.0 million of costs associated with the product recall and remediation activities of our custom IV tubing product.

Selling, general and administrative expenses for 2011 also include approximately $2.2 million of net separation costs for our former chief executive officer (comprised of $5.5 million of payments under his employment agreement, less approximately $3.3 million of stock option and restricted share forfeitures).

The overall increase in selling, general and administrative expenses for 2011 also included $4.9 million of costs related to VasoNova, a company we acquired in January 2011.

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Research and development

	2012	2011	2010
		(Dollars in millions)	
Research and development	$ 56.3	$ 48.7	$ 42.4
Percentage of revenues	3.6%	3.3%	3.0%

Comparison of 2012 and 2011

The increase in research and development expenses in 2012, compared to 2011, principally reflects continued investment in the new technologies obtained in the second quarter of 2012 through acquisitions and increased investments related to vascular products in North America.

Comparison of 2011 and 2010

The increase in research and development expenses during 2011 compared to 2010 primarily reflect increased investments related to catheter tip positioning technologies.

Interest income and expense

	2012	2011	2010
		(Dollars in millions)	
Interest expense	$ 69.6	$ 70.3	$ 79.8
Average interest rate on debt during the year	4.15%	5.18%	5.59%
Interest income	$ (1.6)	$ (1.3)	$ (0.7)

Interest expense decreased $0.7 million in 2012 compared to 2011 due to lower average interest rates, partially offset by approximately $15 million higher average outstanding debt.

Interest expense decreased $9.5 million in 2011 compared to 2010 due to a reduction of approximately $156 million in average outstanding debt and lower average interest rates.

Loss on extinguishments of debt

	2012	2011	2010
		(Dollars in millions)	
Loss on extinguishments of debt	$	$ 15.4	$ 46.6

During 2011, we recorded losses on the extinguishment of debt of $15.4 million as a result of the prepayment, in the first quarter of 2011, of the remaining outstanding principal amount of our senior notes issued in 2004 (the 2004 Notes) and the $125 million repayment, in the second quarter of 2011, of term loan borrowings under our senior credit facility. In connection with the prepayment of our 2004 Notes, we recognized debt extinguishment costs of approximately $14.6 million related to the prepayment make-whole amount of $13.9 million paid to the holders of the 2004 Notes and the write-off of $0.7 million of unamortized debt issuance costs that we incurred prior to the prepayment of the 2004 Notes. During the second quarter of 2011, we recorded a $0.8 million write-off of unamortized debt issuance costs as a loss on extinguishment of debt in connection with the $125 million repayment of term loan borrowings.

In 2010, we recognized losses on the extinguishment of debt of $46.6 million as a result of our refinancing transactions in the third quarter of 2010 and prepayment of notes in the fourth quarter of 2010. In connection with our refinancing transactions in the third quarter of 2010, we prepaid our senior notes issued in 2007 (the 2007 Notes and, together with the 2004 Notes, the Senior Notes) and recognized debt extinguishment costs of approximately $28.8 million comprised of a prepayment make-whole fee of $28.1 million, the write-off of $0.6 million of unamortized debt issuance costs incurred prior to the refinancing transactions and related legal fees. Also in connection with our refinancing transactions in the third quarter of 2010, we prepaid $200 million of our senior credit facility and recognized additional losses on the extinguishment of debt of $1.6 million related to the write-off of

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unamortized debt issuance costs incurred prior to the refinancing transactions. In the fourth quarter of 2010, we prepaid $165.8 million in aggregate principal amount of our 2004 Notes and recognized a loss on extinguishment of debt of approximately $16.3 million comprised of a prepayment make-whole fee of $15.5 million, the write-off of $0.7 million of unamortized debt issuance costs incurred prior to the refinancing transactions and related legal fees. See Note 9 to our consolidated financial statements included in this Annual Report on Form 10-K for further information.

Taxes on income from continuing operations

	2012	2011	2010
Effective income tax rate	(9.9%)	17.8%	16.2%

The effective income tax rate in 2012 was (9.9%) compared to 17.8% in 2011. Taxes on income from continuing operations in 2012 was $16.4 million compared to $25.8 million in 2011. The decrease in the effective tax rate was impacted by the Company s ability to deduct only $45 million of the $332 million goodwill impairment charge recorded in the first quarter of 2012. Accordingly, the reduction in the tax rate reflects the Company s ability to realize only a limited tax benefit related to this charge.

The effective tax rate in 2011 was 17.8% compared to 16.2% in 2010. Taxes on income from continuing operations in 2011 was $25.8 million compared to $16.9 million in 2010. The increase in the effective tax rate reflects lower beneficial discrete charges offset by a tax benefit with respect to foreign earnings.

Restructuring and other impairment charges

	2012	2011	2010
	(Dollars in millions)		
LMA restructuring program	$ 2.5	$	$
2012 restructuring charges	2.4		
2011 restructuring program		3.0	
2007 Arrow integration program	(1.9)	0.5	2.9
Aggregate impairment charges investments and certain fixed assets		2.5	
Total	$ 3.0	$ 6.0	$ 2.9

LMA Restructuring Program

In connection with the acquisition of LMA, we formulated a plan related to the future integration of LMA and our businesses. The integration plan focuses on the closure of LMA corporate functions and the consolidation of manufacturing, sales, marketing, and distribution functions in North America, Europe and Asia. We estimate that an aggregate of up to approximately $16 million will be charged to restructuring and other impairment charges over the term of this restructuring program. Of this amount, $5 million relates to employee termination costs, $10 million relates to termination of certain distributor agreements and $1 million relates to facility closure costs and other actions. During 2012, we incurred restructuring charges of $2.5 million under this program primarily related to employee severance costs. We expect to realize annual pre-tax savings in the range of $15-$20 million by the end of 2015 when these restructuring actions are complete.

2012 Restructuring Charges

We regularly evaluate opportunities to consolidate facilities, lower costs and optimize operating efficiencies. In 2012, we identified opportunities to improve our supply chain strategy by consolidating three of our North American warehouses into one centralized warehouse, and lower costs and improve operating efficiencies through the termination of certain distributor agreements in Europe, the closure of certain North American facilities and workforce reductions. These projects will entail costs related to reductions in force, contract terminations related to distributor agreements and leases, and facility

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closure and other costs. During 2012, we incurred restructuring charges of $2.4 million and, as of December 31, 2012, we had recorded a reserve $2.2 million related to these projects. We expect to complete the projects over a one year period. We anticipate future payments of $5.9 million and incurring additional charges of $3.7 million related to these initiatives.

2011 Restructuring Program

In 2011, we initiated a restructuring program at three facilities to consolidate operations and reduce costs. In connection with this program, we recorded contract termination costs of approximately $2.6 million associated with a lease termination, as we vacated 50% of the premises during 2011. In addition, we recorded approximately $0.4 million for employee termination benefits in connection with workforce consolidations. We expect to incur additional contract termination costs of approximately $2.7 million when we have completely exited a leased facility. The payment of the lease contract termination costs will continue until 2015.

2007 Arrow Integration Program

In connection with our acquisition of Arrow International, Inc. (Arrow) in 2007, we formulated a plan to integrate Arrow and our other businesses. Costs related to actions that affected employees and facilities of Teleflex were charged to earnings and included in restructuring and other impairment charges within the consolidated statement of operations. In 2012 we reversed approximately $2.0 million of contract termination costs related to a settlement of a dispute involving the termination of a European distributor agreement that was established in connection with our acquisition of Arrow. As of December 31, 2012, we expect future restructuring and impairment charges that we will incur in connection with the Arrow integration plan, if any, will be nominal.

Impairment Charges

During 2011, we recognized net impairment charges of $2.5 million related to the decline in value of our investments in affiliates that are considered to be other than temporary. In making this determination, we considered multiple factors, including our intent and ability to hold investments, operating losses of investees that demonstrate an inability to recover the carrying value of the investments, the investee s liquidity and cash position and market acceptance of the investee s products and services.

For additional information regarding our restructuring programs and impairment charges, see Note 4 to our consolidated financial statements included in this Annual Report on Form 10-K.

Goodwill impairment

In the first quarter of 2012, we changed our North America reporting unit structure from a single reporting unit to five reporting units comprised of Vascular, Anesthesia/Respiratory, Cardiac, Surgical and Specialty. We allocated the assets and liabilities of our North America Segment among the new reporting units based on their respective operating activities, and then allocated goodwill among the reporting units using a relative fair value approach, as required by FASB Accounting Standards Codification (ASC) Topic 350.

Following this allocation, we performed goodwill impairment tests on these new reporting units in the first quarter of 2012. As a result of these tests, we determined that three of the reporting units in our North America Segment were impaired, and we recorded goodwill impairment charges of $220 million in our Vascular reporting unit, $107 million in our Anesthesia/Respiratory reporting unit and $5 million in our Cardiac reporting unit in the first quarter of 2012.

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Segment Reviews

Segment Net Revenues

	Year Ended December 31			% Increase/(Decrease)	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
	(Dollars in millions)				
Americas	$ 726.8	$ 688.0	$ 669.5	5.6	2.8
EMEA	510.2	525.3	479.2	(2.9)	9.6
Asia	173.7	149.6	130.6	16.1	14.5
OEM	140.3	129.6	118.4	8.2	9.5
Segment Net Revenues	$ 1,551.0	$ 1,492.5	$ 1,397.7	3.9	6.8

Segment Operating Profit

	Year Ended December 31			% Increase/(Decrease)	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
	(Dollars in millions)				
Americas	$ 88.5	$ 86.4	$ 97.2	2.5	(11.1)
EMEA	56.3	75.9	72.8	(25.9)	4.3
Asia	61.1	49.2	40.9	24.2	20.3
OEM	31.6	24.7	21.9	27.9	12.8
Segment Operating Profit[(1)]	$ 237.5	$ 236.2	$ 232.8	0.6	1.5

(1) See Note 17 of our consolidated financial statements included in this report for a reconciliation of segment operating profit to our consolidated income/(loss) from continuing operations before interest, loss on extinguishments of debt and taxes.

The following is a discussion of our segment operating results.

Comparison of 2012 and 2011

Americas

Americas net revenues increased 5.6% in 2012 compared to the corresponding period in 2011. The increase includes approximately $14.6 million related to acquisitions in 2012, primarily LMA; $9.5 million related to new product sales, primarily in vascular, anesthesia, respiratory and surgical products; price increases of approximately $9.6 million, primarily in surgical, vascular and Latin America products; and approximately $6.4 million due to higher volume, primarily in anesthesia, respiratory, Latin America and surgical products.

Americas segment operating profit increased 2.5% in 2012 compared to the corresponding period in 2011. The increase reflects the favorable impact of higher net revenues and lower manufacturing costs. These increases were partly offset by higher selling, general and administrative expenses ($28.5 million) and higher research and development expenses ($7.6 million). The increase in selling, general and administrative expenses is largely due to employee related costs, operating expenses and acquisition costs associated with the businesses acquired in 2012 ($11.7 million) and higher sales and marketing expenses (approximately $4.0 million), primarily in support of new products. The increase in research and development expenses is due to costs associated with the new technologies obtained in the second quarter of 2012 through acquisitions ($5.6 million), In addition, 2011 included a SKU rationalization charge (approximately $1.3 million) to eliminate SKUs based on low sales volumes or insufficient margins.

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EMEA

EMEA net revenues decreased 2.9% in 2012 compared to the corresponding period in 2011. The decrease reflects the unfavorable impact of foreign currency exchange rates (approximately $39.1 million). The foreign currency exchange rate impact was partly offset by higher volume of approximately $13.1 million, primarily in urology, surgical and anesthesia products, partly offset by a decline in cardiac products, 2012 acquisitions ($5.6 million), primarily LMA, new product sales ($3.5 million) and price increases ($1.8 million).

EMEA segment operating profit decreased 25.9% in 2012 compared to the corresponding period in 2011. The decrease was primarily due to the unfavorable impact of foreign currency exchange rates ($13.3 million), operating expenses and acquisition costs associated with 2012 acquisitions ($8.7 million), a loss on foreign currency forward exchange contracts entered into in anticipation of the acquisition of substantially all of the assets of LMA ($7.6 million) and higher manufacturing costs, partly offset by higher revenues. In addition, EMEA segment operating profit in 2011 included an increase in the valuation allowance related to the Greek government bonds ($4.5 million).

Asia

Asia net revenues increased 16.1% in 2012 compared to the corresponding period in 2011. The increase was due to higher volume of approximately $15.5 million, mostly due to sales growth in the Asia Pacific region, particularly in China, $5.1 million related to acquisitions in 2012, primarily LMA, and $4.1 million related to price increases.

Asia segment operating profit increased 24.2% in 2012 compared to the corresponding period in 2011. The increase is due to the increase in revenues, partly offset by inventory write-offs for excess, slow moving and damaged product (approximately $4.9 million) and operating expenses and acquisitions costs associated with acquisitions we completed in 2012 ($1.4 million).

OEM

OEM net revenues increased 8.2% in 2012 compared to the corresponding period in 2011. The increase was due to higher volume of approximately $4.7 million, which benefited from core growth, new products ($4.5 million) and price increases ($3.1 million).

OEM segment operating profit increased 27.9% in 2012 compared to the corresponding period in 2011. The increase reflects the higher net revenues and lower manufacturing costs, partly offset by higher general and administrative costs.

Comparison of 2011 and 2010

Americas

Americas net revenues increased 2.8% in 2011 compared to the corresponding period in 2010. The increase was primarily due to higher sales of vascular access and anesthesia and respiratory products. In addition, net revenues in 2010 were approximately $16.8 million lower due to the recall of custom IV tubing during the first quarter of 2010.

Americas segment operating profit decreased 11.1% in 2011 compared to the corresponding period in 2010. The decrease was due to higher manufacturing, raw material and fuel related freight costs, the SKU rationalization charge (approximately $1.3 million), increased spending related to marketing and clinical education (approximately $6.8 million) and higher research and development expenses ($5.5 million) primarily related to catheter tip positioning technologies. In addition, 2010 segment operating profit reflected approximately $4.4 million of costs associated with the product recall and remediation activities related to our custom IV tubing product.

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EMEA

EMEA net revenues increased 9.6% in 2011 compared to the corresponding period in 2010. The increase reflects the favorable impact of foreign currency exchange rates (approximately $24.0 million) and higher volume primarily in vascular access, anesthesia, respiratory and urology products.

EMEA segment operating profit increased 4.3% in 2011 compared to the corresponding period in 2010. The increase was primarily due to higher revenues and the favorable impact of foreign currency exchange rates. These increases were partly offset by increased spending related to selling expenses (approximately $10.2 million) and an increase in the valuation allowance related to the Greek government bonds ($4.5 million). In addition, 2010 segment operating profit reflected approximately $4.5 million of costs associated with the product recall and remediation activities related to our custom IV tubing product.

Asia

Asia net revenues increased 14.5% in 2011 compared to the corresponding period in 2010. The increase was due to higher volume primarily with respect to our vascular access, anesthesia and respiratory products, and the favorable impact of foreign currency exchange rates.

Asia segment operating profit increased 20.3% in 2011 compared to the corresponding period in 2010. The increase is due to the increase in revenues and the favorable impact of foreign currency exchange rates. These increases were partly offset by increased spending related to selling and marketing expenses (approximately $3.0 million). In addition, 2010 segment operating profit reflected approximately $0.8 million of costs associated with the product recall and remediation activities related to our custom IV tubing product.

OEM

The OEM net revenues increased approximately 9.5% in 2011 compared to the corresponding period in 2010. The increase was due to higher sales of specialty suture, catheter fabrication and orthopedic implant products.

OEM segment operating profit increased 12.8% in 2011 compared to the corresponding period in 2010. The increase is primarily due to the increase in revenues and lower operating expenses.

Liquidity and Capital Resources

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Our principal source of liquidity is operating cash flows. In addition to operating cash flows, other significant factors that affect our overall management of liquidity include: capital expenditures, acquisitions, pension funding, dividends, adequacy of available bank lines of credit, and access to capital markets.

We currently do not foresee any difficulties in meeting our cash requirements or accessing credit as needed in the next twelve months. To date, we have not experienced an inordinate amount of payment defaults by our customers, and we have sufficient lending commitments in place to enable us to fund our anticipated additional operating needs. However, as discussed above in Global Economic Conditions, the ongoing volatility in the domestic and global financial markets, including the European sovereign debt crisis, combined with a continuation of constrained global credit markets there is a risk that our customers and suppliers may be unable to access liquidity. Consequently, we continue to monitor our credit risk related to countries in Europe. As of December 31, 2012, our net receivables from publicly funded hospitals in Italy, Spain, Portugal and Greece were $70.6 million compared to $78.8 million as of December 31, 2011. In 2012, 2011 and 2010, net revenues from these countries was approximately 9% of total net revenues in each of the years, and average days that accounts receivable were outstanding were 288, 318 and 217 days, respectively. As of December 31, 2012 and

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December 31, 2011, net trade receivables from these countries were approximately 34% and 38%, respectively, of consolidated accounts receivable, net. If global economic conditions deteriorate, we may experience delays in customer payments and reductions in our customers purchases from us. Also, we may incur higher credit losses related to the public hospital systems in these countries, which could have a material adverse effect on our results of operations and cash flows in 2013 and beyond.

We completed four late-stage technology acquisitions and expanded our presence in the anesthesia market through the acquisition of all of the assets of LMA International N.V. during 2012. The aggregate fair value of the consideration paid was approximately $422.2 million, which includes initial consideration of approximately $367.9 million, contingent consideration arrangements related to the businesses acquired, which were valued at $55.8 million and a $1.5 million favorable working capital adjustment related to the LMA acquisition. As of December 31, 2012, the aggregate amount of actual contingent consideration could be up to $74 million. We allocated the fair value of the $422.2 million consideration paid to assets acquired of $476.3 million, net of liabilities assumed of $54.1 million. The assets acquired included intangibles for technology, in-process research and development, customer lists, tradenames and goodwill, aggregating approximately $391.5 million. See Note 3 to our consolidated financial statements included in this Annual Report on Form 10-K for additional information regarding our acquisitions.

We manage our worldwide cash requirements by monitoring the funds available among our subsidiaries and determining the extent to which we can access those funds on a cost effective basis. At December 31, 2012, of our $337.0 million of cash and cash equivalents, $264.0 million was held at foreign subsidiaries. We are not aware of any restrictions on repatriation of these funds and, subject to cash payment of additional U.S. income taxes or foreign withholding taxes, these funds could be repatriated, if necessary. Any additional taxes could be offset, at least in part, by foreign tax credits. The amount of any cash taxes, which could be significant, and the application of tax credits would be determined based on income tax laws in effect at the time of such repatriation. We do not expect any such repatriation to result in additional tax expense as taxes have been provided for on unremitted foreign earnings that we do not consider permanently reinvested.

We depend on foreign sources of cash to fund a portion of our debt service requirements, substantially all of which relate to United States indebtedness, because the net cash provided by U.S.-based operating activities alone is not sufficient. Accordingly, we repatriated approximately $56 million and $70 million in 2012 and 2011, respectively, of cash from our foreign subsidiaries to help fund debt service and other cash requirements. These cash distributions are subject to tax in the U.S. at the corporate tax rate reduced by applicable foreign tax credits for foreign taxes paid on distributed earnings. Approximately $46.1 million of our $193.9 million of net cash provided by operating activities in 2012 was generated in the U.S., and approximately $9.8 million of our $94.4 million of net cash provided by operating activities in 2011 was generated in the U.S.

We have no scheduled principal payments under our senior credit facility until 2014. We anticipate our domestic interest payments for 2013 will be approximately $60.4 million. To the extent we cannot, or choose not to, repatriate cash from foreign subsidiaries to meet quarterly debt service or other requirements, our revolving credit facility can be utilized as a source of liquidity until such cash can be repatriated in a cost effective manner.

During 2011, we received $9.6 million of zero-coupon Greek government bonds (the Greek Bonds) in settlement of trade receivables due us from sales to the public hospital system in Greece for 2007, 2008 and 2009. At December 31, 2010, we had an allowance of $2.2 million on receivables to be settled by the bonds. During 2011, we recorded additional losses of $4.5 million and received $2.3 million in proceeds from the sale of approximately $5.4 million in principal amount of these Greek Bonds. At December 31, 2011, we had approximately $0.9 million of the Greek Bonds remaining on our balance sheet which were sold in January of 2012. The $0.9 million fair value of the bonds at December 31, 2011 reflected the final value received from the January 2012 sale of the remaining

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bonds. For additional information regarding the fair value of the Greek Bonds, see Note 11 to our consolidated financial statements included in this Annual Report on Form 10-K.

We believe our cash flow from operations, available cash and cash equivalents, borrowings under our revolving credit facility and sales of accounts receivable under our securitization program will enable us to fund our operating requirements, capital expenditures and debt obligations for the next 12 months and the foreseeable future.

During 2011, we completed a series of transactions that significantly restructured our debt obligations and borrowing capacity.

Prepayment of 2004 Notes. We prepaid the entire outstanding $165.8 million principal amount of our senior notes issued in 2004 (2004 Notes). In connection with this prepayment we paid a make-whole payment to the holders of the 2004 Notes of approximately $13.9 million and paid accrued and unpaid interest of approximately $1.7 million. We used $150.0 million of borrowings under our revolving credit facility and available cash to fund these payments.

Revolving Credit Facility Borrowings and Repayment. We borrowed $165.0 million under our revolving credit facility, of which $150.0 million was used to fund the prepayment of our 2004 Notes described above and the remainder was used to fund a portion of the purchase price for the VasoNova acquisition. We repaid the $165.0 million using $80.0 million of the proceeds from an additional term loan borrowing under our senior credit facility as described below, and $85.0 million in proceeds from our sale of the marine business.

Term Loan Borrowings and Repayment; Extension of Maturities.

We entered into an agreement with lenders under our senior credit facility that provided an additional principal amount of $100.0 million in term loan borrowings and used $80.0 million of the proceeds to repay a portion of the borrowings under our revolving credit facility described above. We subsequently repaid $125.0 million of term loan borrowings under our senior credit facility using a portion of the proceeds of the 6.875% Senior Subordinated Notes due 2019 that we issued in June 2011.

We obtained lender agreements to extend the maturity of $36.1 million of term loans from October 1, 2012 to October 1, 2014 and to extend the termination of $33.7 million of revolving credit facility commitments from October 1, 2012 to October 1, 2014.

6.875% Senior Subordinated Notes due 2019. On June 13, 2011, we issued $250.0 million of 6.875% Senior Subordinated Notes due 2019 (the 2019 Notes). We pay interest on the 2019 Notes semi-annually on June 1 and December 1 at a rate of 6.875% per year. The 2019 Notes will mature on June 1, 2019, unless earlier redeemed. We incurred transaction fees of approximately $3.7 million, including underwriters discounts and commissions, in connection with the public offering of the 2019 Notes. As noted above, we used $125.0 million of the net proceeds to repay term loan borrowings under our senior credit facility. We also recorded a $0.8 million write-off of unamortized debt issuance costs as a loss on extinguishment of debt in the second quarter of 2011.

Termination of Interest Rate Swap. In December 2011, we terminated our interest rate swap agreement that, at the date of termination, had a notional amount of $350 million. The interest rate swap was designated as a cash flow hedge against the term loan under our senior credit facility. At the date of termination, the interest rate swap was in a liability position resulting in a cash payment of approximately $14.8 million, which included $3.1 million of accrued interest. The termination of the interest rate swap resulted in an $11.7 million cash outflow as reported in operating activities in the consolidated statements of cash flows. As of December 31, 2012, all unrealized losses within accumulated other comprehensive income associated with this interest rate swap have been reclassified as interest expense in the consolidated statements of income (loss).

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Cash Flows

The following table provides a summary of our cash flows for the periods presented:

	Year Ended December 31,		
	2012	2011	2010
	(Dollars in millions)		
Cash flows from continuing operations provided by (used in):			
Operating activities	$ 193.9	$ 94.4	$ 143.8
Investing activities	(385.9)	300.7	152.1
Financing activities	(47.3)	(5.2)	(335.5)
Cash flows (used in) provided by discontinued operations	(10.1)	(2.8)	63.8
Effect of exchange rate changes on cash and cash equivalents	2.4	(11.5)	(4.1)
Increase (decrease) in cash and cash equivalents	$ (247.0)	$ 375.6	$ 20.1

Comparison of 2012 and 2011

Cash Flow from Operating Activities

Operating activities from continuing operations provided net cash of approximately $193.9 million during 2012 compared to $94.4 million during 2011. The $99.5 million increase is primarily due to favorable year-over-year changes in working capital items, primarily accounts receivable (favorable year-over-year by $40.6 million), inventory (favorable year-over-year by $31.8 million) and prepaid expenses and other current assets (favorable year-over-year by $18.1 million). The year-over-year improvement in working capital from accounts receivable reflects a significant collection of receivables from the Spanish government (approximately $17.5 million) during the second quarter of 2012, largely offset by higher net revenues in 2012 in the Americas and EMEA. The comparatively unfavorable change in accounts receivable in 2011 reflected the effect of the termination of a factoring agreement in Italy (approximately $30.4 million) and a slowdown in collections particularly in Italy, Spain and Greece (approximately $18.1 million). The year-over-year improvement in working capital related to inventories reflects a 2012 reduction in the build-up of inventory in 2011 and inventory write-offs of excess, slow moving and damaged product in Asia in 2012. The 2011 increase in inventory reflected a planned worldwide build-up of inventory primarily to improve service levels by accelerating fulfillment of customer orders. The inventory increases in 2011 also included a $7.1 million increase in the Asia Pacific region to stock a new distribution facility in Singapore. The year-over-year improvement in working capital from prepaid expenses and other current assets primarily reflects the collection of outstanding 2011 VAT claims in 2012. These favorable year-over-year comparisons were partly offset by a reduction in deferred tax liability associated with potential future repatriation of non-permanently reinvested foreign earnings in 2012.

Cash Flow from Investing Activities

Net cash used in investing activities from continuing operations was $385.9 million during 2012 reflecting payments for businesses acquired of $387.0 million, principally LMA, and capital expenditures of $65.4 million, partly offset by the proceeds from sales of businesses and assets of $66.7 million. The payments for businesses acquired includes the aggregate initial consideration we paid in connection with the acquisitions and approximately $17.7 million for contingent consideration payments related to our acquisitions of VasoNova, Inc. (VasoNova acquired in 2011), Semprus BioSciences, Axiom Technology Partners LLC and the EZ Blocker product line acquired in 2012. The proceeds from sales of businesses and assets include $45.1 million from the sale of the orthopedic business, $16.8 million that we received as a working capital adjustment pursuant to the terms of the agreement related to the sale of the cargo systems and container businesses of our former Aerospace Segment, $4.5 million from the payment of a subordinated promissory note related to the sale of the marine business of our former Commercial Segment and proceeds of $0.3 million from the sale of a building.

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Cash Flow from Financing Activities

Net cash used in financing activities from continuing operations was $47.3 million in 2012, primarily due to dividend payments of $55.6 million, partly offset by $9.0 million in proceeds from the exercise of outstanding stock options issued under our stock compensation plans, compared to net cash used in financing activities from continuing operations of $5.2 million in 2011.

Comparison of 2011 and 2010

Cash Flow from Operating Activities

Net cash provided by operating activities from continuing operations totaled $94.4 million during the twelve months ended December 31, 2011, compared to $143.8 million during the twelve months ended December 31, 2010. The decrease primarily reflects the fact that we received a significant tax refund of $59.5 million in 2010, which favorably affected cash flow in the 2010 period. In addition, the 2011 decrease reflects a $33.8 million increase in worldwide inventory levels, which was $12.4 million greater than the $21.4 million increase in inventory during the 2010 period. We increased our inventory levels in 2011 principally to improve our service levels by accelerating fulfillment of customer orders. The inventory increase also included a $7.1 million increase in the Asia Pacific region to stock a new distribution facility in Singapore. These operating cash flow decreases as compared to the prior period were somewhat offset by a modestly smaller increase in accounts receivable during the twelve months ended December 31, 2011 as compared to the prior year period. The accounts receivable increase in the 2011 period was $43.6 million, $6.5 million less than the increase during the same period in 2010. However, $39.7 million of the increase in 2010 resulted from a change in accounting guidance that caused trade receivables under our asset securitization program to be included as accounts receivable on our balance sheet. Prior to the change in accounting guidance, the trade receivables were treated as sold and were not included in our balance sheet. The increase in accounts receivable during the twelve months of 2011 reflects higher accounts receivable in Europe of $49.9 million, primarily due to the termination of a factoring agreement in Italy (approximately $30.4 million), and a slowdown in payments, particularly in Italy and Spain (approximately $18.1 million).

During 2011, we recognized additional litigation reserves of $17.1 million associated with retained liabilities related to businesses that have been divested. Of the $17.1 million recorded, $7.5 million was associated with recall costs related to defective products, which was a subject of pending litigation related to our former Commercial Segment. During the third quarter of 2011, we settled the litigation as it related to the recall costs and, as part of the settlement, paid $7.6 million in September 2011.

Cash Flow from Investing Activities

Net cash provided by investing activities from continuing operations totaled $300.7 million during the twelve months ended December 31, 2011 compared to $152.1 million during the twelve months ended December 31, 2010. Cash provided by investing activities from continuing operations during 2011 includes $372.1 million in proceeds, net of cash and closing costs associated with the sale of the marine and aerospace businesses plus $3.9 million related to the sale of a building that was previously held for sale, partly offset by cash paid of $30.6 million for the acquisition of VasoNova and capital expenditures of $44.6 million. The $30.6 million paid for the acquisition of VasoNova includes the initial payment of $24.9 million plus a $6.0 million contingent payment made to the former VasoNova security holders upon receiving 510(k) clearance from the U.S. Food and Drug Administration less a hold back fee and cash in the business obtained in the acquisition.

Cash Flow from Financing Activities

Net cash used in financing activities from continuing operations totaled $5.2 million during the twelve months ended December 31, 2011, which included proceeds from additional borrowings of $515.0 million, including the issuance of our 2019 Notes. This additional indebtedness was partially

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offset by repayments of outstanding debt totaling $455.8 million, including the prepayment of the 2004 Notes totaling $165.8 million and the repayment of $125.0 million under our senior credit facility. We incurred costs of $18.5 million associated with the repayments of these amounts (including the related make whole amounts paid to the holders of the 2004 Notes and related fees) and our additional borrowings. We also paid $25.0 million against our securitization program, made dividend payments of $55.1 million and recognized proceeds of $34.0 million from the exercise of outstanding stock options issued under our stock compensation plans.

Financing Arrangements

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

	2012	2011
	(Dollars in millions)	
Net debt includes:		
Current borrowings	$ 4.7	$ 5.0
Long-term borrowings	965.3	954.8
Total debt	970.0	959.8
Less: Cash and cash equivalents	337.0	584.1
Net debt	$ 633.0	$ 375.7
Total capital includes:		
Net debt	$ 633.0	$ 375.7
Shareholders equity	1,779.0	1,980.6
Total capital	$ 2,412.0	$ 2,356.3
Percent of net debt to total capital	26%	16%

The increase in percentage of net debt to total capital in 2012 compared to 2011 was largely due to reductions in cash and cash equivalents and shareholders equity. The decrease in cash was primarily a result of the purchase of LMA in October of 2012. The decrease in shareholders equity was primarily a result of the $332 million goodwill impairment charge recorded in the first quarter of 2012.

Fixed rate borrowings comprised 63% of total borrowings at December 31, 2012 and December 31, 2011.

Our senior credit agreement and the indenture under which we issued our 2019 Notes 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. Our senior credit agreement also requires us to maintain a consolidated leverage ratio of not more than 4.0:1 and a consolidated interest coverage ratio (generally, Consolidated EBITDA to Consolidated Interest Expense, each as defined in the senior credit agreement) of not less than 3.50:1 as of the last day of any period of four consecutive fiscal quarters calculated pursuant to the definitions and methodology set forth in the senior credit agreement. At December 31, 2012, our consolidated leverage ratio was 2.88:1 and our interest coverage ratio was 5.37:1, both of which are in compliance with the limits described in the preceding sentence.

At December 31, 2012, we had no borrowings outstanding and approximately $2.4 million in outstanding standby letters of credit under our $400.0 million revolving credit facility. This facility is used principally for seasonal working capital needs. The availability of loans under our revolving credit facility is dependent upon our ability to maintain our financial condition and our continued compliance with the covenants contained in our senior credit agreement. Moreover, additional borrowings would be prohibited if a Material Adverse Effect (as defined in the senior credit agreement) were to occur. Notwithstanding these restrictions, we believe our revolving credit facility provides us with significant flexibility to meet our foreseeable working capital needs. At our current level of EBITDA (as defined in

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the senior credit agreement) for the year ended December 31, 2012, we would have been permitted $397.3 million of additional debt beyond the levels outstanding at December 31, 2012. Moreover, additional capacity would be available if borrowed funds were used to acquire a business or businesses through the purchase of assets or controlling equity interests so long as the aforementioned leverage and interest coverage ratios are met after calculating EBITDA on a proforma basis to give effect to the acquisition.

As of December 31, 2012, we were in compliance with all other terms of our senior credit agreement and our 2019 Notes, and we expect to continue to be in compliance with the terms of these agreements, including the leverage and interest coverage ratios under our senior credit agreement, throughout 2013.

In addition, we have an accounts receivable securitization facility under which we sell a security interest in domestic accounts receivable for consideration of up to $50.0 million to a commercial paper conduit. As of December 31, 2012, the maximum amount available for borrowing was $44.0 million. This facility is utilized from time to time to provide increased flexibility in funding short term working capital requirements. The agreement governing the accounts receivable securitization facility contains certain covenants and termination events. An occurrence of an event of default or a termination event under this facility may give rise to the right of our counterparty to terminate this facility. As of December 31, 2012 and 2011, we had $4.7 million of outstanding borrowings under our accounts receivable securitization facility.

Our 3.875% Convertible Senior Subordinated Notes due 2017 (the Convertible Notes) are included in the dilutive earnings per share calculation using the treasury stock method. Under the treasury stock method, we must calculate the number of shares issuable under the terms of these notes based on the average market price of our common stock during the applicable reporting period, and include that number in the total diluted shares figure for the period. At the time we sold our convertible notes, we entered into convertible note hedge and warrant agreements that together are intended to have the economic effect of reducing the net number of shares that will be issued upon conversion of the notes by, in effect, increasing the conversion price of the Convertible Notes, from our economic standpoint, to $74.65. However, under accounting principles generally accepted in the United States of America (U.S. GAAP), since the impact of the convertible note hedge agreements is anti-dilutive, we exclude from the calculation of fully diluted shares the number of shares of our common stock that we would receive from the counterparties to these agreements upon settlement.

Under the treasury stock method, changes in the share price of our common stock can have a significant impact on the number of shares that we must include in the fully diluted earnings per share calculation. The following table provides examples of how changes in our stock price would impact the number of additional shares included in the denominator of the fully diluted earnings per share calculation (Total Treasury Stock Method Incremental Shares). The table also reflects the impact on the number of shares we could expect to issue upon concurrent settlement of the Convertible Notes, the warrant and the convertible note hedge (Incremental Shares Issued by Teleflex upon Conversion):

Share Price	Convertible Note Shares	Warrant Shares	Total Treasury Stock Method Incremental Shares[1]	Shares Due to Teleflex under Note Hedge	Incremental Shares Issued by Teleflex upon Conversion[2]
$65	370		370	(370)	
$75	1,190	31	1,221	(1,190)	31
$85	1,817	794	2,611	(1,817)	794
$95	2,313	1,398	3,711	(2,313)	1,398
$105	2,714	1,886	4,600	(2,714)	1,886
$115	3,045	2,289	5,334	(3,045)	2,289

(1) Represents the number of incremental shares that must be included in the calculation of fully diluted shares under U.S. GAAP.
(2) Represents the number of incremental shares to be issued by us upon conversion of the convertible notes, assuming concurrent settlement of the convertible note hedges and warrants.

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Our 3.875% Convertible Notes are convertible under certain circumstances, including the attainment of 130% of the conversion price (approximately $79.72) of the Company s closing stock price during a certain number of days at the end of a fiscal quarter. The Company s closing stock price has recently approached this amount, which increases the possibility that the Convertible Notes could become convertible in the near future, at which point the Convertible Notes would be classified as a current liability. The Company has elected a net settlement method to satisfy its conversion obligation, under which the Company may settle the principal amount of the Convertible Notes in cash and settle the excess conversion value in shares, plus cash in lieu of fractional shares. The Company believes that it has the ability to raise sufficient cash to repay the principal amounts due through a combination of utilizing our existing cash on hand, accessing our credit facility, or raising money in the capital markets.

For additional information regarding our indebtedness, please see Note 9 to our consolidated financial statements included in this Annual Report on Form 10-K.

Stock Repurchase Programs

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 our ability to execute on the program will depend on, among other factors, cash requirements for acquisitions, cash generated from operations, debt repayment obligations, market conditions and regulatory requirements. In addition, our senior credit facility and our 2019 Notes limit our ability to repurchase shares and make other restricted payments. Accordingly, these provisions may limit our ability to repurchase shares under this Board authorization. Through December 31, 2012, no shares have been purchased under this Board authorization.

Contractual Obligations

Contractual obligations at December 31, 2012 are as follows:

		Payments due by period			
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
		(Dollars in thousands)			
Total borrowings	$ 1,029,700	$ 4,700	$ 375,000	$ 400,000	$ 250,000
Interest obligations[1]	203,038	45,035	74,827	58,878	24,298
Operating lease obligations	108,834	21,921	31,519	20,402	34,992
Minimum purchase obligations[2]	23,415	23,342	73		
Other postretirement benefits	34,797	3,199	6,683	7,050	17,865
Total contractual obligations	$ 1,399,784	$ 98,197	$ 488,102	$ 486,330	$ 327,155

(1) Interest payments on floating rate debt are based on the interest rate in effect on December 31, 2012.

(2) Purchase obligations are defined as agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable pricing provisions and the approximate timing of the transactions. These obligations relate primarily to material purchase requirements.

We recently announced that we will be relocating our corporate headquarters in the first half of 2014. In connection with the relocation, in December 2012 we entered into a lease for approximately 84,000 square feet of office space in Wayne, Pennsylvania. The lease has an initial lease term of 10 years and 8 months, with an option to renew for an additional ten years. Aggregate rental payments during the initial term of the lease are expected to be approximately $30 million.

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We have recorded a noncurrent liability for uncertain tax positions of $68.3 million and $61.7 million as of December 31, 2012 and December 31, 2011, respectively. Due to uncertainties regarding the ultimate resolution of ongoing or future tax examinations we are not able to reasonably estimate the amount of any income tax payments to settle uncertain income tax positions or the periods in which any such payments will be made.

In 2012, cash contributions to all defined benefit pension plans were $17.6 million, and we estimate the amount of cash contributions will be approximately $7.1 million in 2013. Due to the potential impact of future plan investment performance, changes in interest rates, changes in other economic and demographic assumptions and changes in legislation in the United States and other foreign jurisdictions, we are not able to reasonably estimate the timing and amount of contributions that may be required to fund our defined benefit plans for periods beyond 2013.

See Notes 15 and 16 to our consolidated financial statements included in this Annual Report on Form 10-K for additional information.

Critical Accounting Estimates

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

We have identified the following as critical accounting estimates, which are defined as those that are reflective of significant judgments and uncertainties, are the most pervasive and important to the presentation of our financial condition and results of operations and could potentially result in materially different results under different assumptions and conditions.

Accounting for Allowance for Doubtful Accounts

In the ordinary course of business, we grant non-interest bearing trade credit to our customers on normal credit terms. In an effort to reduce our credit risk, we (i) establish credit limits for all of our customer relationships, (ii) perform ongoing credit evaluations of our customers financial condition, (iii) monitor the payment history and aging of our customers receivables, and (iv) monitor open orders against an individual customer s outstanding receivable balance.

An allowance for doubtful accounts is maintained for accounts receivable based on our historical collection experience and expected collectability of the accounts receivable, considering the period an account is outstanding, the financial position of the customer and information provided by credit rating services. The adequacy of this allowance is reviewed each reporting period and adjusted as necessary.

In light of the disruptions in global economic markets, we instituted enhanced measures to facilitate customer-by-customer risk assessment when estimating the allowance for doubtful accounts. Such measures included, among others, monthly credit control committee meetings, at which customer credit risks are identified after review of, among other things, accounts that exceed specified credit limits, payment delinquencies and other customer problems. In addition, for some of our non-government customers, we instituted measures designed to reduce our risk exposures, including issuing dunning letters, reducing credit limits, requiring that payments accompany orders and instituting legal action with respect to delinquent accounts. With respect to government customers, we evaluate receivables for potential collection risks associated with the availability of government funding and reimbursement practices.

Some of our customers, particularly in Europe, have extended or delayed payments for products and services already provided. Collectability concerns regarding our accounts receivable from these

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customers, for the most part in Greece, Italy, Spain and Portugal, is the primary cause for the increase in the allowance. At December 31, 2012, these countries accounted for 34% of our consolidated accounts receivable, net. If the financial condition of these customers or the healthcare systems in these countries continue to deteriorate such that the ability of an increasing number of customers to make payments is uncertain, additional allowances may be required in future periods. Our allowance for doubtful accounts was $7.8 million at December 31, 2012 and $6.5 million at December 31, 2011 which was 2.4% and 2.2%, respectively, of gross accounts receivable.

Although we maintain allowances for doubtful accounts to cover the estimated losses which may occur when customers cannot make their required payments, we cannot be assured that we will continue to experience the same loss rate in the future given the volatility in the worldwide economy. If our allowance for doubtful accounts is insufficient to address receivables we ultimately determine are uncollectible, we would be required to incur additional charges, which could materially adversely affect our operating results. Moreover, our inability to collect outstanding receivables could adversely affect our financial condition and cash flow from operations.

Distributor Rebates

We offer rebates to certain distributors and reserve an estimate for the rebate as a reduction of revenues at the time of sale. The estimate is based on an historical experience rate of rebate claims by distributors over the previous 12 months for specific product lines. The reserve for estimated rebates was $19.5 million and $9.6 million at December 31, 2012 and December 31, 2011, respectively. The increase in rebates in 2012 compared to 2011 is primarily due to the acquisition of LMA.

Inventory Utilization

Inventories are valued at the lower of cost or market. Accordingly, we maintain a reserve for excess and obsolete inventory to reduce the carrying value of our inventories to reflect the diminution of value resulting from product obsolescence, damage or other issues affecting marketability by an amount equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) current sales data and historical return rates, (ii) estimates of future demand, (iii) competitive pricing pressures, (iv) new product introductions, (v) product expiration dates, and (vi) component and packaging obsolescence.

The adequacy of this reserve is reviewed each reporting period and adjusted as necessary. We regularly compare inventory quantities on hand against historical usage or forecasts related to specific items in order to evaluate obsolescence and excessive quantities. In assessing historical usage, we also qualitatively assess business trends to evaluate the reasonableness of using historical information as an estimate of future usage.

Our inventory reserve was $31.7 million at December 31, 2012 and $32.9 million at December 31, 2011 which equaled 8.9% and 9.9% of gross inventories, respectively.

Accounting for Long-Lived Assets and Investments

The ability to realize long-lived assets is evaluated periodically as events or circumstances indicate a possible inability to recover their carrying amount. The evaluation is based on various analyses, including undiscounted cash flow projections. The analyses necessarily involve significant management judgment. Any impairment loss, if indicated, equals the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

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Accounting for Goodwill and Other Intangible Assets

Goodwill and intangible assets at December 31, 2012 were as follows:

	Total (Dollars in millions)
Goodwill	$ 1,249.5
Intangible assets:	
Indefinite lived	432.6
Finite lived	626.2
Goodwill and intangible assets	$ 2,308.3
Number of reporting units	10

Intangible assets may represent indefinite-lived assets (e.g., certain trademarks or brands), determinable-lived intangibles (e.g., certain trademarks or brands, customer relationships, patents and technologies) or goodwill. Of these, only the costs of determinable-lived intangibles are amortized to expense over their estimated life. Determining the useful life of an intangible asset requires considerable judgment as different types of intangible assets will have different useful lives. Goodwill and indefinite-lived intangibles assets, primarily trademarks and brand names, are not amortized but are tested annually for impairment during the fourth quarter, using the first day of the quarter as the measurement date, or earlier upon the occurrence of certain events or substantive changes in circumstances that indicate the carrying value may not be recoverable. Such conditions may include an economic downturn in a geographic market or a change in the assessment of future operations. Our impairment testing for goodwill is performed separately from our impairment testing of indefinite-lived intangibles.

Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows to measure fair value. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections and operating plans. We believe such assumptions and estimates are also comparable to those that would be used by other marketplace participants.

Goodwill

Goodwill impairment assessments are performed at a reporting unit level; our reporting units are generally businesses one level below the respective operating segment. In applying the goodwill impairment test, we may assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. Qualitative factors may include, but are not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategies and financial performance. If, after completing such assessment, it is determined more likely than not that the fair value of a reporting unit is less than its carrying value, we proceed to a two-step quantitative impairment test. Alternatively, we may proceed directly to testing goodwill for impairment through the two-step impairment test without conducting the qualitative analysis. In the fourth quarter of 2012, we performed a qualitative assessment on six of our reporting units that carry goodwill and determined, based on the qualitative assessment, that the fair value of each reporting unit was more likely than not higher than its carrying value. For the two remaining reporting units that carry goodwill, the Vascular and Anesthesia/Respiratory reporting units, we elected to forgo the qualitative assessment and test them through the two-step quantitative impairment test as discussed below.

The first step of the two-step impairment test is to quantitatively compare the fair value of a reporting unit, including goodwill, with its carrying value. In performing the first step, we calculate fair values of the various reporting units using equal weighting of two methods; one which estimates the discounted cash flows (DCF) of each of the reporting units based on projected earnings in the future (the Income Approach) and one which is based on sales of similar assets in actual transactions (the

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Market Approach). If the fair value exceeded the carrying value, there is no impairment. If the reporting unit carrying amount exceeded the fair value, the second step of the goodwill impairment test would be performed to measure the amount of the impairment loss, if any.

Determining fair value requires the exercise of significant judgment. The more significant judgments and assumptions made to determine the fair value of our reporting units were (1) the amount and timing of expected future cash flows which are based primarily on our estimates of future sales, operating income, industry trends and the regulatory environment of the individual reporting units, (2) the expected long-term growth rates for each of our reporting units, which approximate the expected long-term growth rate of the global economy and of the medical device industry, (3) discount rates that are used to discount future cash flows to their present values, which are based on an assessment of the risk inherent in the future cash flows of the respective reporting units along with various market based inputs, (4) determination of appropriate revenue and EBITDA multiples used to estimate a reporting unit s fair value under the Market Approach and the selection of appropriate comparable companies to be used for purposes of determining those multiples. There were no changes to the underlying methods used in 2012 as compared to the prior year valuations of our reporting units. The DCF analysis utilized in the fourth quarter 2012 impairment test was performed over a ten year time horizon for each reporting unit. The discount rate was 10.0% for all reporting units. A perpetual growth rate of 2.5% was assumed for all reporting units.

In arriving at our estimate of the fair value of each reporting unit, we considered the results of both the Income and the Market approach and determined the fair value of each reporting unit based on the average of the results yielded by the two methods. In addition, our current market capitalization was reconciled to the sum of the estimated fair values of the individual reporting units, plus a control premium, to ensure the fair value conclusions were reasonable in light of current market capitalization. The control premium implied by our analysis was approximately 30%, which was deemed to be within a reasonable range of observed average industry control premiums.

No impairment in the carrying value of any of our reporting units was evident as a result of the assessment of their respective fair values as determined under the methodology described above in the fourth quarter 2012 impairment test. In 2012, the fair value of our Vascular and Anesthesia/Respiratory reporting units exceed its respective carrying value by more than 20%.

Our expected future growth rates estimated for purposes of the goodwill impairment test are based on our estimates of future sales, operating income and cash flow and are consistent with our internal budgets and business plans which reflect a modest amount of core revenue growth coupled with the successful launch of new products each year, that collectively, more than offset volume losses from products that are expected to reach the end of their life cycle. Under the Income Approach, significant changes in assumptions would be required for these reporting units to fail the step one test. For example, an increase of over 1.5% in the discount rate or a decrease of over 10% percent in the compound annual growth rate of operating income would be required to indicate impairment for these reporting units. Nevertheless, while we believe the assumed growth rates of sales and cash flows are reasonable and achievable the possibility remains that the constant currency revenue growth of this reporting unit may not perform as expected, and, as a result, the estimated fair value may decline. If our strategy and/or new products are not successful and we do not achieve core revenue growth in the future the goodwill in the Vascular and Anesthesia/Respiratory reporting units may become impaired and, in such case, we may incur material impairment charges.

In the first quarter of 2012, we changed our North America reporting unit structure from a single reporting unit to five reporting units comprised of Vascular, Anesthesia/Respiratory, Cardiac, Surgical and Specialty. We allocated the assets and liabilities of our North America Segment among the new reporting units based on their respective operating activities, and then allocated goodwill among the reporting units using a relative fair value approach, as required by FASB Accounting Standards Codification (ASC) Topic 350.

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Following this allocation, we performed goodwill impairment tests on these new reporting units in the first quarter of 2012. As a result of these tests, we determined that three of the reporting units in our North America Segment were impaired, and we recorded goodwill impairment charges of $220 million in our Vascular reporting unit, $107 million in our Anesthesia/Respiratory reporting unit and $5 million in our Cardiac reporting unit in the first quarter of 2012.

Intangible Assets

Intangible assets are assets acquired that lack physical substance and that meet the specified criteria for recognition apart from goodwill. Intangible assets we obtained through acquisitions are comprised mainly of technology, customer relationships, and trade names. The fair value of acquired technology and trade names is estimated by the use of a relief from royalty method, which values an intangible asset by estimating the royalties saved through the ownership of an asset. Under this method, an owner of an intangible asset determines the arm s length royalty that likely would have been charged if the owner had to license the asset from a third party. The royalty, which is based on the estimated rate applied against forecasted sales, is tax-effected and discounted to present value using a discount rate commensurate with the relative risk of achieving the cash flow attributable to the asset. The fair value of acquired customer relationships is estimated by the use of an income approach known as the excess earnings method. The excess earnings method measures economic benefit of an asset indirectly by calculating residual profit attributable to the asset after appropriate returns are paid with respect to complementary or contributory assets. The residual profit is tax-effected and discounted to present value at an appropriate discount rate that reflects the risk factors associated with the estimated income stream.

Management tests indefinite-lived intangible assets for impairment annually, and more frequently if events or changes in circumstances indicate it is more likely than not that the asset is impaired. Similar to the goodwill impairment test process, we may assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. If, after completing such qualitative assessment, we determine it is not more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, the asset is not impaired. If we conclude it is more likely than not that the fair value of the indefinite-lived intangible assets is less than the carrying value, we then proceed to a quantitative impairment test, which consists of a comparison of the fair value of the intangible assets to their carrying amounts. Alternatively, we may elect to forgo the qualitative analysis and proceed directly to testing the indefinite-lived intangible asset for impairment through the quantitative impairment test. In the fourth quarter of 2012, we performed a qualitative assessment on all of our indefinite-lived assets, except for our Taut tradename, and determined, based on the qualitative assessment, that their fair value was more likely than not higher than its carrying value. For the Taut tradename, we elected to test it through the quantitative impairment test as discussed below.

In connection with the quantitative impairment test, management tests for impairment by comparing the carrying value of intangible assets to their estimated fair values. Since quoted market prices are seldom available for intangible assets, we utilize present value techniques to estimate fair value. Common among such approaches is the relief from royalty methodology described above, under which management estimates the direct cash flows associated with the intangible asset. Management must estimate the hypothetical royalty rate, discount rate, and residual growth rate to estimate the forecasted cash flows associated with the asset.

Discount rates and perpetual growth rates utilized in the impairment test of the indefinite-lived asset during the fourth quarter of 2012 is comparable to the rates utilized in the impairment test of goodwill. The compound annual growth rate in revenues projected to be generated from the trade name was 4% and a royalty rate of 4% was assumed. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows generated as a result of the respective intangible assets. Assumptions about royalty rates are based on the rates at which similar trademarks or technologies are being licensed in the marketplace.

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No impairment in the carrying value of our indefinite-lived intangible asset was evident as a result of the assessment of its respective fair value as determined under the methodology described above.

We are not required to perform an annual impairment test for long-lived assets, including finite-lived intangible assets (e.g., customer relationships); instead, long-lived assets are tested for impairment upon the occurrence of a triggering event. Triggering events include the likely (i.e., more likely than not) disposal of a portion of such assets or the occurrence of an adverse change in the market involving the business employing the related assets. Significant judgments in this area involve determining whether a triggering event has occurred and re-assessing the reasonableness of the remaining useful lives of finite-lived assets by, among other things, assessing customer attrition rates.

Accounting for Pensions and Other Postretirement Benefits

We provide a range of benefits to eligible employees and retired employees, including pensions and postretirement healthcare benefits. Several statistical and other factors which are designed to project future events are used in calculating the expense and liability related to these plans. These factors include actuarial assumptions about discount rates, expected rates of return on plan assets, compensation increases, turnover rates and healthcare cost trend rates. We review the actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when appropriate.

The weighted average assumptions for U.S. and foreign plans used in determining net benefit cost were as follows:

	Pension			Other Benefits		
	2012	2011	2010	2012	2011	2010
Discount rate	4.28%	5.50%	5.78%	3.95%	5.10%	5.60%
Rate of return	8.27%	8.31%	8.27%			
Initial healthcare trend rate				8.5%	8.0%	9.0%
Ultimate healthcare trend rate				5.0%	5.0%	5.0%

Significant differences in our actual experience or significant changes in our assumptions may materially affect our pension and other postretirement obligations and our future expense. The following table shows the sensitivity of plan expenses and benefit obligations to changes in the weighted average assumptions:

	Assumed Discount Rate		Expected Return on Plan Assets	Assumed Healthcare Trend Rate	
	50 Basis Point Increase	50 Basis Point Decrease	50 Basis Point Change	1.0% Increase	1.0% Decrease
			(Dollars in millions)		
Net periodic pension and postretirement healthcare expense	$ (0.6)	$ 0.6	$ 1.2	$ 0.3	$ (0.2)
Projected benefit obligation	$ (29.5)	$ 32.9	N/A	$ 4.6	$ (4.0)

Product Warranty Liability

We warrant to the original purchaser of certain of our products that we will, at our option, repair or replace, without charge, such products if they fail due to a manufacturing defect. Warranty periods vary by product. We have recourse provisions for certain products that would enable recovery from third parties for amounts paid under the warranty. We accrue for product warranties when, based on available information, it is probable that customers will make claims under warranties relating to products that have been sold, and a reasonable estimate of the costs (based on historical claims experience relative to sales) can be made. Our estimated product warranty liability was $0.5 million and $7.9 million at December 31, 2012 and December 31, 2011, respectively. The decrease in the reserve is due to a settlement in 2012 of a retained liability related to a divested business.

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Share-based Compensation

We estimate the fair value of share-based awards on the date of grant using an option pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods. Share-based compensation expense is measured using a Black-Scholes option pricing model that takes into account highly subjective and complex assumptions with respect to expected life of options, volatility, risk-free interest rate and expected dividend yield. The expected life of options granted represents the period of time that options granted are expected to be outstanding, which is derived from the vesting period of the award, as well as historical exercise behavior. Expected volatility is based on a blend of historical volatility and implied volatility derived from publicly traded options to purchase our common stock, which we believe is more reflective of the market conditions and a better indicator of expected volatility than solely using historical volatility. The risk-free interest rate is the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life of the option.

Accounting for Income Taxes

Our annual provision for income taxes and determination of the deferred tax assets and liabilities require management to assess uncertainties, make judgments regarding outcomes and utilize estimates. We conduct a broad range of operations around the world, subjecting us to complex tax regulations in numerous international jurisdictions, resulting at times in tax audits, disputes with tax authorities and potential litigation, the outcome of which is uncertain. Management must make judgments about such uncertainties and determine estimates of our tax assets and liabilities. Deferred tax assets and liabilities are measured and recorded using currently enacted tax rates, which we expect will apply to taxable income in the years in which those temporary differences are recovered or settled. The likelihood of a material change in our expected realization of these assets is dependent on future taxable income, our ability to use foreign tax credit carryforwards and carrybacks, final U.S. and foreign tax settlements, and the effectiveness of our tax planning strategies in the various relevant jurisdictions. While management believes that its judgments and interpretations regarding income taxes are appropriate, significant differences in actual experience may require future adjustments to our tax assets and liabilities, which could be material.

We are also required to assess the realizability of our deferred tax assets. We evaluate all positive and negative evidence and use judgments regarding past and future events, including operating results and available tax planning strategies that could be implemented to realize the deferred tax assets. Based on this assessment, we determine when it is more likely than not that all or some portion of our deferred tax assets may not be realized, in which case we apply a valuation allowance to offset our deferred tax assets in an amount equal to future tax benefits that may not be realized. To the extent facts and circumstances change in the future, adjustments to the valuation allowances may be required.

The valuation allowance for deferred tax assets of $70.5 million and $66.3 million at December 31, 2012 and December 31, 2011, respectively, relates principally to the uncertainty of the utilization of tax loss and credit carryforwards in various jurisdictions. We believe that we will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax asset. The valuation allowance was calculated in accordance with the provisions under ASC topic 740 Income Taxes, which requires that a valuation allowance be established and maintained when it is more likely than not that all or a portion of deferred tax assets will not be realized.

Significant judgment is required in determining income tax provisions and in evaluating tax positions. We establish additional provisions for income taxes when, despite the belief that tax positions are supportable, there remain certain positions that do not meet the minimum probability threshold, which is a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, we are examined by various Federal,

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State and foreign tax authorities. We regularly assess the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. We adjust the income tax provision, the current tax liability and deferred taxes in any period in which facts that give rise to an adjustment become known. Specifically, we are currently in the midst of examinations by the U.S., Canadian, Czech Republic, and Austrian taxing authorities with respect to our income tax returns for those countries for various tax years. The ultimate outcomes of the examinations of these returns could result in increases or decreases to our recorded tax liabilities, which would affect our financial results.

See Note 14 to our consolidated financial statements in this Annual Report on Form 10-K for additional information regarding our uncertain tax positions.

New Accounting Standards

See Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K for a discussion on recently issued accounting standards, including estimated effects, if any, on our consolidated financial statements.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Market Risk

We are exposed to certain financial risks, specifically fluctuations in market interest rates, foreign currency exchange rates and, to a lesser extent, commodity prices. We use derivative financial instruments to manage or reduce the impact of some of these risks. We do not enter into derivative instruments for trading purposes. We are also exposed to changes in the market traded price of our common stock as it influences the valuation of stock options and their effect on earnings.

Interest Rate Risk

We are exposed to changes in interest rates as a result of our borrowing activities and our cash balances. The table below provides information regarding the amortization and related interest rates by year of maturity for our fixed and variable rate debt obligations. Variable interest rates shown below are the weighted average rates of the debt portfolio based on interest rates in effect on December 31, 2012.

	Year of Maturity						
	2013	2014	2015	2016	2017	Thereafter	Total
	(Dollars in thousands)						
Fixed rate debt							