Teleflex®

2006 Annual Report

Financial Highlights

(dollars in thousands, except per share)

- Revenues $2,646,757
- Income from continuing operations before interest, taxes, and minority interest $280,676 (excluding restructuring costs and loss on sales of assets)
- Diluted EPS from continuing operations $3.81 (excluding restructuring costs, loss on sales of assets, and one-time tax benefit)
- EBITDA from continuing operations $354,723 (excluding restructuring costs and loss on sales of assets)
- Net cash provided by operating activities from continuing operations $343,875
- Dividends per share $1.105

The company uses certain income measures which exclude the costs of its restructuring programs, the loss on sales of assets and a one-time tax benefit, which may be considered non-GAAP measures. These measures are used as a means to evaluate period-to-period comparisons in conjunction with measures presented in accordance with GAAP. Please reference page 16 of this Annual Report for a reconciliation of non-GAAP measures to GAAP equivalents.

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About Our Company

At Teleflex, we design, manufacture, and distribute specialty engineered products for niche markets. We bring our technical expertise and commitment to service to a wide range of customers in commercial, medical, and aerospace industries. Dedicated to customer service, we strive to design real-world solutions – products that are practical, cost-effective, and reliable.

For more than 60 years, Teleflex has grown by providing engineered products that help our customers meet their business requirements. Today, we have revenues in excess of $2.6 billion, operations in 23 countries, and more than 19,000 employees.

Teleflex is a diversified company with global operations and customers worldwide. We are committed to an entrepreneurial spirit of creativity and innovation, building on new ideas and creating opportunities for profitable growth. Teleflex common stock is listed on the New York Stock Exchange (NYSE: TFX).

Corporate Values

- We will act with integrity in all our business dealings.
- We will operate with a common sense of purpose.
- We are dedicated to providing superior customer service.
- We will show respect for employees.
- We will cultivate an entrepreneurial spirit of creativity and innovation.
- We are committed to creating long-term value for our shareholders.

Forward-Looking Statements

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company notes that certain statements contained in this report are forward-looking in nature. These forward-looking statements include matters such as business strategies, market potential, future financial performance, product deployments and other future-oriented matters. Such matters inherently involve many risks and uncertainties. For additional information, please refer to the Company's Securities and Exchange Commission filings and the Form 10-K included in this Annual Report.

Letter to Shareholders

To Our Shareholders,

Teleflex today is a diversified company built around engineering excellence, a spirit of innovation, service to our customers and a commitment to creating long-term value for our shareholders. As a portfolio of niche businesses, we are constantly changing to address shifts in markets and technology, meet customer requirements, and position our company for future growth. We have a remarkable history of success.

Our financial results and business performance in 2006 reflect the changes we are making to position Teleflex for the future. In 2006, we reported the highest revenues, earnings, and cash flow in our company's history. Yet the year was not without its challenges. Early on, our medical businesses had to overcome setbacks that occurred as we concluded our facility consolidation and restructuring program. In the Commercial Segment, we adjusted to tough end markets in our automotive business while ramping up for expansion in Teleflex Power Systems. At the same time, the Aerospace Segment continued its strong performance in a buoyant market.

These results are a testament to the strong team we have assembled at Teleflex. The improvements we made in 2006 are a direct result of the hard work, discipline, and dedication of Teleflex employees around the world.

Teleflex remains committed to returning capital to shareholders. During 2006, we increased our dividend by 14 percent, the 29th consecutive year that we have done so. We were again named to the Mergent Dividend Achievers Select Index, which recognizes companies that have increased their annual dividend for at least 10 consecutive years. We also completed a $140 million stock buyback program.

We saw change in our board of directors in 2006. John Sickler, vice chairman of Teleflex and an executive for more than 30 years, joined the board as I took on the duties of chairman. Teleflex benefits from an active board that brings diverse experience to their roles. They have counseled and challenged senior management in strategic planning sessions, and they have encouraged and supported initiatives for growth. Our board members have provided advice and oversight as we strive to improve our programs for risk management, compliance, and compensation.

We ended the year in great shape with a solid portfolio of businesses, a strong balance sheet, and a foundation for acquisitions and investment in new products. We have exciting new products and opportunities, initiatives in new markets and geographies, and a renewed commitment to growth.

Balance and diversification has been a hallmark of Teleflex. Over the past few years, we simplified our portfolio and leveraged our scale while maintaining diversity in our businesses. We have exited or divested underperforming businesses, and we reduced our number of facilities while expanding our global footprint. Today we are a more focused organization of businesses with solid market positions and opportunities for growth.

Healthcare products and services are a more significant part of our portfolio than ever before. In 2006, Teleflex Medical represented more than 30 percent of our revenues and almost 60 percent of our operating profit. We offer

We ended the year in great shape with a solid portfolio of businesses, a strong balance sheet, and a foundation for acquisitions and investment in new products.

well-known, trusted brands in specialty categories. We are also the supplier of choice for many of the industry's leading medical device manufacturers.

Teleflex Medical is a global business with almost half of our revenues from outside North America and an expanding global distribution network. In 2007, we expect to continue our geographic sales expansion particularly in Asia. We also expect to see growth from our investment in new products, in areas as diverse as sleep therapy, humidification, and instruments for minimally invasive procedures.

Our Medical management team brings a strong combination of experience in international markets and the ability to identify and integrate new products and businesses – skills that we plan to put to good use as we continue to grow our medical businesses.

In our Commercial Segment, which encompasses our businesses serving marine, industrial, and automotive customers, we are excited about the opportunities created by recent investments. Much of our growth is driven by new technologies, new platform launches, and increasing regulation and rising fuel costs. In this report, you will see just a few examples of our new product initiatives. For example, we are working closely with marine and industrial customers to create integrated electronic driver and motion control systems that improve the driving experience and enhance engine performance.

In 2006, we also launched a new generation of anti-idling and emission reduction solutions for trucks. We also extended our presence in the rail market with the acquisition of EcoTrans Technologies, a leading supplier of auxiliary power systems for locomotives.

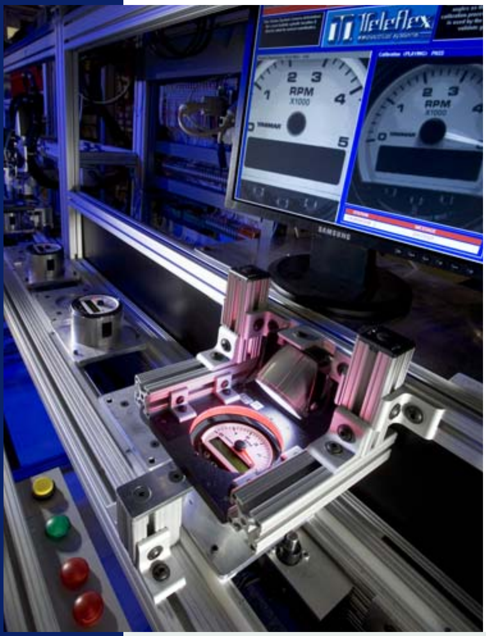
With a streamlined product portfolio and leaner operations, the Commercial Segment now includes a mix of faster growth businesses balanced by well-established core businesses with strong cash generation capabilities.

In the Aerospace Segment, we are enjoying strong market trends, but our growth has also been the result of solid fundamentals. All three of our aerospace businesses improved margins and profitability in 2006, in part because of productivity and operational initiatives that have created strong foundations for future growth. In this report, you can also read about our industry-leading cargo systems, the choice for many of the world's leading carriers. The growing installed base of aircraft with Telair wide-body cargo-handling systems should provide growth potential for our aftermarket spares and repairs business in years to come.

As we look ahead to 2007 and beyond, my management team and I are excited about the potential for Teleflex. The changes we have made over the past few years and the investments we have made in the development of our people, processes, and programs create a solid foundation for future growth.

All the best,

JEFFREY P. BLACK
Chairman and
Chief Executive Officer



Above: Much of the test equipment at our Electronics Development Center in Sarasota, Florida, is designed and built by Teleflex employees. This programmable device calibrates marine gauges that will be used on many of the most popular recreational boats on the market.

Commercial

Improving Driver Performance and Control

Across Teleflex Commercial, our businesses are developing and launching integrated electronic systems that help set the pace of technological innovation in our global markets. In our newly established Electronics Development Center (EDC), we are focused on providing customers with integrated systems for electronic and electro-mechanical controls, electro-hydraulic steering, and shift-by-wire technology. Our goal at the EDC and across the Commercial group is to continue bringing new products to market faster, more efficiently, and more cost-effectively, utilizing our expertise in industrial, marine, and automotive applications.

At Teleflex Marine, we are creating innovative products for recreational boating by integrating technologies and market know-how. Our engineers collaborated across thousands of miles and multiple time zones to

Comfort, control, emission reductions, efficiency and economy – Teleflex Commercial is meeting these needs for customers worldwide through our wide-ranging portfolio of products and solutions.

Teleflex Power Systems serves the trucking industry with auxiliary power units that reduce idling, leading to lower fuel consumption and reduced engine emissions.

design a number of products for better driver control and comfort. Our shift and throttle controls expertise has led us to develop sophisticated electronic control systems for a major manufacturer of marine diesel engines. We are also combining our wide-ranging expertise in industrial and marine actuators to develop and manufacture an electric power system for recreational products, such as all-terrain vehicles.

Higher Fuel Efficiency, Reduced Emissions

Many transportation companies face legislation aimed at reducing fuel consumption and emissions. To support those in trucking who are taking on these challenges, Teleflex Power Systems has partnered with Carrier Transicold, a business unit of United Technologies Corporation, to become the exclusive distributor of ComfortPro®, our heavy-duty auxiliary power unit (APU). By combining our industry-leading APU with Carrier's global leadership in sales and distribution to the trucking industry, we are working together to help reduce the long idling of truck engines. This can significantly reduce fuel consumption and emissions in the main engine while providing drivers with auxiliary power and climate control. We made a similar commitment to energy efficiency in the railroad industry in 2006 when we acquired EcoTrans Technologies, a supplier of anti-idling and emissions reduction solutions for locomotive engines.

TeleflexGFI is providing alternatives to traditional fossil fuel to power vehicles as varied as autos and forklifts. For example, two of our engines for variable-speed applications have been certified as meeting the California Air Resources Board's aggressive 2010 levels – *a full three years ahead of schedule*. We continue to set new standards for environmental compliance, working to help our customers reduce the emissions footprint of their engines.

In 2006, as part of our commitment to energy efficiency, Teleflex Power Systems acquired EcoTrans Technologies, a manufacturer of locomotive auxiliary power units (APUs). All models of EcoTrans APUs are designed to save fuel and reduce locomotive engine wear, emissions, and noise.

Teleflex Automotive is expanding its global presence, as evidenced by this ad, which shows how car makers around the world connect with our products.

Teleflex electromechanical devices are subject to rigorous testing, such as this throttle control, whose memory is being calibrated.

Teleflex Automotive is also in the fight for reduced emissions and fuel efficiency. Burning fuels more cleanly requires exhaust systems that raise temperatures under the vehicle, and our transmission cables can survive this harsh environment with their temperature-resistant materials. We can also help customers improve fuel economy while maintaining their sporty styles by using lower-weight automatic transmissions and a new generation of electronics. We also provide Teleflex Fluid Systems' Fluoro-Comp®, a low-permeation composite hose that can withstand the corrosive effects of many fuel mixtures while performing under high temperatures.

Delivering Comfort, Convenience, and Reliability

Our Capro® brand provides comfort and convenience with award-winning solutions that span tension cables to sophisticated electromechanical devices. One example is PR² – the Power Remote Release fold-and-tumble seat control that provides both flexible seating and interior space flexibility. With power seat folding and storage at the touch of a button, the PR² is recognized by automotive seating suppliers as the industry standard in remote push-button actuation.

As energy demands drive utilization rates for oil rigs, Teleflex Heavy Lift serves the oil industry with a variety of ropes, slings, and their attendant hardware. We also support our customers in meeting new legislation and safety regulations for moorings.

Teleflex Commercial stands as a reliable source of creative new technology and proven products and services to meet the changing needs of industrial markets.

Teleflex Medical produces a variety of products used in minimally invasive procedures such as laparoscopy.

Respiratory care and sleep therapy. Incontinence care. Ligation, sutures, and ports. Fluid management. Surgical instrumentation. Teleflex Medical offers specialty products and services through our worldwide distribution system.

An operator inspects a Teleflex Medical suture at our manufacturing facility in Nuevo Laredo, Mexico.

Medical

Breathing Made Easier

Teleflex Medical has a long history of expertise in support of respiratory care and airway management through its well-known and trusted HudsonRCI®, Rüsch®, Gibeck®, and Sheridan® brands. Our disposable products help treat patients of all ages who require a wide variety of therapies, including aerosol therapy, humidification, and airway management. In 2006, we launched the Humid-Flo™ Heat and Moisture Exchanger (HME), which addresses many of the challenges of cross-contamination that are traditionally associated with ventilation care. We also launched the Comfort Flo™, which provides heated, humidified oxygen to ease patients' breathing.

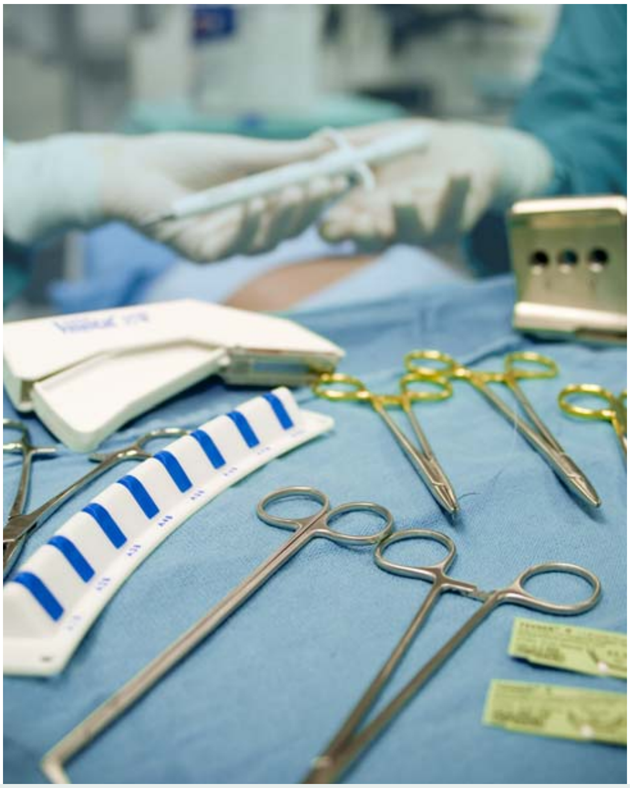
In 2006, we extended our presence in the growing sleep therapy market, providing treatment for obstructive sleep apnea (OSA). Our Hybrid Universal Interface is a dual-airway interface, which consists of an oral cushion that covers the mouth and two nasal pillows that fit into patients' nostrils. This proprietary design simultaneously addresses patient comfort and oral leaks, two common concerns associated with continuous positive airway pressure (CPAP) therapy. An industry expert, who is also an OSA patient, described the Hybrid as breakthrough technology that will change the way CPAP therapy is delivered. "The Hybrid brings a totally new mask fit with (an) unobstructed view so patients can read before bedtime and help eliminate the abrasions on the forehead or the bridge of the nose that one sees with traditional full face masks," says Dr. Natalio J. Chediak of the Boca Raton Sleep Center.

A Commitment to Urological Care

Teleflex Medical is well known for providing quality urology products under the Rüsch name. These include catheters, incontinence control, drainage, and irrigation supplies, which are sold primarily to non-hospital care providers. These products also have a particularly strong presence in our European markets. In 2006, we introduced a new line of catheter kits to both hospital and non-hospital care providers, and the immediate success of this line illustrates the strength of our distribution network.

Setting courtesy of UNC Hospital, Chapel Hill, North Carolina.

Teleflex Medical supports respiratory patients of all ages with a wide range of products such as this Wye connector.



Teleflex Medical's Surgical business carries a full complement of devices for the cardiovascular surgeon including instruments, disposable aortic punches, specialty sutures, and suture accessories.

Expanding our Leadership in Surgical Products

Among our wide range of surgical products and medical devices are many that have established us as experts in instrumentation, closure, and fluid management. In 2006, we introduced new products for tissue approximation during surgery, and new headlamps that create crisper illumination for surgeons. In 2007, we are launching the Mini Sahara, a portable version of one of our most sophisticated chest drainage products.

In 2006, we also significantly expanded our portfolio of surgical products that support the global trend toward minimally invasive procedures when we acquired Taut Inc. Well-known among surgeons and hospital administrators, Taut is a provider of specialized laparoscopic and other minimally invasive products for both general surgery and specialized procedures in gynecology, bariatrics, pediatrics, and urology.

OEM – Always Growing, Always Improving

Teleflex Medical OEM continues to serve the industry's leading medical device manufacturers with quality-engineered, high-performance products for cardiovascular, orthopedic, and minimally invasive surgical specialties markets. Our portfolio of quality-engineered, high-performance products include spinal and orthopedic instruments, specialty sutures, microcatheters, and introducers, among many others. Our customers seek a reliable partner that exceeds their expectations for service, quality, and cost and can assist them in rapidly bringing new technologies to market. We continue to focus on streamlining our manufacturing process and improving our efficiencies while shortening our already-quick response times.

As the challenges to quality care grow, we are expanding our portfolio of products and services to meet them.

Engineers and designers from Telair International, a business unit of Teleflex Aerospace, worked closely with their counterparts from Boeing on the air framer's Large Cargo Freighter, known as the Dreamlifter. Boeing commended the Telair team for their ability to work through a variety of technical and scheduling challenges.

The time is now for Teleflex Aerospace. Strong markets. Reputation for excellence. Established customer base. New products and services. Commitment to continually improving operations.

Aerospace

The success of Teleflex Aerospace isn't just the result of high-flying markets. Our aerospace businesses succeed by providing our customers with innovative technical solutions delivered consistently and with the highest quality. The aerospace market demands operational excellence, and our success is a direct result of management disciplines and the programs and processes we have put in place.

Advancing Cargo Systems Technology

Telair International, our global powerhouse in cargo solutions, is a leader in the design, manufacture, and service of wide-body and narrow-body cargo-handling systems. During 2006, Telair engineers and software designers worked closely with the Boeing team to meet the challenge of designing and implementing a unique new cargo system for the Boeing Company's 747-LCF Large Cargo Freighter, Dreamlifter. This Freighter was built by Boeing to transport major assemblies of the all-new Boeing 787 Dreamliner from partners around the world to its facility in Everett, Washington, for final assembly. The loading system from Telair will transport these shipments, some weighing up to 64 tons.

In honor of Telair's excellent work on the Large Cargo Freighter program, Boeing officials presented a commendation award to the company, stating that "Telair International's design and build of the cargo-handling system faced many technical and schedule challenges. Through hard work and determination, Telair International was able to find a way to get the job done."

Telair systems have also been the system of choice to supply the Main Deck Cargo-Loading Systems for the popular B747-400 Boeing Converted Freighter (BCF). Customers include some of the largest cargo carriers in Asia and Europe. Telair currently holds a backlog for the BCF systems that extends out to 2010 and represents the vast majority of Boeing's current conversion order base.

Telair was also selected by Airbus for the design, manufacture and supply of the full Supplier Furnished Equipment (SFE) cargo-loading system for the A330-200, A330-300 & A340-300 Lower Deck. Installation of the first system is scheduled to begin in 2008. There can be no truer testimony to Telair's commitment to excellence than to be chosen by these major airframe original equipment manufacturers (OEMs) and industry-leading airlines worldwide.

A technician for Airfoil Technologies International (ATI) in Singapore inspects the quality of work performed on high-pressure compressor blades.

Once off the ground, lighter cargo containment equipment can help reduce fuel costs. Telair supports this with our Ultralite® air cargo containers. Ultralite unit-loading devices (ULDs) feature substantial weight savings, exceptional durability, and ease of operation, which combine to offer low cost of ownership.

Enhancing Utilization and Longevity of Aircraft Engines

Teleflex Aerospace also specializes in aircraft engine components, maintenance and repair. Airfoil Technologies International (ATI), our venture with GE Aircraft Engines, provides OEMs with repair services for aircraft engine components. These advanced reprofiling and adaptive machining techniques enhance the performance and efficiency of flight turbine engines. ATI has demonstrated high quality, speed, and packaging of materials and technical service to help customers maximize utilization of their engines, achieve higher yields, and an overall lower cost of ownership. With their established relationships, advanced technology, high level of service, and focus on operational excellence, ATI strives to be a leading global provider of aerospace component repair and aftermarket services.

Precision-Machining for Engine Components

Teleflex Aerospace Manufacturing Group supports a wide variety of aircraft engines as a major provider of precision-machined components, turbine blades, fan modules, cases, and blisks for commercial and military engines. Our electro-chemical machining (ECM) technology is highly effective on a wide variety of components. ECM allows fast, clean and stress-free machining of all metals into contoured shapes, many in a single pass. ECM also handles complex shapes, and it holds extremely tight tolerances, which help improve engine efficiency. Its quick machine time on parts also makes it very cost-effective.

Teleflex Aerospace provides products and services that help our customers stay ahead of industry challenges.

A technician loads ATI airfoils into a vacuum furnace in order to achieve the optimum materials properties required.

Teleflex at a Glance

Key Brands

- Aqua Power™
- BayStar™
- Capro®
- ComfortPro®
- EcoTrans
- Fluoro-Comp®
- Hendersons Comfort Systems®
- MegaLink™
- Proheat®
- SeaStar®
- Shields Marine Hose
- Sierra
- Southwest Wire Rope
- TeleflexGFI
- Teleflex Morse

2006 REVENUES

- Commercial 47%
- Medical 33%
- Aerospace 20%

2006 SEGMENT OPERATING PROFITS

- Commercial 27%
- Medical 56%
- Aerospace 17%

Product Lines

Driver Controls – Full manual and automatic gearshift systems, shift towers, park-lock, control cables and wire controls, mechanical and hydraulic steering columns, throttle controls, and industrial vehicle pedal systems.

Power and Vehicle Management Systems – Mobile auxiliary power systems for truck and rail, components for fuel systems, alternative fuel systems, instrumentation and electronic controls, diagnostics and monitoring for engine and vehicle management, and fuel systems.

Motion Controls – Mechanical and electromechanical controls for seat-comfort, interior flexibility, window, door, function and safety controls, mobile power equipment, and heavy lift products, including fabrication and distribution of rope and web products.

Fluid Management Systems – Premium-branded, custom and bulk hose, and assemblies.

Markets

- Automotive
- Marine / Recreational
- Industrial Equipment / Other
- Truck and Bus
- Heavy Lift
- Agricultural / Construction

Key Brands

- Beere
- Deknatel®
- Gibeck®
- HudsonRCI®
- KMedic®
- Pilling®
- Pleur-Evac®
- Rüsch®
- Sheridan®
- SSI™
- Taut®
- TFX Medical OEM
- Weck®

Product Lines

Disposable Medical Products – Respiratory care and anesthesia products including devices used in airway management, oxygen therapy, sleep therapy, humidification, and aerosol therapy. Continence care products, including catheters, and drain and irrigation supplies.

Surgical Instruments and Medical Devices – Hand-held instruments for general and specialty surgical procedures, devices for cardiovascular, orthopedic, and general surgery, ligation and wound closure products, and instrument management and sterilization.

Specialty Devices – Serving medical OEMs with specialty design and manufacture of instruments for cardiovascular and orthopedic procedures, sutures, microcatheters, and introducers.

Markets

- Hospitals / Healthcare Providers
- Home Health
- Medical Device Manufacturers

Key Brands

- Airfoil Technologies International™
- Telair® International
- Teleflex Aerospace Manufacturing Group

Product Lines

Repair Products and Services – Highly specialized component repair products and services for commercial flight and ground-based turbines.

Cargo-Handling Systems – On-board cargo-handling systems for wide-body and narrow-body aircraft, containers, actuators, and aftermarket spare parts and service.

Precision-Machined Components – Aircraft engine fan blades, compressor blades, cases, blisks, and other components for flight turbine engines and industrial applications.

Markets

- Commercial Aviation
- Military
- Industrial / Other

Reconciliation of Non-GAAP Measures to GAAP Equivalents

	2006
	(Dollars in thousands)
Income from continuing operations before interest, taxes and minority interest	$254,612
Restructuring and other costs	25,226
Loss on sales of assets	838
Income from continuing operations before interest, taxes and minority interest excluding restructuring and other costs and loss on sales of assets	$280,676

	2006	
	(Dollars in thousands, except per share)	
Income and diluted earnings per share from continuing operations	$139,930	$3.50
Restructuring and other costs	25,226	
Tax benefit on restructuring and other costs	(7,712)	
Restructuring and other costs, net of tax	17,514	0.44
Loss on sales of assets	838	
Tax benefit on loss on sales of assets	(901)	
Loss on sales of assets, net of tax	(63)	(0.00)
One-time tax benefit	(4,843)	(0.12)
Income and diluted earnings per share from continuing operations excluding restructuring and other costs, loss on sales of assets and one-time tax benefit	$152,538	$3.81

	2006
	(Dollars in thousands)
Income from continuing operations	$139,930
Interest expense	41,997
Interest income	(6,412)
Taxes on income from continuing operations	54,140
Depreciation expense	83,720
Amortization expense of intangible assets	13,952
Amortization expense of deferred financing costs	1,332
Restructuring and other costs	25,226
Loss on sales of assets	838
EBITDA from continuing operations excluding restructuring and other costs and loss on sales of assets	$354,723

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2006 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 ☑ 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 ☑

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 ☑ 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, or a non-accelerated filer (as defined in Exchange Act Rule 12b-2).

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant (36,554,671 shares) on June 25, 2006 (the last business day of the registrant's most recently completed fiscal second quarter) was $1,940,687,483[(1)]. The aggregate market value was computed by reference to the closing price of the Common Stock on such date.

The registrant had 39,118,349 Common Shares outstanding as of February 15, 2007.

Document Incorporated By Reference: certain provisions of the registrant's definitive proxy statement in connection with its 2007 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.

TELEFLEX INCORPORATED
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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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," "forecast," "confident," "prospects" 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 involve 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; global economic factors, including currency exchange rates and interest rates; difficulties entering new markets; and general economic conditions. For a further discussion of the risks that our business is subject to, see "Item 1A. Risk Factors" of this Annual Report on Form 10-K. We expressly disclaim any intent or obligation to update these forward-looking statements, except as otherwise specifically stated by us.

PART I

ITEM 1. *BUSINESS*

Overview

Teleflex Incorporated is a diversified industrial company specializing in the design, manufacture and distribution of specialty-engineered products. We serve a wide range of customers in niche segments of the commercial, medical and aerospace industries. Our products include: driver controls, motion controls, power and vehicle management systems and fluid management systems for commercial industries; disposable medical products, surgical instruments, medical devices and specialty devices for hospitals and healthcare providers; and repair products and services, precision-machined components and cargo-handling systems for commercial and military aviation as well as other industrial markets.

For more than 60 years, we have provided engineered products that help our customers meet their business requirements. 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. We serve a diverse customer base through operations in 23 countries and local direct sales and distribution networks. In 2006, products directly distributed from our operations in the United States accounted for 43 percent of revenues, and products directly distributed from our operations in other countries represented 57 percent of revenues.

Our Business Segments

We organize our business into three business segments — Commercial, Medical and Aerospace. For 2006, the percentages of our consolidated net revenues represented by our segments were as follows: Commercial — 47%; Medical — 33%; and Aerospace — 20%. Additional information regarding our segments and geographic areas is presented in Note 15 to our consolidated financial statements included in this Annual Report on Form 10-K.

Commercial

Our Commercial Segment businesses principally design, manufacture and distribute driver control, motion control, power and vehicle management and fluid management products and systems. Our products are used by a wide range of markets including the passenger car and light truck, marine, recreational, mobile power equipment, military, agricultural and construction vehicle, truck and bus and various other industrial equipment sectors. Major manufacturing operations are located in North America, Europe and Asia.

Driver Controls: This is the largest single product category in the Commercial Segment, representing 44 percent of Commercial Segment revenues in 2006. Products in this category include: full manual and automatic gearshift systems, transmission guide controls, park-lock cables, control cables, mechanical and hydraulic steering, steering columns, throttle controls and industrial vehicle pedal systems. Our driver controls are used in a variety of vehicles, including passenger cars, boats, trucks, agricultural vehicles and recreational vehicles. We are a global supplier of manual and automatic gearshift systems and control cables for passenger cars and light trucks and a leading global provider of both mechanical and hydraulic steering systems for recreational boats.

Motion Controls: Products in this category represented 25 percent of Commercial Segment revenues in 2006. Motion controls include: mechanical and electro-mechanical controls for seat-comfort, interior flexibility, movement and regulation of window, door, function and other safety controls and mobile power equipment controls and products for heavy-lift applications. While the largest portion of this category relates to seat and interior comfort and motion systems sold to automotive suppliers and industrial vehicle manufacturers, our motion systems also serve a wide range of other markets and applications. For example, we are a large supplier of safety cable and light-duty motion controls used in mobile power equipment, and our heavy-lift products, which include heavy-duty cables, hoisting and rigging equipment, are used in oil drilling and other industrial markets.

Power and Vehicle Management Systems: Products in this category represented 20 percent of Commercial Segment revenues in 2006. Power and vehicle management systems include: mobile auxiliary power systems, fuel management systems and components, industrial actuation products and components, instrumentation and electronic controls for engine and vehicle management, diagnostics and monitoring. These products generally address the need for greater fuel efficiency, reduced emissions, mobile power and improved connectivity of engine and vehicle systems. Our major products in this category include mobile auxiliary power units used for power and climate control in heavy duty trucks, industrial vehicles and locomotives, instrumentation and electronic products for marine and industrial vehicles and components and systems for the use of alternative fuels in military, industrial and automotive applications.

Fluid Management Systems: Products in this category represented 11 percent of Commercial Segment revenues in 2006. Fluid management products include premium-branded, custom-manufactured and bulk hose and related assemblies that are generally custom-designed and manufactured to address specific requirements for vapor permeation, durability and flexibility. Our fluid management products can be found in automobiles, recreational boats, remote sensing devices, high-purity food processing, underground fuel transfer, compressed natural gas applications and in a number of other industrial product and equipment applications. The largest percentage of fluid management systems are sold to automotive and industrial customers.

The following table sets forth revenues for 2006, 2005 and 2004 by product category for the Commercial Segment.

	2006	2005	2004
	(Dollars in thousands)		
Driver Controls	$557,421	$554,707	$570,410
Motion Controls	$308,003	$283,698	$264,653
Power and Vehicle Management Systems	$250,121	$222,951	$238,838
Fluid Management Systems	$135,293	$128,289	$126,947

The following table sets forth the percentage of revenues by end market for 2006 for the Commercial Segment.

Automotive	52%
Marine/Recreational	19%
Industrial Equipment and Other	13%
Truck and Bus	8%
Heavy Lift	5%
Agricultural/Construction	3%

Backlog: As of December 31, 2006, our backlog of firm orders for our Commercial Segment was $247 million. This compares with $257 million as of December 25, 2005. Standard Commercial Segment products are typically shipped between two weeks and three months after receipt of order. Therefore, the backlog of such orders is not indicative of probable revenues in any future 12-month period.

Marketing: The majority of our Commercial Segment products are sold to original equipment manufacturers, or OEMs, through a direct sales force of field representatives and technical specialists. We also market our marine products and mobile auxiliary power units through dealers, distributors and retail outlets serving owners of recreational boats. Fuel systems and components include custom applications sold directly to industrial equipment manufacturers and to the automotive aftermarket principally in Europe.

Medical

Our Medical Segment businesses develop, manufacture and distribute disposable medical products, surgical instruments, medical devices and specialty devices for healthcare providers and medical equipment manufacturers. Our products are largely sold and distributed to hospitals and healthcare providers in a range of clinical settings. Major manufacturing operations are located in North America, Europe and Asia.

Markets for these products are influenced by a number of factors including demographics, utilization and reimbursement patterns in the worldwide healthcare market.

Disposable Medical Products: This is the largest product category in the Medical Segment, representing 63 percent of segment revenues in 2006. Our disposable medical products are generally used in the clinical specialty areas of anesthesia, respiratory care and urology. Anesthesia and respiratory care products include those used in airway management, sleep therapy, oxygen administration and therapy, humidification and aerosol therapy. Urology products include: catheters and drain and irrigation supplies. Our products are marketed under the brand names of Rusch, HudsonRCI, Gibeck and Sheridan. The large majority of sales for disposable medical products are made to the hospital/healthcare provider market, with a smaller percentage sold to the home health market and medical device manufacturers.

Surgical Instruments and Medical Devices: Products in this category represented 27 percent of Medical Segment revenues in 2006. Our surgical instrument and medical device products include: hand-held instruments for general and specialty surgical procedures, devices used in cardiovascular, orthopedic and general surgery and minimally-invasive diagnostic and therapeutic care. We also produce and market a range of ligation and closure products. In addition, we provide instrument management and sterilization services. We market surgical instruments and medical devices under the Deknatel, Pleur-evac, Pilling and Weck brand names.

Specialty Devices: Specialty devices represented 10 percent of Medical Segment revenues in 2006. Products in this category include custom-designed and manufactured specialty instruments for cardiovascular and orthopedic procedures, specialty sutures, microcatheters, introducers and guidewires. We also design and manufacture specialty devices and instruments for industry leading medical device manufacturers and provide them with outsourcing services. Our brands include Beere, KMedic and Deknatel. Specialty devices are generally marketed to medical device manufacturers.

The following table sets forth revenues for 2006, 2005 and 2004 by product category for the Medical Segment.

	2006	2005	2004
	(Dollars in thousands)		
Disposable Medical Products	$538,859	$502,768	$427,888
Surgical Instruments and Medical Devices	$232,555	$261,199	$256,389
Specialty Devices	$ 87,262	$ 67,171	$ 52,075

The following table sets forth the percentage of revenues by end market for 2006 for the Medical Segment.

Hospitals/Healthcare Providers	75%
Medical Device Manufacturers	17%
Home Health	8%

Backlog: As of December 31, 2006, our backlog of firm orders for our Medical Segment was $65 million. This compares with $65 million as of December 25, 2005. We expect substantially all of the December 31, 2006 backlog to be filled in 2007. Most of our medical products are sold on orders calling for delivery within a few months. Therefore, the backlog of such orders is not indicative of probable revenues in any future 12-month period.

Marketing: Medical 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.

Aerospace

Our Aerospace Segment businesses provide repair products and services for flight and ground-based turbine engines; manufacture and distribute precision-machined components; and design, manufacture and market cargo-handling systems. These products require a high degree of engineering sophistication and are often custom-designed. Major operations are located in North America, Europe and Asia.

Commercial aviation markets represent a significant majority percentage of revenues in this segment. Markets for these products are generally influenced by spending patterns in the commercial aviation and military markets.

Repair Products and Services: The largest single product category in the Aerospace Segment, repair products and services represented 47 percent of segment revenues in 2006. This category includes repair technologies and services primarily for critical components of flight turbines, including fan blades and airfoils. We utilize advanced reprofiling and adaptive-machining techniques to improve efficiency of aircraft engine performance and reduce turnaround time for maintenance and repairs. Repair products and services are provided through service locations in North America, Europe and Asia. Our repair products and services business is conducted through a consolidated, but not wholly-owned, subsidiary called Airfoil Technologies International (ATI), whose product line serves many of the industry's leading aircraft engine providers and a range of commercial airlines.

Cargo-handling Systems: Products in this category represented 29 percent of Aerospace Segment revenues in 2006. Our cargo-handling systems include on-board cargo-handling systems for wide-body and narrow-body aircraft, actuators, cargo containers, aftermarket spare parts and repair services. Marketed under the Telair International brand name, our wide-body cargo-handling systems are sold to aircraft OEMs or to airlines and air freight carriers as "buyer furnished equipment" for original installations or as retrofits for existing equipment. Our other Telair products in this category include narrow-body aircraft cargo-loading systems and cargo containers. We also manufacture and repair components for our systems and other related aircraft controls, including canopy and door actuators, cargo winches and flight controls.

Precision-Machined Components: Products in this category represented 24 percent of Aerospace Segment revenues in 2006. Our precision-machined components include: fan blades, compressor blades, cases, blisks and other components for military and commercial flight turbine engines and a range of custom-designed and manufactured products for industrial markets. Most of our precision-machined components are sold to original equipment manufacturers of aircraft engines and for military applications, with a very small percentage of products sold to industrial markets.

The following table sets forth revenues for 2006, 2005 and 2004 by product category for the Aerospace Segment.

	2006	2005	2004
	(Dollars in thousands)		
Repair Products and Services	$250,519	$241,532	$234,822
Cargo-handling Systems	$154,853	$125,298	$ 99,970
Precision-Machined Components	$131,871	$126,939	$118,419

The following table sets forth the percentage of revenues by end market for 2006 for the Aerospace Segment.

Commercial Aviation	89%
Military	8%
Industrial and Other	3%

Backlog: As of December 31, 2006, our backlog of firm orders for our Aerospace Segment was $329 million, of which we expect approximately 80 percent to be filled in 2007. Our backlog for our Aerospace Segment on December 25, 2005 was $316 million.

Marketing: Generally, products sold to the aerospace market are sold through our own force of field representatives.

Discontinued Operations

In October 2006, we sold a small medical business that was classified as held for sale during the second quarter of 2005. During the third quarter of 2005, we completed the sale of our automotive pedal systems business and sold a European medical product sterilization business. During the first quarter of 2005, we completed the sale of Sermatech International, a surface-engineering/specialty coatings business. For 2006 and comparable periods, the small medical business, the automotive pedal systems business, the European medical product sterilization business and Sermatech business have been presented in our consolidated financial statements as discontinued operations. The Sermatech business was previously reported as part of our Aerospace Segment. For a more complete discussion, see Note 16 to our consolidated financial statements included in this Annual Report on Form 10-K.

Government Regulation

Government agencies in a number of countries regulate our products and the products sold by our customers utilizing our products. The U.S. Food and Drug Administration and government agencies in other countries regulate the approval, manufacturing and sale and marketing of many of our healthcare products. The U.S. Federal Aviation Administration and the European Aviation Safety Agency regulate the manufacture and sale of some of our aerospace products and license the operation of our repair stations. The U.S. National Highway Traffic Safety Administration and government agencies in other countries regulate the manufacture and sale of many of our automotive products.

Competition

Given the range and diversity of our products and markets, no one competitor offers competitive products for all the markets and customers that we serve. In general, all of our segments and product lines face significant competition from competitors of varying sizes, although the number of competitors in each market tends to be limited. We believe that our competitive position depends on the technical competence and creative ability of our engineering personnel, the know-how and skill of our manufacturing personnel and the strength and scope of our sales, service and distribution networks.

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 brand, 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 cannot be assured of successfully passing these cost increases through to all of our customers, particularly OEMs.

Seasonality

A portion of our revenues, particularly in the Commercial and Medical segments, are subject to seasonal fluctuations. Revenues in the automotive and industrial markets are generally reduced in the third quarter of each year as a result of preparations by OEMs for the upcoming model year. In addition, marine aftermarket revenues generally increase in the second quarter as boat owners prepare their watercraft for the upcoming season. Incidence of flu and other disease patterns as well as the frequency of elective medical procedures affect revenues related to disposable medical products.

Employees

We employed approximately 19,800 full-time and temporary employees at December 31, 2006. Of these employees, approximately 7,100 were employed in the United States and 12,700 in countries outside of the United States. Less than 10 percent of our employees in the United States were covered by union contracts. We have government-mandated collective-bargaining arrangements or union contracts that cover employees in other countries. We believe we have good relationships with our employees.

Investor Information

We are subject to the informational requirements of the Securities Exchange Act of 1934. Therefore, we file reports and information, proxy statements and other information with the Securities and Exchange Commission. Such reports, proxy and information 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 an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

You can access financial and other information in the Investors section of our Web site. The address is www.teleflex.com. We make available through our Web site, 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 or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. The information on our Web site is not and should not be considered part of this Annual Report on Form 10-K and is intended to be an inactive textual reference only.

We are a Delaware corporation organized 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 as of February 15, 2007 and the positions and offices held by each such officer are as follows:

Name	Age	Positions and Offices with Company
Jeffrey P. Black	47	Chairman, Chief Executive Officer and Director
John J. Sickler	64	Vice Chairman and Director
Martin S. Headley	50	Executive Vice President and Chief Financial Officer
Laurence G. Miller	52	Senior Vice President, General Counsel and Secretary
Kevin K. Gordon	44	Senior Vice President — Corporate Development
Vince Northfield	43	President — Commercial
R. Ernest Waaser	50	President — Medical
John Suddarth	47	President — Aerospace

Mr. Black has been Chairman since May 2006, Chief Executive Officer since May 2002 and President since December 2000. He has been a Director since November 2002. Mr. Black was President of the Teleflex Industrial Group from July 2000 to December 2000 and President of Teleflex Fluid Systems from January 1999 to July 2000.

Mr. Sickler has been Vice Chairman since December 2000. He has been a director since May 2006. From May 2006 to October 2006, he served as Interim President of Teleflex Medical, and from December 2003 until August 2004, he was Interim Chief Financial Officer. Prior to December 2000 he was a Senior Vice President.

Mr. Headley has been Executive Vice President and Chief Financial Officer since August 2004. From July 1996 until August 2004, he was Vice President and Chief Financial Officer of Roper Industries, Inc., a diversified industrial company that designs, manufactures and distributes engineered products and solutions for global niche markets. From July 1993 to June 1996, Mr. Headley served as Chief Financial Officer of the U.S. operations of McKechnie Group, plc, a manufacturer of components and assemblies for a variety of industries.

Mr. Miller has been Senior Vice President, General Counsel and Secretary since November 2004, following a 20-year career with Aramark Corporation, a diversified management services company providing food, refreshment, facility and other support services for a variety of organizations. From November 2001 until November 2004, he was Senior Vice President and Associate General Counsel for the Food & Support Services division of Aramark. From June 1994 until November 2001, Mr. Miller was Senior Vice President and General Counsel for Aramark Uniform Services.

Mr. Gordon has been Senior Vice President — Corporate Development since June 2005. From December 2000 to June 2005, Mr. Gordon was Vice President — Corporate Development. Prior to December 2000, Mr. Gordon was Director of Business Development.

Mr. Northfield has been the President of Teleflex Commercial since June 2005. From 2004 to 2005, Mr. Northfield was the President of Teleflex Automotive and the Vice President of Strategic Development. Mr. Northfield held the position of Vice President of Strategic Development from 2001 to 2004. Prior to 2001, Mr. Northfield was Vice President and General Manager of North American operations of Morse Controls, a manufacturer of performance and control systems and aftermarket parts for marine and industrial applications, which was acquired by Teleflex in 2001.

Mr. Waaser has been the President of Teleflex Medical since October 2006. Prior to joining Teleflex, Mr. Waaser served as President and Chief Executive Officer of Hill-Rom, Inc., a manufacturer and provider of products and services for the healthcare industry, including patient room equipment, therapeutic wound and pulmonary care products, biomedical equipment services and communications systems, from 2001 to 2005. Prior to 2001, Mr. Waaser served as Senior Vice President of AGFA Corporation, a producer of analog and digital imaging products for medical, industrial, graphics and consumer applications.

Mr. Suddarth has been the President of Teleflex Aerospace since July 2004. From 2003 to 2004, Mr. Suddarth was the President of Techsonic Industries Inc., a former subsidiary of Teleflex that manufactured underwater sonar and video viewing equipment which was divested in 2004. Mr. Suddarth was the Chief Operating Officer of AMF Bowling Products, Inc., a bowling equipment manufacturer, from 2001 to 2003. Prior to 2001, Mr. Suddarth was President of Morse Controls, a manufacturer of performance and control systems and aftermarket parts for marine and industrial applications, which was acquired by Teleflex in 2001.

Our officers are elected annually by the Board of Directors at the first meeting of the Board held after our annual stockholders meeting. Each officer serves at the pleasure of the Board until their respective successors have been elected.

ITEM 1A. *RISK FACTORS*

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

Many of the industries in which we operate are cyclical, and, accordingly, our business is subject to changes in the economy.

Although we believe that the diversified nature of our business reduces the risk that all of our operations would experience simultaneous cyclical downturns, many of the businesses which we operate are subject to specific industry and general economic cycles, most acutely in the automotive, marine, aerospace and transportation industries. Accordingly, any downturn in these or other markets in which we participate could materially adversely affect us. Moreover, if we fail to respond promptly to changes in demand, our results of operations could be materially adversely affected in any given quarter.

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

Although no material concentration of our manufacturing operations exists in any single country, we have significant manufacturing operations outside the United States, including entities that are not wholly-owned and other alliances. As of December 31, 2006, approximately 45% of our total assets and 57% of our total revenues were attributable to products directly distributed from our operations outside the U.S. Our international operations are subject to varying degrees of risk inherent in doing business outside the U.S., including:

- exchange controls and currency restrictions;
- trade protection measures and import or export requirements;
- subsidies or increased access to capital for firms who are currently or may emerge as competitors in countries in which we have operations;
- potentially negative consequences from changes in tax laws;
- differing labor regulations;
- differing protection of intellectual property; and
- unsettled political conditions and possible terrorist attacks against American interests.

These and other factors may have a material adverse effect on our international operations or on our business, results of operations and financial condition generally.

Our products are typically integrated into other manufacturers' products. As a result, changes in demand for our customers' products may adversely affect our revenues on short notice.

Many of our customers in the Commercial and Aerospace segments, including OEMs, integrate our products into products our customers sell. Our customers also generally have no obligation to purchase any minimum quantity of product from us and may terminate our arrangement on short notice, typically 30 to 90 days, sometimes less. Therefore, our reported backlog may not be realized as revenues. Revenues could materially decline if these customers experience a reduction in demand for their products or cancel a significant number of contracts and we cannot replace them with similar arrangements.

Customers in our Medical Segment depend on third party reimbursement.

Demand for some of our medical products is impacted by the reimbursement to our customers of patients' medical expenses by government healthcare programs and private health insurers in the countries where we do business. Internationally, medical reimbursement systems vary significantly, with medical centers in some countries having fixed budgets, regardless of the level 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 some of our medical products could be adversely impacted.

We cannot be sure that third party payors will maintain the current level of reimbursement to our customers for use of our existing products. Adverse coverage determinations or any reduction in the amount of this reimbursement could harm our business. In addition, as a result of their purchasing power, these payors often seek discounts, price reductions or other incentives from medical products suppliers. Our provision of such pricing concessions could negatively impact our revenues and product margins.

Uncertainties regarding future healthcare policy, legislation and regulations, as well as private market practices, could affect our ability to sell our products in acceptable quantities at profitable prices.

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 items 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 maintain a currency hedging program to reduce the effects of this fluctuation, changes in the relative values of currencies occur from time to time and may, in some instances, have a significant effect on our results of operations.

Many of our products have significant steel and plastic resin content. We also use quantities of other commodities, including copper and zinc. Although we monitor our exposure to these commodity price increases as an integral part of our overall risk management program, volatility 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 and this could have a material adverse effect on our results of operations and cash flows.

Our failure to successfully develop new products could adversely affect our results.

The future success of our business will depend, in part, on our ability to design and manufacture new competitive products and to enhance existing products, including developing electronic technology to replace or improve upon mechanical technology. This product development may require substantial investment by us. 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 the inability to:

- identify viable new products;
- obtain adequate intellectual property protection;

- gain market acceptance of new products; or
- successfully obtain regulatory approvals.

Moreover, we may not otherwise be able to successfully develop and market new products. Our failure to successfully develop and market new products could reduce our margins, which would have an adverse effect on our business, financial condition and results of operations.

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

Because many of our products rely on proprietary technology, we believe that the development and protection of these intellectual property rights is important to the future success of our business. In addition to relying on our patents, trademarks and copyrights, we rely on confidentiality agreements with employees and other measures, to protect our know-how and trade secrets. Despite our efforts to protect proprietary rights, unauthorized parties or competitors may copy or otherwise obtain and use these products or technology. The steps we have taken may not prevent unauthorized use of this technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U.S. Moreover, there can be no assurance that others will not independently develop the know-how and trade secrets or develop better technology than us or that current and former employees, contractors and other parties will not breach confidentiality agreements, misappropriate proprietary information and copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Our inability to protect our proprietary technology could result in competitive harm that could adversely affect our business.

We are subject to a variety of litigation in the course of our business that could have a material adverse effect on our results of operations and financial condition.

We are a party to various lawsuits and claims arising in the normal course of business. These lawsuits and claims include actions involving product liability, contracts, intellectual property, 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 these legal proceedings may differ from our expectations because the outcomes of litigation, including regulatory matters, are often difficult to reliably predict.

We may incur material losses and costs as a result of product liability, warranty and recall claims that may be brought against us.

We may be exposed to product liability and warranty claims in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage. Accordingly, 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 be required to participate in a recall of that product if the defect or the alleged defect relates to safety. Product liability, warranty and recall costs may have a material adverse effect on our financial condition and results of operations.

Much of our business is subject to extensive government regulation, and failure to comply with those regulations could have a material adverse effect on our results of operations and financial condition.

Numerous national and local government agencies in a number of countries regulate our products and the products sold by our customers incorporating our products. The U.S. National Highway Traffic Safety Administration regulates the manufacture and sale of many of our automotive products. The U.S. Food and Drug

Administration regulates the approval, manufacturing and sale and marketing of many of our medical products. The U.S. Federal Aviation Administration and the European Aviation Safety Agency regulate the manufacture and sale of some of our aerospace products and licenses the operation of our repair stations. Failure to comply with applicable regulations and quality assurance guidelines could lead to manufacturing shutdowns, product shortages or delays in product manufacturing.

We are also 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 government 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 adversely affect our financial condition and results of operations. Moreover, we may be subject to additional environmental claims, which may include claims for personal injury or cleanup, in the future based on our past, present or future business activities, which could also adversely affect our financial condition and results of operations.

The costs associated with our restructuring programs may be greater than expected.

We are engaged in restructuring programs, which require management to utilize significant estimates related to realizable values of assets made redundant or obsolete and expenses for severance and other employee separation costs, lease cancellation and other exit costs. Actual results could differ materially from those estimated due to, among other things: unanticipated expenditures in connection with the effectuation of the programs; costs and length of time required to comply with legal requirements applicable to certain aspects of the programs; inability to realize anticipated cost savings; and unanticipated difficulties in connection with consolidation of manufacturing and administrative functions.

Our implementation of a new enterprise resource planning system in our Medical Segment may result in problems that could adversely affect us.

We are in the process of implementing a third party enterprise resource planning, or ERP, system across our Medical Segment in an effort to enhance operating efficiencies and provide more effective management of business operations. The first phase of the implementation, which relates to our Medical Segment operations in North America, is expected to be completed in the third quarter of 2007. In the event we encounter any problems in the implementation of the ERP system, we could experience business disruptions in our Medical Segment, which could adversely affect customer relationships and divert the attention of our Medical Segment management team 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 acquisitions and strategic alliances may not meet revenue or profit expectations.

As part of our strategy for growth, we have made and may continue to make acquisitions and divestitures and enter into strategic alliances. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies 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 properly ascertain all such 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.

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

Approximately 17% of our manufacturing revenues are produced by operations for which a significant part of our workforce is covered by collective bargaining agreements and similar agreements in foreign jurisdictions. It is likely that a significant 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.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

Our operations have approximately 170 owned and leased properties consisting of plants, engineering and research centers, distribution warehouses, offices and other facilities. The properties are maintained in good operating condition and are suitable for their intended use. All the plants have space available for the activities currently conducted therein and expected in the next several years.

Our major facilities are as follows:

Location	Square Footage	Owned or Leased
Commercial Segment		
Dassel, Germany	232,000	Owned
Shanghai, P.R. China	199,000	Leased
Vrable, Slovakia	175,000	Leased
Richmond, Canada	168,000	Leased
Litchfield, IL	163,000	Owned
Chongqing, P.R. China	149,000	Leased
Houston, TX	147,000	Owned
Van Wert, OH	145,000	Owned
Nuevo Laredo, Mexico	143,000	Leased
Cluses, France	120,000	Owned
Matamoros, Mexico	120,000	Leased
Singapore, Singapore	118,000	Owned
Kitchener, Canada	110,000	Owned
Shanghai, P.R. China	106,000	Owned
Basildon, England	102,000	Leased
Haysville, KS	100,000	Leased
Hagerstown, MD	99,000	Owned
Limerick, PA	98,000	Owned
Willis, TX	96,000	Owned
Hillsdale, MI	91,000	Owned
Suffield, CT	90,000	Leased
Heiligenhaus, Germany	87,000	Owned

Location	Square Footage	Owned or Leased
Gorinchem, Netherlands	87,000	Leased
Sarasota, FL	83,000	Owned
Quebec, Canada	76,000	Leased
Laredo, TX	65,000	Leased
Shenyang, P.R. China	64,000	Leased
Epila, Spain	63,000	Owned
Enschede, Netherlands	54,000	Owned
Siofok, Hungary	50,000	Leased
Medical Segment		
Haslet, TX	368,000	Leased
Nuevo Laredo, Mexico	358,000	Leased
Tecate, Mexico	290,000	Leased
Durham, NC	199,000	Leased
Kernen, Germany	190,000	Owned
Kamunting, Malaysia	184,000	Owned
Durham, NC	145,000	Owned
Kernen, Germany	109,000	Leased
Arlington Heights, IL	86,000	Leased
Kenosha, WI	76,000	Owned
Kamunting, Malaysia	74,000	Leased
Jaffrey, NH	62,000	Owned
Betschdorf, France	54,000	Owned
Bad Liebenzell, Germany	53,000	Leased
Aerospace Segment		
Cincinnati, OH	199,000	Leased
Simi Valley, CA	122,000	Leased
Singapore, Singapore	122,000	Owned
Muncie, IN	105,000	Leased
Miesbach, Germany	101,000	Leased
Mentor, OH	90,000	Leased
Ripley, England	77,000	Leased

In addition to the properties listed above, we own or lease approximately 1,399,000 square feet of warehousing, manufacturing and office space located in the United States, Canada, Mexico, South America, Europe, Australia and Asia. We also own or lease certain properties that are no longer being used in our operations. We are actively marketing these owned properties and seeking to sublease these leased properties. At December 31, 2006, the owned properties were classified as held for sale.

ITEM 3. *LEGAL PROCEEDINGS*

We are a party to various lawsuits and claims arising in the normal course of business. These lawsuits and claims include actions involving product liability, intellectual property, employment and environmental 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.

In February 2004, a jury verdict of $34.8 million was rendered against one of our subsidiaries in a trademark infringement action. In February 2005, the trial judge entered an order rejecting the jury award in its entirety. In October 2006, the United States Court of Appeals for the Federal Circuit upheld the February 2005 decision. As no appeal of the Court of Appeals' decision was filed within the requisite time for filing appeals in this matter, the decision has become final.

ITEM 4. *SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS*

No matters were submitted to a vote of our stockholders during the quarter ended December 31, 2006.

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 2006 and 2005 are shown below.

Price Range and Dividends of Common Stock

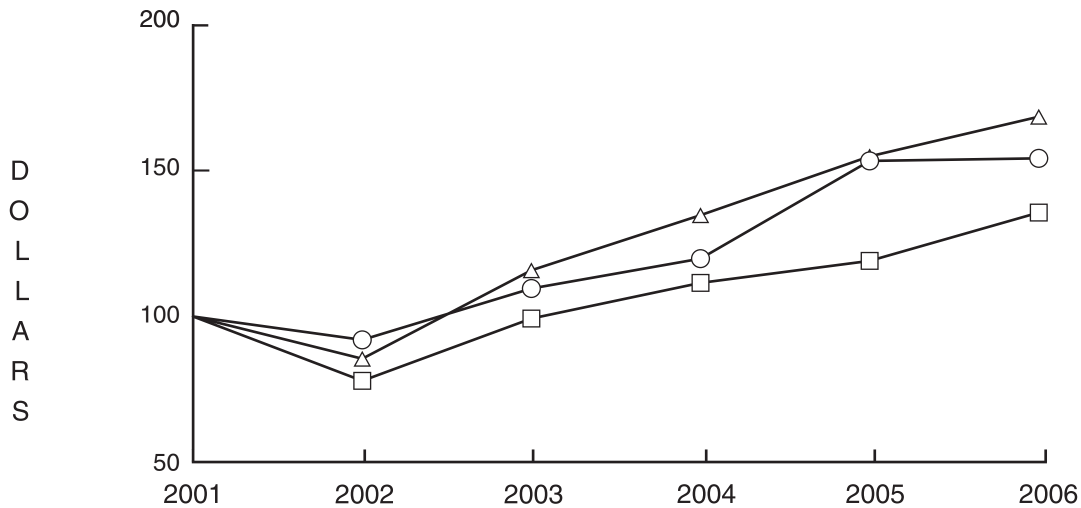
2006	High	Low	Dividends
First Quarter	$70.80	$62.56	$0.250
Second Quarter	$72.22	$49.67	$0.285
Third Quarter	$60.98	$50.31	$0.285
Fourth Quarter	$65.89	$54.00	$0.285
2005	**High**	**Low**	**Dividends**
First Quarter	$52.85	$48.24	$0.220
Second Quarter	$59.85	$49.41	$0.250
Third Quarter	$71.58	$56.97	$0.250
Fourth Quarter	$71.99	$64.08	$0.250

Various senior and term note agreements provide for the maintenance of certain financial ratios and limit the repurchase of our stock and payment of cash dividends. Under the most restrictive of these provisions, $148 million of retained earnings was available for dividends and stock repurchases at December 31, 2006. On February 21, 2007, the Board of Directors declared a quarterly dividend of $0.285 per share on our common stock, which is payable on March 15, 2007 to holders of record on March 5, 2007. As of February 15, 2007, we had approximately 957 holders of record of our common stock.

On July 25, 2005, our Board of Directors authorized the repurchase of up to $140 million of outstanding Teleflex common stock over twelve months ended July 2006. In June 2006, our Board of Directors extended for an additional six months, until January 2007, its authorization for the repurchase of shares. Under the approved plan, we repurchased a total of 2,317,347 shares on the open market during 2005 and the first nine months of 2006 for an aggregate purchase price of $140.0 million, and aggregate fees and commissions of $0.1 million.

The following graph provides a comparison of five year cumulative total stockholder returns of Teleflex common stock, the Standard & Poor (S&P) 500 Stock Index and the S&P MidCap 400 Index. We have selected the S&P MidCap 400 Index because, due to the diverse nature of our businesses, we do not believe that there exists a relevant published industry or line-of-business index and do not believe we can reasonably identify a peer group. 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, 2001 and that all dividends were reinvested.

MARKET PERFORMANCE
Comparison of Cumulative Five Year Total Return



	2001	2002	2003	2004	2005	2006
○ TELEFLEX INCORPORATED	100	91.97	109.62	119.88	153.46	154.34
□ S&P 500 INDEX	100	77.90	99.30	111.55	119.11	135.71
△ S&P MIDCAP 400 INDEX	100	85.49	115.88	134.81	155.02	168.64

ITEM 6. *SELECTED FINANCIAL DATA*

	2006	2005	2004	2003	2002
	(Dollars in thousands, except per share)				
Statement of Income Data:					
Revenues[1]	$2,646,757	$2,514,552	$2,390,411	$2,060,896	$1,849,897
Income from continuing operations before interest, taxes and minority interest	$ 254,612	$ 248,068	$ 134,256	$ 199,690	$ 209,012
Income from continuing operations	$ 139,930	$ 139,772	$ 65,124	$ 115,551	$ 122,431
Per Share Data:					
Income from continuing operations — basic	$ 3.52	$ 3.45	$ 1.62	$ 2.92	$ 3.12
Income from continuing operations — diluted	$ 3.50	$ 3.41	$ 1.61	$ 2.89	$ 3.08
Cash dividends	$ 1.105	$ 0.97	$ 0.86	$ 0.78	$ 0.71
Balance Sheet Data:					
Total assets	$2,359,052	$2,403,048	$2,691,734	$2,144,745	$1,844,496
Long-term borrowings, less current portion[1]	$ 487,370	$ 505,272	$ 685,912	$ 229,634	$ 240,038
Shareholders' equity	$1,189,421	$1,142,074	$1,109,733	$1,062,302	$ 912,281
Statement of Cash Flows Data:					
Net cash provided by operating activities from continuing operations	$ 343,875	$ 333,459	$ 249,874	$ 222,797	$ 194,405
Net cash provided by (used in) financing activities from continuing operations	$ (250,105)	$ (258,924)	$ 260,293	$ (33,643)	$ (87,925)
Net cash provided by (used in) investing activities from continuing operations	$ (100,412)	$ 58,440	$ (461,925)	$ (159,552)	$ (118,038)
Free cash flow[2]	$ 236,547	$ 224,288	$ 162,361	$ 115,618	$ 94,536

Certain reclassifications have been made to the prior years' selected financial data to conform to current year presentation. Certain financial information is presented on a rounded basis, which may cause minor differences.

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

(2) Free cash flow is calculated by reducing operating cash flow by capital expenditures and dividends. Free cash flow may be considered a non-GAAP financial measure. We use this financial measure for internal managerial purposes, when publicly providing guidance on possible future results, and as a means 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. This financial measure reflects an additional way of viewing an aspect of our operations

that, when viewed with our GAAP results and the accompanying reconciliation to the corresponding GAAP financial measure, provides a more complete understanding of factors and trends affecting our business. Management believes that free cash flow is a useful measure to investors because it provides an indication of the amount of our cash flow currently available to support our ongoing operations. Management strongly encourages investors to review our financial statements and publicly-filed reports in their entirety and to not rely on any single financial measure. The following is a reconciliation of free cash flow to the nearest GAAP measure as required under Securities and Exchange Commission rules.

	2006	2005	2004	2003	2002
			(Dollars in thousands)		
Free cash flow	$236,547	$224,288	$162,361	$115,618	$ 94,536
Capital expenditures	63,232	69,851	52,938	76,298	72,008
Dividends	44,096	39,320	34,575	30,881	27,861
Net cash provided by operating activities from continuing operations	$343,875	$333,459	$249,874	$222,797	$194,405

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

Overview

We are focused on achieving consistent and sustainable growth through the continued development of our core businesses and carefully selected acquisitions. Our internal growth initiatives include the development of new products, moving existing products into market adjacencies in which we already participate with other products and the expansion of market share. Our core revenue growth in 2006 as compared to 2005, excluding the impacts of currency, acquisitions and divestitures, was 5%. Core growth was strongest in our Aerospace Segment, which grew 8%, and weakest in our Medical Segment, which grew 3% year over year.

Segment operating profit increased 10% in 2006 due primarily to cost and productivity improvements in our Aerospace and Medical segments, offset, in part, by a decline in our Commercial Segment margins.

On July 25, 2005, our Board of Directors authorized the repurchase of up to $140 million of our outstanding common stock over twelve months ended July 2006. In June 2006, our Board of Directors extended for an additional six months, until January 2007, its authorization for the repurchase of shares. Under the approved plan, we repurchased a total of 2,317,347 shares on the open market during 2005 and 2006 for an aggregate purchase price of $140.0 million, and aggregate fees and commissions of $0.1 million, with 1,627,247 shares repurchased during 2006 for an aggregate purchase price of $93.5 million, and aggregate fees and commissions of $0.1 million.

In November 2006, we acquired Taut, Inc., or Taut, a producer of instruments and devices for minimally invasive surgical procedures, particularly laparoscopic surgery, for $28.0 million. The results for Taut are included in our Medical Segment. Also in November 2006, we acquired Ecotrans Technologies, Inc., or Ecotrans, a leading supplier of locomotive anti-idling and emissions reduction solutions for the railroad industry, for $10.1 million. The results for Ecotrans are included in our Commercial Segment.

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.

Inventory Utilization

Inventories are valued at the lower of cost or market. Inherent in this valuation are significant management judgments and estimates concerning excess inventory and obsolescence rates. Based upon these judgments and estimates, we record a reserve to adjust the carrying amount of our inventories. 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 $46.6 million and $44.6 million at December 31, 2006 and December 25, 2005, 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. Such evaluation is based on various analyses, including undiscounted cash flow projections. The analyses necessarily involve significant management judgment. Any impairment loss, if indicated, is measured as the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

Accounting for Goodwill and Other Intangible Assets

In accordance with SFAS No. 142, we perform an annual impairment test of our recorded goodwill. In addition, we test our other indefinite-lived intangible assets for impairment. These impairment tests can be significantly altered by estimates of future performance, long-term discount rates and market price valuation multiples. These estimates will likely change over time. Many of our businesses operate in cyclical industries and the valuation of these businesses can be expected to fluctuate as a result of this cyclicality. Goodwill and other intangible assets totaled $725.8 million and $712.0 million at December 31, 2006 and December 25, 2005, respectively.

Accounting for Pensions and Other Postretirement Benefits

We provide a range of benefits to eligible employees and retired employees, including pensions and postretirement healthcare. 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.

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. A 50 basis point increase in the assumed discount rate would have decreased the total net periodic pension and postretirement healthcare expense for 2006 by approximately $1.8 million and would have decreased the projected benefit obligation at December 31, 2006 by approximately $17.9 million. A 50 basis point decrease in the assumed discount rate would have increased these amounts by approximately $2.0 million and $19.7 million, respectively. A 50 basis point change in the expected return on plan assets would have impacted 2006 annual pension expense by approximately $0.7 million. A 1.0% increase in the assumed healthcare trend rate would have increased the 2006 benefit expense by approximately $0.3 million and would have increased the projected benefit obligation by approximately $2.7 million. A 1.0% decrease in the assumed healthcare trend rate would have decreased the

2006 benefit expense by approximately $0.1 million and would have decreased the projected benefit obligation by approximately $2.3 million.

Accounting for Restructuring Costs

Restructuring costs, which include termination benefits, contract termination costs and other restructuring costs, are recorded at estimated fair value. Key assumptions in calculating the restructuring costs include the terms that may be negotiated to exit certain contractual obligations and the timing of employees leaving the company.

Accounting for Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained for which the collection of the full amount of accounts receivable is doubtful. The allowance is based on our historical experience, the period an account is outstanding, the financial position of the customer and information provided by credit rating services. We review the allowance periodically and adjust it as necessary. Our allowance for doubtful accounts was $10.1 million at both December 31, 2006 and December 25, 2005.

Product Warranty Liability

Most of our sales are covered by warranty provisions for the repair or replacement of qualifying defective items for a specified period after the time of the sales. We estimate our warranty costs and liability based on a number of factors including historical trends of units sold, the status of existing claims, recall programs and communication with customers. Our estimated product warranty liability was $14.1 million and $14.2 million at December 31, 2006 and December 25, 2005, respectively.

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 taxing jurisdictions, resulting at times in tax audits, disputes and potentially litigation, the outcome of which is uncertain. Management must make judgments about such uncertainties and determine estimates of our tax assets and liabilities. To the extent the final outcome differs, future adjustments to our tax assets and liabilities will be necessary. Our income taxes payable was $38.6 million and $46.2 million at December 31, 2006 and December 25, 2005, respectively.

We are also required to assess the realizability of our deferred tax assets, taking into consideration our forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. Based on this assessment, management must evaluate the need for, and amount of, valuation allowances against our deferred tax assets. To the extent facts and circumstances change in the future, adjustments to the valuation allowances may be required.

Accounting Standards Issued Not Yet Adopted

In June 2006, the Financial Accounting Standards Board, or FASB, issued Interpretation, or FIN, No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN No. 48 requires that the impact of a tax position be recognized in the financial statements if it is more likely than not that the tax position will be sustained on tax audit, based on the technical merits of the position. FIN No. 48 also provides guidance on derecognition of tax positions that do not meet the "more likely than not" standard, classification of tax assets and liabilities, interest and penalties, accounting in interim periods, disclosure and transition. The provisions of

FIN No. 48 are effective for fiscal years beginning after December 15, 2006. We are currently evaluating the impact of FIN No. 48 on our financial position, results of operations and cash flows.

See also Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K.

Results of Operations

Discussion of growth from acquisitions reflects the impact of a purchased company up to twelve months beyond the date of acquisition. Activity beyond the initial twelve months is considered core growth. Core growth excludes the impact of translating the results of international subsidiaries at different currency exchange rates from year to year, the impact of eliminating the one-month reporting lag for certain of our foreign operations and the comparable activity of divested companies within the most recent twelve-month period. The following comparisons exclude the impact of the automotive pedal systems business, Sermatech International business, European medical product sterilization business and small medical business, which have been presented in our consolidated financial results as discontinued operations.

Comparison of 2006 and 2005

Revenues increased 5% in 2006 to \$2.65 billion from \$2.51 billion in 2005, principally due to core growth. The Commercial, Medical and Aerospace segments comprised 47%, 33% and 20% of our 2006 revenues, respectively.

Materials, labor and other product costs as a percentage of revenues improved to 70.7% in 2006 from 71.8% in 2005, due primarily to the benefits of our restructuring initiatives and other cost reduction efforts. Selling, engineering and administrative expenses (operating expenses) as a percentage of revenues increased to 18.6% in 2006 compared with 17.9% in 2005, due primarily to \$10.4 million of costs associated with the initial phases of an information systems implementation program in our Medical Segment, \$6.8 million of stock-based compensation expensed under SFAS No. 123(R) and various temporary inefficiencies in our Medical Segment during the first half of 2006.

Interest expense declined in 2006 principally as a result of lower debt balances. Interest income increased in 2006 primarily due to higher average cash balances and more favorable interest rates compared to the prior period. The effective income tax rate was 24.72% in 2006 compared with 22.99% 2005. The increase in the effective income tax rate primarily reflects the favorable impact in 2005 of the American Jobs Creation Act, or AJCA, repatriation benefit. Minority interest in consolidated subsidiaries increased \$4.6 million in 2006 due to increased profits from our entities that are not wholly-owned. Net income for 2006 was \$139.4 million compared to \$138.8 million for 2005. Diluted earnings per share increased 3% to \$3.49 for 2006.

On December 26, 2005, we adopted the provisions of SFAS No. 123(R), "Share-Based Payment," which requires the measurement and recognition of compensation expense for all stock-based awards made to employees based on estimated fair values. SFAS No. 123(R) supersedes previous accounting under Accounting Principles Board, or APB, Opinion No. 25, "Accounting for Stock Issued to Employees," for periods beginning in fiscal 2006. In March 2005, the SEC issued Staff Accounting Bulletin, or SAB, No. 107, providing supplemental implementation guidance for SFAS 123(R). We have applied the provisions of SAB No. 107 in our adoption of SFAS No. 123(R).

SFAS No. 123(R) requires companies to estimate the fair value of stock-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. We adopted SFAS No. 123(R) using the modified prospective application method, which requires the application of the standard starting from December 26, 2005, the first day of our 2006 fiscal year. Our consolidated financial statements for 2006 reflect the impact of SFAS No. 123(R).

Stock-based compensation expense related to employee stock options recognized under SFAS No. 123(R) for 2006 was $6.8 million and is included in selling, engineering and administrative expenses. The total income tax benefit recognized for share-based compensation arrangements for 2006 was $1.4 million. As of December 31, 2006, total unamortized stock-based compensation cost related to non-vested stock options, net of expected forfeitures, was $9.2 million, which is expected to be recognized over a weighted-average period of 1.9 years.

Prior to the adoption of SFAS No. 123(R), we accounted for stock-based awards to employees using the intrinsic value method in accordance with APB No. 25, as allowed under SFAS No. 123, "Accounting for Stock-Based Compensation." Under the intrinsic value method, no stock-based compensation expense for employee stock options had been recognized in our consolidated statements of operations because the exercise price of our stock options granted to employees equaled the fair market value of the underlying stock at the date of grant. In accordance with the modified prospective transition method we used in adopting SFAS No. 123(R), our results of operations prior to fiscal 2006 have not been restated to reflect, and do not include, the impact of SFAS No. 123(R).

Additional information regarding stock-based compensation and our stock compensation plans is presented in Notes 1 and 11 to our consolidated financial statements included in this Annual Report on Form 10-K.

In June 2006, we began certain restructuring initiatives that affect all three of our operating segments. These initiatives involve the consolidation of operations and a related reduction in workforce at several of our facilities in Europe and North America. We have determined to undertake these initiatives as a means to improving operating performance and to better leverage our existing resources. The charges associated with the 2006 restructuring program that are included in restructuring and impairment charges during 2006 totaled $5.9 million, of which 55%, 26% and 19% were attributable to our Commercial, Medical and Aerospace segments, respectively. As of December 31, 2006, we expect to incur future restructuring costs associated with our 2006 restructuring program of between $3.0 million and $5.4 million in our Commercial, Medical and Aerospace segments over the next two quarters.

During the first quarter of 2006, we began a restructuring activity in our Aerospace Segment. The actions relate to the closure of a manufacturing facility, termination of employees and relocation of operations. The charges associated with this activity that are included in restructuring and impairment charges during 2006 totaled $0.6 million. We do not expect to incur future restructuring costs associated with this activity.

During the fourth quarter of 2004, we announced and commenced implementation of a restructuring and divestiture program designed to improve future operating performance and position us for future earnings growth. The actions have included exiting or divesting non-core or low performing businesses, consolidating manufacturing operations and reorganizing administrative functions to enable businesses to share services. The charges, including changes in estimates, associated with the 2004 restructuring and divestiture program for continuing operations that are included in restructuring and impairment charges during 2006, 2005 and 2004 totaled $10.4 million, $27.1 million and $67.6 million, respectively. The $10.4 million was attributable to our Medical Segment. Of the $27.1 million, 13%, 76% and 11% were attributable to our Commercial, Medical and Aerospace segments, respectively. Of the $67.6 million, 31%, 15% and 54% were attributable to our Commercial, Medical and Aerospace segments, respectively. As of December 31, 2006, we expect to incur future restructuring costs associated with our 2004 restructuring and divestiture program of between $1.6 million and $3.2 million in our Medical Segment during 2007.

Certain costs associated with the 2004 restructuring and divestiture program are not included in restructuring and impairment charges. All inventory adjustments that resulted from the 2004 restructuring and divestiture program and certain other costs associated with closing out businesses during 2005 and 2004 are included in materials, labor and other product costs and totaled $2.0 million and $17.0 million, respectively. The $2.0 million in costs for 2005 related to our Aerospace Segment. Of the $17.0 million in costs for 2004, $4.5 million and $12.5 million were attributed to our Commercial and Aerospace segments, respectively.

The cost savings from our restructuring programs were lower than expected in 2006 due primarily to implementation inefficiencies in our Medical Segment during the first half of the year, but we began to experience our anticipated rate of savings during the second half of the year.

For a more complete discussion of our restructuring programs, see Note 4 to our consolidated financial statements included in this Annual Report on Form 10-K.

We performed an annual impairment test of our recorded goodwill and indefinite-lived intangible assets in the fourth quarter of 2006 and determined that a portion of our goodwill was impaired. We recorded a charge of $1.0 million, which is included in restructuring and impairment charges. Also during 2006, we determined that three minority held investments and certain fixed assets were impaired and recorded an aggregate charge of $7.4 million, which is included in restructuring and impairment charges.

Comparison of 2005 and 2004

Revenues increased 5% in 2005 to $2.51 billion from $2.39 billion in 2004. This increase was due to increases of 5% from core growth and 4% from acquisitions, offset, in part, by decreases of 3% from dispositions and 1% from the impact of eliminating the one-month reporting lag in 2004 for certain of our foreign operations. The Commercial, Medical and Aerospace segments comprised 47%, 33% and 20% of our 2005 revenues, respectively.

Materials, labor and other product costs as a percentage of revenues increased to 71.8% in 2005 compared with 71.3% in 2004 due primarily to the impact of duplicate costs and inefficiencies related to the transfer of products between facilities in the Commercial Segment associated with the restructuring program. Selling, engineering and administrative expenses (operating expenses) as a percentage of revenues declined to 17.9% in 2005 compared with 20.4% in 2004 due primarily to the continuing reduction of facilities and supporting infrastructure costs and decreased corporate expenses relative to higher revenues.

Interest expense increased in 2005 principally from higher acquisition related debt balances in the first half of 2005. Interest income increased in 2005 primarily due to higher average cash balances, related to increased proceeds received from sales of businesses and assets in 2005. The effective income tax rate was 22.99% in 2005 compared with 13.17% in 2004. The higher rate in 2005 was primarily the result of the increase in foreign earnings for businesses located in higher-taxed jurisdictions. Minority interest in consolidated subsidiaries increased $1.1 million in 2005 due to increased profits from our entities that are not wholly-owned. Net income for 2005 was $138.8 million, an increase of $129.3 million from 2004, due primarily to a 60% decrease in restructuring costs and to the gain on the sale of the Sermatech business. Diluted earnings per share increased $3.15 to $3.39, and includes the net gain on sales of businesses and assets and the cost of restructuring and discontinued operations.

Segment Reviews

The following is a discussion of our segment operating results. Additional information regarding our segments is presented in Note 15 to our consolidated financial statements included in this Annual Report on Form 10-K.

Commercial

Products in the Commercial Segment are manufactured for broad distribution as well as custom fabricated to meet individual customer needs. Consumer spending patterns influence the market trends for products sold to the automotive, marine and certain power equipment markets.

Automotive cable and shifter products are manufactured primarily for automotive OEMs. Discussion of marine and industrial product lines below includes the manufacturing and distribution of driver controls, motion controls, power and vehicle management systems and fuel management systems to the automotive supply, marine and industrial markets.

Comparison of 2006 and 2005

Commercial Segment revenues increased 5% in 2006 to $1.25 billion from $1.19 billion in 2005, principally due to core growth. The segment benefited from increased sales in 2006 of alternative fuel systems and auxiliary power systems and sales of heavy-duty rigging and cable used in marine construction and the securing of oil platforms, offset, in part, by lower volume and customer price reductions for automotive products.

Commercial Segment operating profit declined 3% in 2006 to $78.4 million from $81.1 million in 2005. Operating profit improvements resulting from sales of auxiliary power units and other higher margin industrial products were more than offset by costs associated with the end of certain automotive programs, mix and margin pressure associated with lower volume and customer price reductions for automotive products coupled with increases in commodity pricing. Operating profit as a percent of revenues declined to 6.3% in 2006 from 6.8% in 2005.

Assets in the Commercial Segment declined $11.1 million or 2%, primarily due to the decrease in net property, plant and equipment and accounts receivable, offset, in part, by the impact of currency.

Comparison of 2005 and 2004

Commercial Segment revenues declined 1% in 2005 to $1.19 billion from $1.20 billion in 2004. The segment generated an increase of 3% from core growth that was more than offset by a 4% decrease from dispositions. The segment benefited from strength in its industrial OEM markets, the contribution of new driver controls and power and vehicle management system products and increased sales of driver and motion controls to automotive OEM markets. These benefits were more than offset by slower sales of products into marine and recreational markets.

Commercial Segment operating profit declined 23% in 2005 to $81.1 million from $105.7 million in 2004. This decline primarily reflects lower volume related contributions from higher margin marine and recreational products, the impact of duplicate costs and inefficiencies related to the transfer of products between two Tier 2 automotive supply facilities, the bankruptcy of an automotive supply customer and the impact of divestitures made in 2004. Operating profit as a percent of revenues declined to 6.8% in 2005 from 8.8% in 2004.

Assets in the Commercial Segment declined $120.2 million or 14%, primarily due to the decrease in non-current deferred tax assets and net property, plant and equipment and the impact of currency.

Medical

Products in the Medical Segment generally are required to meet exacting standards of performance and have long product life cycles. Economic influences on revenues relate primarily to spending patterns in the worldwide medical devices and hospital supply market.

Comparison of 2006 and 2005

Medical Segment revenues increased 3% in 2006 to $858.7 million from $831.1 million in 2005, principally due to core growth. The segment benefited from sales of new products in respiratory care and sleep therapy, including distribution of products through alliances with other manufacturers, and continued growth of diagnostic and therapeutic device products sold to medical device manufacturers, offset by a decline in sales of orthopedic specialty devices sold to medical device manufacturers.

Medical Segment operating profit increased 8% in 2006 to $161.7 million from $150.0 million in 2005. This increase primarily reflects cost and productivity improvements in the second half of the year, following completion of significant restructuring activities. During the first half of 2006, operating profit was negatively impacted by costs associated with operational inefficiencies and the consolidation of facilities and distribution centers. We also incurred significant costs as planned in connection with the initial phases of an information systems implementation program during the first half of 2006. Operating profit as a percent of revenues increased to 18.8% in 2006 from 18.0% in 2005.

Assets in the Medical Segment declined $6.6 million or 1%, primarily due to the decrease in accounts receivable, deferred tax assets and net property, plant and equipment, offset, in part, by the impact of the Taut acquisition and the impact of currency.

Comparison of 2005 and 2004

Medical Segment revenues increased 13% in 2005 to $831.1 million from $736.4 million in 2004. This increase was due to increases of 13% from acquisitions and 3% from core growth, offset, in part, by decreases of 2% from the impact of eliminating the one-month reporting lag in 2004 for certain of our foreign operations and 1% from dispositions. Medical Segment revenues increased primarily as a result of the increased sale of disposable medical products, particularly related to the third quarter 2004 acquisition of HudsonRCI, a provider of respiratory care products. Sales of surgical instruments and medical devices increased primarily as a result of new product sales and volume increases for specialty devices sold to medical device manufacturers.

Medical Segment operating profit increased 29% in 2005 to $150.0 million from $116.7 million in 2004 driven primarily by the HudsonRCI acquisition and significant improvements in the core business as benefits of the restructuring program began to be recognized. Operating profit as a percent of revenues increased to 18.0% in 2005 from 15.8% in 2004.

Assets in the Medical Segment declined $166.0 million or 15%, primarily due to the decrease in accounts receivable, including the sale of certain receivables under a non-recourse securitization program, the decrease in non-current deferred tax assets and the impact of currency.

Aerospace

Products and services in the Aerospace Segment, many of which are proprietary, require a high degree of engineering sophistication and are often custom-designed. Economic influences on these products and services relate primarily to spending patterns in the worldwide aerospace industry and the demand for additional air cargo capacity.

Comparison of 2006 and 2005

Aerospace Segment revenues increased 9% in 2006 to $537.2 million from $493.8 million in 2005. This increase was due to increases of 8% from core growth and 1% from acquisitions. Core growth in wide body cargo handling systems, repair services and precision machined components was partially offset by the $6.5 million decrease in revenues resulting from the phase out of our industrial gas turbine aftermarket services business in 2005.

Aerospace Segment operating profit increased 51% to $50.6 million from $33.4 million in 2005. Volume-related efficiencies, additional higher margin cargo spares sales and mix within our precision-machined components business contributed to the improvement as did a reduction in losses resulting from the exit of the industrial gas turbine aftermarket services business. Operating profit as a percent of revenues increased to 9.4% in 2006 from 6.8% in 2005.

Assets in the Aerospace Segment increased $4.3 million or 2%, primarily due to the impact of currency.

Comparison of 2005 and 2004

Aerospace Segment revenues increased 9% in 2005 to $493.8 million from $453.2 million in 2004. Strong core growth in repair products and services and in sales of both narrow-body cargo loading systems and wide-body cargo system conversions, along with an increase due to a small acquisition in 2005, was partially offset by the impact of eliminating the one-month reporting lag in 2004 for certain of our foreign operations and by the phase out and closure of industrial gas turbine aftermarket services.

Aerospace Segment operating profit increased to a profit of $33.4 million in 2005 from a loss of $10.5 million in 2004, an improvement of $43.9 million. Higher volume and improvements in precision-machined components and the cargo systems businesses contributed to the increase as did a reduction in losses resulting from the exit of the industrial gas turbine aftermarket services. Operating profit (loss) as a percent of revenues was 6.8% in 2005 versus (2.3)% in 2004.

Assets in the Aerospace Segment declined $107.7 million or 30%, primarily due to the impact of the sale of the Sermatech International business.

Liquidity and Capital Resources

Operating activities from continuing operations provided net cash of $343.9 million during 2006. Changes in our operating assets and liabilities during 2006 resulted in a net cash inflow of $46.8 million. The most significant change was a decrease in accounts receivable, which was primarily due to improved cash collection. Our financing activities from continuing operations during 2006 consisted primarily of purchases of shares of our common stock of $93.6 million, a decrease in notes payable and current borrowings of $68.8 million, a reduction in long-term borrowings of $55.0 million and payment of dividends of $44.1 million. Our investing activities from continuing operations during 2006 consisted primarily of capital expenditures of $63.2 million and payments for businesses acquired of $41.7 million, including a $4.3 million deferred payment related to a prior period acquisition. During 2006, we also had proceeds from the sale of businesses and assets of $8.0 million and made a $6.0 million payment in connection with a post-closing purchase price adjustment based on working capital for a divested business. We had net cash provided by discontinued operations of $0.7 million in 2006.

Operating activities from continuing operations provided net cash of approximately $333.5 million during 2005. Changes in our operating assets and liabilities during 2005 resulted in a net cash inflow of $69.7 million. The most significant change was a decrease in accounts receivable, which was primarily due to improved cash collection including the sale of certain receivables under a non-recourse securitization program. Our financing activities during 2005 consisted primarily of a reduction in long-term borrowings of $270.3 million and proceeds from long-term borrowings of $109.2 million, as a result of improved operating cash flow, the repatriation of foreign earnings, proceeds from the disposition of businesses and lower capital spending. During 2005, we also paid dividends to minority interest shareholders of $63.0 million and made purchases of shares of our common stock of $46.5 million. Our investing activities during 2005 consisted primarily of proceeds from the sale of businesses and assets of $142.9 million. During 2005, we also had capital expenditures of $69.9 million. We had net cash used in discontinued operations of $2.7 million in 2005.

Operating activities from continuing operations provided net cash of approximately $249.9 million during 2004. Changes in our operating assets and liabilities during 2004 resulted in a net cash inflow of $25.9 million. The most significant changes were an increase in accounts payable and accrued expenses and a decrease in inventories, offset, in part, by an increase in accounts receivable and a decrease in income taxes payable. The increase in accounts payable and accrued expenses was due primarily to increased accruals associated with the restructuring and divestiture program. The decrease in inventories was the result of our focus on improved working capital management. The increase in accounts receivable was largely a result of increased business levels and the HudsonRCI acquisition. The decrease in income taxes payable was a result of tax deductions associated with the restructuring and divestiture program, for which the cash benefits were received in 2005.

Our financing activities during 2004 consisted primarily of the receipt of $511.6 million in gross proceeds from long-term borrowings, primarily for the acquisition of HudsonRCI. This amount is offset by a decrease in notes payable and current borrowings of $137.8 million and a reduction in long-term borrowings of $77.9 million, driven by improved operating cash flow, proceeds from the disposition of businesses and lower year-over-year capital spending. Our investing activities during 2004 consisted primarily of payments for businesses acquired of $458.5 million. We had net cash provided by discontinued operations of $7.4 million in 2004.

We use an accounts receivable securitization program to gain access to enhanced credit markets and reduce financing costs. As currently structured, we sell certain trade receivables on a non-recourse basis to a consolidated special purpose entity, which in turn sells an interest in those receivables to a commercial paper conduit. The conduit issues notes secured by that interest to third party investors. The assets of the special purpose entity are not available to satisfy our obligations. In accordance with the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," transfers of assets under the program qualify as sales of receivables and accordingly, $40.1 million of accounts receivable and the related amounts previously recorded in notes payable were removed from the consolidated balance sheet as of both December 31, 2006 and December 25, 2005.

On July 25, 2005, our Board of Directors authorized the repurchase of up to $140 million of our outstanding common stock over twelve months ended July 2006. In June 2006, our Board of Directors extended for an additional six months, until January 2007, its authorization for the repurchase of shares. Under the approved plan, we repurchased a total of 2,317,347 shares on the open market during 2005 and 2006 for an aggregate purchase price of $140.0 million, and aggregate fees and commissions of $0.1 million, with 1,627,247 shares repurchased during 2006 for an aggregate purchase price of $93.5 million, and aggregate fees and commissions of $0.1 million.

The valuation allowance for deferred tax assets of $51.3 million and $32.6 million at December 31, 2006 and December 25, 2005, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily 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 of SFAS No. 109, "Accounting for 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. The valuation allowance increase in 2006 was primarily attributable to the recording of deferred tax assets associated with state tax loss carryforwards at full value which required a valuation allowance.

In addition to the cash generated from operations, we have approximately $406 million in committed and $165 million in uncommitted unused lines of credit available. The availability of the lines of credit is dependent upon us maintaining our financial condition including our continued compliance with bank covenants. Various senior and term note agreements provide for the maintenance of certain financial ratios and limit the repurchase of our stock and payment of cash dividends. Under the most restrictive of these provisions, $148 million of retained earnings was available for dividends and stock repurchases at December 31, 2006.

On February 21, 2007, the Board of Directors declared a quarterly dividend of $0.285 per share on our common stock, which is payable on March 15, 2007 to holders of record on March 5, 2007. As of February 15, 2007, we had approximately 957 holders of record of our common stock.

Fixed rate borrowings, excluding the effect of derivative instruments, comprised 82% of total borrowings at December 31, 2006. Approximately 19% of our total borrowings of $518.4 million are denominated in currencies other than the U.S. dollar, principally the euro, which we believe provides a natural hedge against fluctuations in the value of assets outside the United States.

During the fourth quarter of 2005, in order to take advantage of the provisions of the AJCA, management executed a foreign earnings repatriation plan. Under this plan, we repatriated $304 million of dividends during November and December 2005.

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

	2006	2005
	(Dollars in thousands)	
Net debt includes:		
Current borrowings	$ 31,022	$ 125,510
Long-term borrowings	487,370	505,272
Total debt	518,392	630,782
Less: Cash and cash equivalents	248,409	239,536
Net debt	$ 269,983	$ 391,246
Total capital includes:		
Net debt	$ 269,983	$ 391,246
Shareholders' equity	1,189,421	1,142,074
Total capital	$1,459,404	$1,533,320
Percent of net debt to total capital	18%	26%

The decline in our percent of net debt to total capital for 2006 as compared to 2005 is primarily due to the repayment of current and long-term borrowings during 2006, which was funded principally by cash generated from operations.

We believe that our cash flow from operations and our ability to access additional funds through credit facilities will enable us to fund our operating requirements, capital expenditures and additional acquisition opportunities.

Contractual obligations at December 31, 2006 are as follows:

		Payments due by period			
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
		(Dollars in millions)			
Long-term borrowings	$494	$ 7	$ 68	$169	$250
Interest obligations	163	28	50	43	42
Operating lease obligations	170	35	57	35	43
Minimum purchase obligations(1)	146	117	21	8	—
Total contractual obligations	$973	$187	$196	$255	$335

(1) 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 also have obligations with respect to our pension and other postretirement benefit plans. See Note 13 to our consolidated financial statements included in this Annual Report on Form 10-K.

Off Balance Sheet Arrangements

We have residual value guarantees under operating leases for plant and equipment. The maximum potential amount of future payments we could be required to make under these guarantees is approximately $4.8 million.

We use an accounts receivable securitization program to gain access to enhanced credit markets and reduce financing costs. As currently structured, we sell certain trade receivables on a non-recourse basis to a consolidated special purpose entity, which in turn sells an interest in those receivables to a commercial paper conduit. The conduit issues notes secured by that interest to third party investors. The assets of the special purpose entity are not available to satisfy our obligations. In accordance with the provisions of SFAS No. 140, transfers of assets under the program qualify as sales of receivables and accordingly, $40.1 million of accounts receivable and the related amounts previously recorded in notes payable were removed from the consolidated balance sheet as of both December 31, 2006 and December 25, 2005.

See also Note 14 to our consolidated financial statements included in this Annual Report on Form 10-K.

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. All instruments are entered into for other than 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. Interest rate swaps are used to manage a portion of our interest rate risk. The table below is an analysis of the amortization and related interest rates by year of maturity for our fixed and variable rate debt obligations. Variable interest rates shown below are weighted average rates of the debt portfolio. For the swaps, notional amounts and related interest rates are shown by year of maturity. The fair value of the interest rate swaps as of December 31, 2006 was $0.3 million.

	Year of Maturity						
	2007	**2008**	**2009**	**2010**	**2011**	**Thereafter**	**Total**
				(Dollars in thousands)			
Fixed rate debt	$ 6,515	$19,189	$ —	$ —	$150,000	$250,000	$425,704
Average interest rate	7.1%	6.0%	—	—	5.2%	5.8%	5.6%
Variable rate debt	$24,507	$47,299	$1,291	$ —	$ 19,591	$ —	$ 92,688
Average interest rate	5.2%	4.6%	7.0%	—	5.6%	—	5.0%
Amount subject to swaps:							
Variable to fixed		$59,200					
Average rate to be received		4.8%					
Average rate to be paid		5.6%					

A 1.0% increase or decrease in variable interest rates would adversely or positively impact our expected net earnings by approximately $0.2 million or ($0.2 million), respectively.

Foreign Currency Risk

We are exposed to fluctuations in market values of transactions in currencies other than the functional currencies of certain subsidiaries. We have entered into forward contracts with several major financial institutions to hedge a portion of projected cash flows from these exposures. The fair value of the open forward contracts as of December 31, 2006 was $0.4 million. The following table presents our open forward currency contracts as of December 31, 2006, which all mature in 2007. Forward contract notional amounts presented below are expressed in the stated currencies (in thousands).

Forward Currency Contracts:

	(Pay)/Receive
U.S. dollars	(114,000)
Euros	(4,472)
Singapore dollars	37,180
Canadian dollars	81,234
Malaysian ringgits	85,963

A movement of 10% in the value of the U.S. dollar against foreign currencies would impact our expected net earnings by approximately $0.1 million.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

The financial statements and supplementary data required by this Item are included herein, commencing on page F-1.

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

None.

ITEM 9A. *CONTROLS AND PROCEDURES*

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report are functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Management's Report on Internal Control Over Financial Reporting

Our management's report on internal control over financial reporting is set forth on page F-2 of this Annual Report on Form 10-K and is incorporated by reference herein.

(c) Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION*

None.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

For the information required by this Item 10, other than with respect to our Executive Officers, see "Election Of Directors," "Nominees for Election to the Board of Directors," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance," in the Proxy Statement for our 2007 Annual Meeting, which information is incorporated herein by reference. The Proxy Statement for our 2007 Annual Meeting will be filed within 120 days of the close of our fiscal year.

For the information required by this Item 10 with respect to our Executive Officers, see Part I of this report on page 9, which information is incorporated herein by reference.

ITEM 11. *EXECUTIVE COMPENSATION*

For the information required by this Item 11, see "Executive Compensation," "Compensation Committee Report on Executive Compensation" and "Compensation Committee Interlocks and Insider Participation" in the Proxy Statement for our 2007 Annual Meeting, which information is incorporated herein by reference.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

For the information required by this Item 12 under Item 403 of Regulation S-K, see "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement for our 2007 Annual Meeting, which information is incorporated herein by reference.

The following table sets forth certain information as of December 31, 2006 regarding our 1990 Stock Compensation Plan, 2000 Stock Compensation Plan and Global Employee Stock Purchase Plan:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)
Equity compensation plans approved by security holders	2,108,998	$51.96	928,029
Equity compensation plans not approved by security holders	—	—	28,185(1)

(1) 28,185 shares are available under purchase rights granted to our non-United States employees under our Global Employee Stock Purchase Plan.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

For the information required by this Item 13, see "Certain Transactions" and "Corporate Governance" in the Proxy Statement for our 2007 Annual Meeting, which information is incorporated herein by reference.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

For the information required by this Item 14, see "Audit and Non-Audit Fees" and "Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm" in the Proxy Statement for our 2007 Annual Meeting, which information is incorporated herein by reference.

PART IV

ITEM 15. ***EXHIBITS, FINANCIAL STATEMENT SCHEDULES.***

(a) Consolidated Financial Statements:

The Index to Consolidated Financial Statements and Schedule is set forth on page F-1 hereof.

(b) Exhibits:

The Exhibits are listed in the Index to Exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized as of the date indicated below.

TELEFLEX INCORPORATED

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

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

By: /s/ MARTIN S. HEADLEY
Martin S. Headley
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

By: /s/ GEORGE BABICH, JR.
George Babich, Jr.
Director

By: /s/ PATRICIA C. BARRON
Patricia C. Barron
Director

By: /s/ DONALD BECKMAN
Donald Beckman
Director

By: /s/ JEFFREY P. BLACK
Jeffrey P. Black
Chairman, Chief Executive Officer & Director

By: /s/ WILLIAM R. COOK
William R. Cook
Director

By: /s/ SIGISMUNDUS W.W. LUBSEN
Sigismundus W.W. Lubsen
Director

By: /s/ JUDITH M. VON SELDENECK
Judith M. von Seldeneck
Director

By: /s/ JOHN J. SICKLER
John J. Sickler
Director

By: /s/ BENSON F. SMITH
Benson F. Smith
Director

By: /s/ HAROLD L. YOH III
Harold L. Yoh III
Director

By: /s/ JAMES W. ZUG
James W. Zug
Director

Dated: March 1, 2007

TELEFLEX INCORPORATED

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CONSOLIDATED FINANCIAL STATEMENTS

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FINANCIAL STATEMENT SCHEDULE

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making this assessment, management used the framework established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a result of this assessment and based on the criteria in the COSO framework, management has concluded that, as of December 31, 2006, the Company's internal control over financial reporting was effective.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ JEFFREY P. BLACK

Jeffrey P. Black
Chairman and Chief Executive Officer

/s/ MARTIN S. HEADLEY

Martin S. Headley
Executive Vice President and
Chief Financial Officer

February 28, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Teleflex Incorporated:

We have completed integrated audits of Teleflex Incorporated's consolidated financial statements and of its internal control over financial reporting as of December 31, 2006, in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Teleflex Incorporated and its subsidiaries at December 31, 2006 and December 25, 2005 and the results of their operations and their cash flows for the years ended December 31, 2006, December 25, 2005 and December 26, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for share-based compensation in 2006.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting, appearing on page F-2, that the Company maintained effective internal control over financial reporting as of December 31, 2006 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control — Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 28, 2007

TELEFLEX INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended		
	December 31, 2006	December 25, 2005	December 26, 2004
	(Dollars and shares in thousands, except per share)		
Revenues	$2,646,757	$2,514,552	$2,390,411
Materials, labor and other product costs	1,872,565	1,804,601	1,704,170
Gross profit	774,192	709,951	686,241
Selling, engineering and administrative expenses	493,516	449,040	487,100
(Gain) loss on sales of businesses and assets	838	(14,223)	(2,733)
Restructuring and impairment charges	25,226	27,066	67,618
Income from continuing operations before interest, taxes and minority interest	254,612	248,068	134,256
Interest expense	41,997	44,516	37,683
Interest income	(6,412)	(4,363)	(565)
Income from continuing operations before taxes and minority interest	219,027	207,915	97,138
Taxes on income from continuing operations	54,140	47,806	12,795
Income from continuing operations before minority interest	164,887	160,109	84,343
Minority interest in consolidated subsidiaries, net of tax	24,957	20,337	19,219
Income from continuing operations	139,930	139,772	65,124
Operating income (loss) from discontinued operations (including net gain on disposal of $182, $34,851 and $0, respectively)	(483)	2,304	(68,262)
Taxes (benefit) on income (loss) from discontinued operations	17	3,259	(12,655)
Loss from discontinued operations	(500)	(955)	(55,607)
Net income	$ 139,430	$ 138,817	$ 9,517
Earnings (losses) per share:			
Basic:			
Income from continuing operations	$ 3.52	$ 3.45	$ 1.62
Loss from discontinued operations	$ (0.01)	$ (0.02)	$ (1.38)
Net income	$ 3.51	$ 3.43	$ 0.24
Diluted:			
Income from continuing operations	$ 3.50	$ 3.41	$ 1.61
Loss from discontinued operations	$ (0.01)	$ (0.02)	$ (1.37)
Net income	$ 3.49	$ 3.39	$ 0.24
Weighted average common shares outstanding:			
Basic	39,760	40,516	40,205
Diluted	39,988	40,958	40,495

The accompanying notes are an integral part of the consolidated financial statements.

TELEFLEX INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2006	December 25, 2005
	(Dollars and shares in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 248,409	$ 239,536
Accounts receivable, net	376,404	421,236
Inventories	415,879	404,271
Prepaid expenses	27,689	20,571
Deferred tax assets	60,963	57,915
Assets held for sale	10,185	16,899
Total current assets	1,139,529	1,160,428
Property, plant and equipment, net	422,178	447,816
Goodwill	514,006	504,666
Intangibles and other assets	259,229	259,218
Investments in affiliates	23,076	24,666
Deferred tax assets	1,034	6,254
Total assets	$2,359,052	$2,403,048
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	$ 24,324	$ 88,902
Current portion of long-term borrowings	6,698	36,608
Accounts payable	210,890	206,548
Accrued expenses	115,657	131,602
Payroll and benefit-related liabilities	74,407	74,629
Income taxes payable	38,635	46,222
Deferred tax liabilities	164	408
Liabilities held for sale	—	66
Total current liabilities	470,775	584,985
Long-term borrowings	487,370	505,272
Deferred tax liabilities	33,344	50,535
Pension and postretirement benefit liabilities	97,191	65,349
Other liabilities	38,894	37,433
Total liabilities	1,127,574	1,243,574
Minority interest in equity of consolidated subsidiaries	42,057	17,400
Commitments and contingencies (See Note 14)		
Shareholders' equity		
Common shares, $1 par value Issued: 2006 — 41,364 shares; 2005 — 41,123 shares	41,364	41,123
Additional paid-in capital	223,609	204,550
Retained earnings	1,034,669	939,335
Accumulated other comprehensive income	30,035	6,614
	1,329,677	1,191,622
Less: Treasury stock, at cost	140,256	49,548
Total shareholders' equity	1,189,421	1,142,074
Total liabilities and shareholders' equity	$2,359,052	$2,403,048

The accompanying notes are an integral part of the consolidated financial statements.

TELEFLEX INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2006	Year Ended December 25, 2005	Year Ended December 26, 2004
	(Dollars in thousands)		
Cash Flows from Operating Activities of Continuing Operations:			
Net income	$ 139,430	$ 138,817	$ 9,517
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations	500	955	55,607
Depreciation expense	83,720	85,931	92,498
Amortization expense of intangible assets	13,952	13,851	13,579
Amortization expense of deferred financing costs	1,332	1,071	462
Stock-based compensation	6,776	—	—
(Gain) loss on sales of businesses and assets	838	(14,223)	(2,733)
Impairment of long-lived assets	8,444	5,324	29,926
Impairment of goodwill	1,003	—	14,122
Deferred income taxes	13,387	14,093	(3,330)
Minority interest in consolidated subsidiaries	24,957	20,337	19,219
Other	2,714	(2,433)	(4,921)
Changes in operating assets and liabilities, net of effects of acquisitions and disposals:			
Accounts receivable	71,683	49,618	(37,123)
Inventories	10,257	2,830	26,527
Prepaid expenses	(6,420)	7,216	(630)
Accounts payable and accrued expenses	(15,707)	10,045	56,890
Income taxes payable	(12,991)	27	(19,736)
Net cash provided by operating activities from continuing operations	343,875	333,459	249,874
Cash Flows from Financing Activities of Continuing Operations:			
Proceeds from long-term borrowings	—	109,208	511,582
Reduction in long-term borrowings	(55,031)	(270,335)	(77,936)
Increase (decrease) in notes payable and current borrowings	(68,760)	27,903	(137,751)
Proceeds from stock compensation plans	11,952	23,173	16,227
Payments to minority interest shareholders	(618)	(63,035)	(17,254)
Purchases of treasury stock	(93,552)	(46,518)	—
Dividends	(44,096)	(39,320)	(34,575)
Net cash provided by (used in) financing activities from continuing operations	(250,105)	(258,924)	260,293
Cash Flows from Investing Activities of Continuing Operations:			
Expenditures for property, plant and equipment	(63,232)	(69,851)	(52,938)
Payments for businesses acquired, net of cash acquired	(41,704)	(14,701)	(458,531)
Proceeds from sales of businesses and assets	7,956	142,930	49,444
Proceeds from affiliates	2,597	62	100
Working capital payment for divested business	(6,029)	—	—
Net cash provided by (used in) investing activities from continuing operations	(100,412)	58,440	(461,925)
Cash Flows from Discontinued Operations:			
Net cash provided by operating activities	787	1,576	14,226
Net cash used in financing activities	—	(1,584)	(811)
Net cash used in investing activities	(96)	(2,700)	(5,996)
Net cash provided by (used in) discontinued operations	691	(2,708)	7,419
Effect of exchange rate changes on cash and cash equivalents	14,824	(6,686)	3,714
Net increase in cash and cash equivalents	8,873	123,581	59,375
Cash and cash equivalents at the beginning of the year	239,536	115,955	56,580
Cash and cash equivalents at the end of the year	$ 248,409	$ 239,536	$ 115,955

The accompanying notes are an integral part of the consolidated financial statements.

TELEFLEX INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid in Capital	Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Income	Treasury Stock		Total
	Shares	Dollars					Shares	Dollars	
	(Dollars and shares in thousands, except per share)								
Balance at December 28, 2003	39,817	$39,817	$126,421	$ 864,896		$ 32,226	22	$ (1,058)	$1,062,302
Net income				9,517	$ 9,517				9,517
Cash dividends ($0.86 per share)				(34,575)					(34,575)
Financial instruments marked to market					(382)	(382)			(382)
Cumulative translation adjustment					32,127	32,127			32,127
Minimum pension liability adjustment, net of tax of $5,668					(6,363)	(6,363)			(6,363)
Comprehensive income					$ 34,899				
Shares issued under compensation plans	633	633	46,592				4	(118)	47,107
Balance at December 26, 2004	40,450	$40,450	$173,013	$ 839,838		$ 57,608	26	$ (1,176)	$1,109,733
Net income				138,817	$138,817				138,817
Cash dividends ($0.97 per share)				(39,320)					(39,320)
Financial instruments marked to market, net of tax of $1,213					(944)	(944)			(944)
Cumulative translation adjustment					(47,076)	(47,076)			(47,076)
Minimum pension liability adjustment, net of tax of $375					(2,974)	(2,974)			(2,974)
Comprehensive income					$ 87,823				
Shares issued under compensation plans	673	673	31,537				(32)	1,376	33,586
Deferred compensation							82	(3,230)	(3,230)
Purchases of treasury stock							690	(46,518)	(46,518)
Balance at December 25, 2005	41,123	$41,123	$204,550	$ 939,335		$ 6,614	766	$ (49,548)	$1,142,074
Net income				139,430	$139,430				139,430
Cash dividends ($1.105 per share)				(44,096)					(44,096)
Financial instruments marked to market, net of tax of $459					1,234	1,234			1,234
Cumulative translation adjustment					47,468	47,468			47,468
Minimum pension liability adjustment, net of tax of $4,256					(8,117)	(8,117)			(8,117)
Comprehensive income					$180,015				
Adoption of SFAS No. 158, net of tax of $10,514						(17,164)			(17,164)
Shares issued under compensation plans	241	241	19,059				(38)	2,497	21,797
Deferred compensation							(9)	347	347
Purchases of treasury stock							1,627	(93,552)	(93,552)
Balance at December 31, 2006	41,364	$41,364	$223,609	$1,034,669		$ 30,035	2,346	$(140,256)	$1,189,421

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share)

Note 1 — Summary of significant accounting policies

Consolidation: The consolidated financial statements include the accounts of Teleflex Incorporated and its subsidiaries (the "Company"). Also, in accordance with Interpretation ("FIN") No. 46(R), "Consolidation of Variable Interest Entities," the Company consolidates variable interest entities in which it bears a majority of the risk of the potential losses or gains from a majority of the expected returns. Intercompany transactions are eliminated in consolidation. Investments in affiliates over which the Company has significant influence but not a controlling equity interest are carried on the equity basis. Investments in affiliates over which the Company does not have significant influence are accounted for by the cost method. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include management's estimates and assumptions that affect the recorded amounts.

During the fourth quarter of 2004, the Company eliminated the one-month lag for certain of its foreign operations to coincide with the timing of reporting for all of the Company's other operations. As a result, the Company's consolidated results for 2004 include the results of those operations for the month of December 2003 and the entire twelve months of 2004, whereas the Company's consolidated results for 2005 and 2006 include the results of those operations for the entire twelve months of 2005 and 2006, respectively. This change increased the Company's consolidated revenues for 2004 by $16,879 and reduced the Company's consolidated income from continuing operations before taxes and minority interest for 2004 by $1,114.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Fair values: The estimated fair value amounts presented in these consolidated financial statements have been determined by the Company using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Such fair value estimates are based on pertinent information available to management as of December 31, 2006 and December 25, 2005.

Cash and cash equivalents: All highly liquid debt instruments with an original maturity of three months or less are classified as cash equivalents. The carrying value of cash equivalents approximates their current market value.

Accounts receivable: Accounts receivable represents amounts due from customers related to the sale of products. An allowance for doubtful accounts is maintained and represents the Company's estimate of probable losses on realization of the full receivable. The allowance is provided at such time that management believes reasonable doubt exists that such balances will be collected within a reasonable period of time. The allowance is based on the Company's historical experience, the period an account is outstanding, the financial position of the customer and information provided by credit rating services. The allowance for doubtful accounts was $10,097 and $10,090 as of December 31, 2006 and December 25, 2005, respectively.

Inventories: Inventories are valued at the lower of cost or market. The cost of the Company's inventories is determined by the average cost method. Elements of cost in inventory include raw materials, direct labor, and manufacturing overhead. In estimating market value, the Company evaluates inventory for excess and obsolete quantities based on estimated usage and sales.

Property, plant and equipment: Property, plant and equipment are stated at cost, net of accumulated depreciation. Costs incurred to develop internal-use computer software during the application development stage generally are capitalized. Costs of enhancements to internal-use computer software are capitalized, provided that these enhancements result in additional functionality. Other additions and those improvements which increase the capacity or lengthen the useful lives of the assets are also capitalized. With minor exceptions, straight-line composite lives for depreciation of property, plant and equipment are as follows: buildings — 30 years; machinery and equipment — 5 to 10 years; computer equipment and software — 3 to 5 years. Leasehold improvements are depreciated over the remaining lease periods. Repairs and maintenance costs are expensed as incurred.

Goodwill and other intangible assets: Goodwill and other intangible assets with indefinite lives are not amortized but are tested for impairment at least annually, or more frequently if there is a triggering event. Impairment losses, if any, are recorded as part of income from operations. The goodwill impairment test is applied to each of the Company's reporting units. A reporting unit is the operating segment, or a business one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. The goodwill impairment test is applied using a two-step approach. In the first step, the Company estimates the fair values of its reporting units using the present value of future cash flows approach. If the reporting unit carrying amount exceeds the fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss, if any. In the second step, the implied fair value of the goodwill is estimated as the fair value of the reporting unit used in the first step less the fair values of all net tangible and intangible assets of the reporting unit other than goodwill. If the carrying amount of the goodwill exceeds its implied fair market value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of the goodwill. For other indefinite lived intangible assets, the impairment test consists of a comparison of the fair value of the intangible assets to their carrying amounts.

The Company performed an annual impairment test of its recorded goodwill and indefinite-lived intangible assets in the fourth quarter of 2006 and determined that a portion of its goodwill was impaired. The Company recorded a charge of $1,003, which is included in restructuring and impairment charges. The Company performed an annual impairment test of its recorded goodwill and indefinite-lived intangible assets in the fourth quarter of 2005 and found no instances of impairment. In connection with the Company's 2004 restructuring and divestiture program, the Company determined in the fourth quarter of 2004 that a portion of its goodwill was impaired and recorded a charge of $18,582, $14,122 of which was included in restructuring and impairment charges and $4,460 of which was included in discontinued operations.

Intangible assets consisting of intellectual property, customer lists and distribution rights are being amortized over their estimated useful lives, which range from 3 to 30 years, with a weighted average amortization period of 13 years. The Company continually evaluates the reasonableness of the useful lives of these assets.

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

Product warranty liability: Product warranty liability arises out of the need to repair or replace product without charge to the customer. The Company warrants such products from manufacturing defect. The Company estimates its warranty liability based on historical trends of units sold, the status of existing claims, recall programs and communication with customers.

Foreign currency translation: Assets and liabilities of non-domestic subsidiaries denominated in local currencies are translated into U.S. dollars at the rates of exchange at the balance sheet date; income and expenses are translated at the average rates of exchange prevailing during the year. The resultant translation adjustments are reported as a component of accumulated other comprehensive income in shareholders' equity.

Derivative financial instruments: The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates and foreign currency exchange rates. All instruments are entered into for other than trading purposes. All derivatives are recognized on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in earnings or other comprehensive income, based on whether the instrument is designated as part of a hedge transaction and, if so, the type of hedge transaction. Gains or losses on derivative instruments reported in other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges is recognized in current period earnings. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, gains or losses on the derivative are recorded in current period earnings.

Stock-based compensation: On December 26, 2005, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment," which requires the measurement and recognition of compensation expense for all stock-based awards made to employees based on estimated fair values. SFAS No. 123(R) supersedes previous accounting under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," for periods beginning in fiscal 2006. In March 2005, the SEC issued Staff Accounting Bulletin ("SAB") No. 107, providing supplemental guidance for SFAS No. 123(R). The Company has applied the provisions of SAB No. 107 in its adoption of SFAS No. 123(R).

SFAS No. 123(R) requires companies to estimate the fair value of stock-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. The Company adopted SFAS No. 123(R) using the modified prospective application method, which requires the application of the standard starting from December 26, 2005, the first day of the Company's 2006 fiscal year. The Company's consolidated financial statements for 2006 reflect the impact of SFAS No. 123(R).

Stock-based compensation expense related to employee stock options recognized under SFAS No. 123(R) for 2006 was $6,776 and is included in selling, engineering and administrative expenses. The total income tax benefit recognized for share-based compensation arrangements for 2006 was $1,373. As of December 31, 2006, total unamortized stock-based compensation cost related to non-vested stock options, net of expected forfeitures, was $9,202, which is expected to be recognized over a weighted-average period of 1.9 years.

Prior to the adoption of SFAS No. 123(R), the Company accounted for stock-based awards to employees using the intrinsic value method in accordance with APB No. 25, as allowed under SFAS No. 123, "Accounting for Stock-Based Compensation." Under the intrinsic value method, no stock-based compensation expense for employee stock options had been recognized in the Company's consolidated statements of operations because the exercise price of the Company's stock options granted to employees equaled the fair market value of the underlying stock at the date of grant. In accordance with the modified prospective transition method the

Company used in adopting SFAS No. 123(R), the Company's results of operations prior to fiscal 2006 have not been restated to reflect, and do not include, the impact of SFAS No. 123(R).

Stock-based compensation expense recognized during a period is based on the value of the portion of stock-based awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in 2006 included compensation expense for (1) stock-based awards granted prior to, but not yet vested as of December 25, 2005, based on the fair value on the grant date estimated in accordance with the pro forma provisions of SFAS No. 123 and (2) compensation expense for the stock-based awards granted subsequent to December 25, 2005, based on the fair value on the grant date estimated in accordance with the provisions of SFAS No. 123(R). As stock-based compensation expense recognized for fiscal 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table illustrates the pro forma net income and earnings per share for 2005 and 2004 as if compensation expense for stock options issued to employees had been determined consistent with SFAS No. 123:

	2005	2004
Net income, as reported	$138,817	$ 9,517
Deduct: Stock-based employee compensation determined under fair value based method, net of tax of $1,959 and $2,335, respectively	(3,197)	(3,809)
Pro forma net income	$135,620	$ 5,708
Earnings per share — basic:		
Net income per share, as reported	$ 3.43	$ 0.24
Pro forma net income per share	$ 3.35	$ 0.14
Earnings per share — diluted:		
Net income per share, as reported	$ 3.39	$ 0.24
Pro forma net income per share	$ 3.32	$ 0.14

Stock-based compensation expense is measured using a multiple point Black-Scholes option pricing model that takes into account highly subjective and complex assumptions. The expected life of options granted is derived from the vesting period of the award, as well as historical exercise behavior, and represents the period of time that options granted are expected to be outstanding. Expected volatilities are based on a blend of historical volatility and implied volatility derived from publicly traded options to purchase the Company's common stock, which the Company believes 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.

The fair value for options granted in 2006 was estimated at the date of grant using a multiple point Black-Scholes option pricing model. The fair value for options granted in 2005 and 2004 was estimated at the date of grant using the Black-Scholes option pricing model. The following weighted-average assumptions were used:

	2006	2005	2004
Risk-free interest rate	4.44%	4.09%	3.00%
Expected life of option	4.46 yrs.	4.60 yrs.	4.60 yrs.
Expected dividend yield	1.57%	1.70%	1.71%
Expected volatility	23.36%	24.44%	24.32%

On November 10, 2005, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 123(R)-3, "Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards," that allows for a simplified method to establish the beginning balance of the additional paid-in capital pool ("APIC Pool") related to the tax effects of employee stock-based compensation and to determine the subsequent impact on the APIC Pool and consolidated statements of cash flows of the tax effects of employee stock-based compensation awards that are outstanding upon adoption of SFAS No. 123(R). During the second quarter of 2006, the Company elected to adopt the simplified method.

See Note 11 for additional information regarding the Company's stock compensation plans.

Income taxes: The provision for income taxes is determined using the asset and liability approach of accounting for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Provision has been made for income taxes on unremitted earnings of subsidiaries and affiliates, except for subsidiaries in which earnings are deemed to be permanently invested.

Pensions and other postretirement benefits: The Company provides a range of benefits to eligible employees and retired employees, including pensions and postretirement healthcare. The Company records annual amounts relating to these plans based on calculations which include various actuarial assumptions such as discount rates, expected rates of return on plan assets, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when appropriate. As required, the effect of the modifications is generally amortized over future periods.

Restructuring costs: Restructuring costs, which include termination benefits, contract termination costs and other restructuring costs are recorded at estimated fair value. Key assumptions in calculating the restructuring costs include the terms that may be negotiated to exit certain contractual obligations and the timing of employees leaving the company.

Revenue recognition: The Company recognizes revenues from product sales, including sales to distributors, or services provided when the following revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable and collectibility is reasonably assured. This generally occurs when products are shipped, when services are rendered or upon customers' acceptance.

Revenues from product sales, net of estimated returns and other allowances based on historical experience and current trends, are recognized upon shipment of products to customers or distributors. Revenues from services provided are recognized as the services are rendered and comprised less than 10% of total revenues for all periods presented.

The Company considers the criteria presented in SFAS No. 48, "Revenue Recognition When Right of Return Exists," in determining the appropriate revenue recognition treatment. The Company's normal policy is to accept returns only in cases in which the product is defective and covered under the Company's standard warranty provisions. However, in the limited cases where an arrangement provides a right of return to the customer, including a distributor, the Company believes it has the ability to reasonably estimate the amount of returns based on its substantial historical experience with respect to these arrangements. The Company accrues any costs or losses that may be expected in connection with any returns in accordance with SFAS No. 5, "Accounting for Contingencies." Revenues and Materials, labor and other product costs are reduced to reflect estimated returns.

The Company applies the provisions of Emerging Issues Task Force ("EITF") Issue No. 01-09, "Accounting for Consideration Given from a Vendor to a Customer (Including a Reseller of the Vendor's Products)," to its customer incentive programs, which include discounts or rebates. Appropriate allowances are determined and recorded as a reduction of revenue.

Revisions and reclassifications: The Company revised its 2005 consolidated balance sheet to adjust for the netting of non-current deferred tax assets and liabilities. In addition, certain reclassifications have been made to the prior years' consolidated financial statements to conform to current year presentation. Certain financial information is presented on a rounded basis, which may cause minor differences.

Note 2 — New accounting standards

Inventory costs: In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4," which clarifies the types of costs that should be expensed rather than capitalized as inventory. This statement also clarifies the circumstances under which fixed overhead costs associated with operating facilities involved in inventory processing should be capitalized. The provisions of SFAS No. 151 are effective for fiscal years beginning after June 15, 2005. The Company adopted the provisions of this statement on December 26, 2005, and it did not have a material impact on the Company's financial position, results of operations or cash flows.

Stock-based compensation: In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which establishes accounting standards for transactions in which an entity receives employee services in exchange for (a) equity instruments of the entity or (b) liabilities that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of equity instruments. SFAS No. 123(R) requires an entity to recognize the grant-date fair value of stock options and other equity-based compensation issued to employees in the statement of income. The statement also requires that such transactions be accounted for using the fair-value-based method, thereby eliminating use of the intrinsic value method of accounting in APB No. 25, "Accounting for Stock Issued to Employees," which was permitted under Statement 123, as originally issued. SFAS No. 123(R) is effective for fiscal years beginning after June 15, 2005. The Company adopted the provisions of this statement on December 26, 2005 using modified prospective application. See the "Stock-based compensation" section of Note 1 above for information regarding the effect of adoption on the Company's financial position, results of operations and cash flows.

Accounting changes and error corrections: In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." SFAS No. 154 replaces APB Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and changes the requirements of the accounting for and reporting of a change in accounting principle. SFAS No. 154 also provides guidance on the accounting for and reporting of error corrections. The provisions of this statement are applicable for accounting changes and error corrections made in fiscal years beginning after December 15, 2005. The Company adopted the provisions of this statement on December 26, 2005, and it did not have a material impact on the Company's financial position, results of operations or cash flows.

Certain Hybrid Financial Instruments: In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments." SFAS No. 155 provides entities with relief from having to separately determine the fair value of an embedded derivative that would otherwise be required to be bifurcated from its host contract in accordance with SFAS No. 133. SFAS No. 155 allows an entity to make an irrevocable election to measure such a hybrid financial instrument at fair value in its entirety, with changes in fair value recognized in earnings. The election may be made on an instrument-by-instrument basis and can be made only when a hybrid financial instrument is initially recognized or when certain events occur that constitute a remeasurement (i.e., new basis) event for a previously recognized hybrid financial instrument. An entity must document its election to measure a hybrid financial instrument at fair value, either concurrently or via a preexisting policy for automatic election. Once the fair value election has been made, that hybrid financial instrument may not be designated as a hedging instrument pursuant to SFAS No. 133. Additionally, SFAS No. 155 requires that interests in securitized financial assets be evaluated to identify whether they are freestanding derivatives or hybrid financial instruments containing an embedded derivative that requires bifurcation (previously, these were exempt from SFAS No. 133). When determining whether an interest in securitized financial assets is a hybrid financial instrument, SFAS No. 155 does not consider a concentration of credit risk, in the form of subordination of one interest in securitized assets to another, to be an embedded derivative. The provisions of this statement are applicable for all financial instruments acquired, issued or subject to a remeasurement (new basis) event occurring in fiscal years beginning after September 15, 2006. The Company will adopt this standard on January 1, 2007 and does not expect the provisions of this statement to have a material impact on the Company's financial position, results of operations or cash flows.

Uncertain Tax Positions: In June 2006, the FASB issued FIN No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN No. 48 requires that the impact of a tax position be recognized in the financial statements if it is more likely than not that the tax position will be sustained on tax audit, based on the technical merits of the position. FIN No. 48 also provides guidance on derecognition of tax positions that do not meet the "more likely than not" standard, classification of tax assets and liabilities, interest and penalties, accounting in interim periods, disclosure and transition. The provisions of FIN No. 48 are effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of FIN No. 48 on the Company's financial position, results of operations and cash flows.

Fair Value Measurements: In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS No. 157 does not require any new fair value measurements but eliminates inconsistencies in guidance found in various prior accounting pronouncements. The provisions of this statement are effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS No. 157 on the Company's financial position, results of operations and cash flows.

Quantifying Misstatements: In September 2006, the Securities and Exchange Commission issued SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," which is aimed at eliminating the diversity in practice of quantifying an identified misstatement by putting forward a single quantification framework to be used by all public companies. The provisions of SAB No. 108 are effective for annual financial statements covering the first fiscal year ending after November 15, 2006. The Company adopted the provisions of this statement during the fourth quarter of fiscal 2006 and it did not have a material impact on the Company's financial position, results of operations or cash flows.

Defined Benefit Pension and Other Postretirement Plans: In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R). SFAS No. 158 requires the recognition of the funded status of a defined benefit plan in the statement of financial position, requires that changes in the funded status be recognized through comprehensive income, changes the measurement date for defined benefit plan assets and obligations to the entity's fiscal year-end and expands disclosures. The recognition and disclosures under SFAS No. 158 are required as of the end of the fiscal year ending after December 15, 2006 while the new measurement date is effective for fiscal years ending after December 15, 2008. The new measurement date provisions of SFAS No. 158 will not affect the Company, as the measurement date for the Company's defined benefit pension and postretirement plan assets and obligations is currently the Company's fiscal year-end. The Company adopted the recognition and disclosure provisions of this statement as of December 31, 2006 and included in accumulated other comprehensive income, net of tax as of December 31, 2006, the gains and losses and prior service costs and credits that pursuant to SFAS No. 87 and 106 have not been recognized as components of net periodic benefit cost. The Company also recognized in its consolidated balance sheet an asset or a liability that represents the funded status of its various defined benefit pension and postretirement plans. See Note 13 for additional information regarding the effect of adopting the recognition and disclosure provisions of this statement.

Note 3 — Acquisitions

Acquisition of Taut, Inc.

On November 8, 2006, the Company completed the acquisition of Taut, Inc. ("Taut"), a producer of instruments and devices for minimally invasive surgical procedures, particularly laparoscopic surgery, for $28,002. The results for Taut are included in the Company's Medical Segment.

The acquisition has been accounted for using the purchase method of accounting in accordance with SFAS No. 141, "Business Combinations." The following table presents the preliminary allocation of purchase price for the Taut acquisition based on estimated fair values:

Assets	
Accounts receivable	$ 1,360
Inventories	1,787
Property, plant and equipment	869
Goodwill	12,574
Intangible assets	11,780
Total assets acquired	$28,370
Less:	
Accounts payable	$ 271
Accrued expenses	97
Liabilities assumed	$ 368
Net assets acquired	$28,002

The amount allocated to goodwill is reflective of the benefit the Company expects to realize from integrating Taut into its surgical business. Goodwill is deductible for tax purposes. Of the $11,780 in intangible assets, $6,918 and $344 were assigned to technology and customer relationships, respectively, with estimated remaining amortizable lives of 5 years. $4,518 was assigned to trade names with indefinite useful lives.

The following table provides unaudited pro forma results of operations for the periods noted below, as if the acquisition had been made at the beginning of each period. The pro forma amounts are not necessarily indicative of the results that would have occurred if the acquisition had been completed at that time.

	2006	2005
Revenues	$2,654,804	$2,523,543
Income from continuing operations before interest, taxes and minority interest	$ 254,497	$ 247,702
Net income	$ 139,387	$ 138,348
Diluted net earnings per share	$ 3.49	$ 3.38

Acquisition of Ecotrans Technologies, Inc.

On November 30, 2006, the Company completed the acquisition of all of the issued and outstanding capital stock of Ecotrans Technologies, Inc. ("Ecotrans"), a leading supplier of locomotive anti-idling and emissions reduction solutions for the railroad industry, for $10,118. Based on the purchase price allocation, $4,016 of goodwill was recognized in the transaction. The results for Ecotrans are included in the Company's Commercial Segment.

2005 Acquisition

In 2005, the Company acquired a small repair products and services business in the Aerospace Segment for $8,000. Based on the purchase price allocation, no goodwill was recognized in the transaction.

Acquisition of Hudson Respiratory Care, Inc.

On July 6, 2004, the Company completed the acquisition of all of the issued and outstanding capital stock of Hudson Respiratory Care Inc. ("HudsonRCI"), a provider of disposable medical products for respiratory care and anesthesia, for $457,499. The results for HudsonRCI are included in the Company's Medical Segment.

The following table provides unaudited pro forma results of operations for 2004, as if the acquisition had been made at the beginning of 2004. The pro forma amounts are not necessarily indicative of the results that would have occurred if the acquisition had been completed at that time.

	2004
Revenues	$2,582,975
Income from continuing operations before interest, taxes and minority interest	$ 125,810
Net loss	$ (17,223)
Diluted net loss per share	$ (0.43)

The unaudited pro forma results of operations for the twelve months ended December 26, 2004 includes $25,686 of expenses, or $0.63 per share, incurred by HudsonRCI in contemplation of the transaction. These expenses include bonus and stock option settlement expenses, professional fees, broker fees and insurance costs.

In connection with this acquisition, the Company formulated a plan related to the future integration of the acquired entity. The Company finalized the integration plan during the second quarter of 2005 and the integration activities are ongoing as of December 31, 2006. The Company expects the integration activities to be completed during the first quarter of 2007. The Company has accrued estimates for certain costs, related primarily to personnel reductions and facility closings and the termination of certain distribution agreements at the date of acquisition, in accordance with EITF Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." During June 2006, the Company determined that the remaining integration cost accrual exceeded the total amount of the remaining estimated integration costs and therefore adjusted the accrual with a corresponding reduction to goodwill. Set forth below is a reconciliation of the Company's future integration cost accrual:

	Involuntary Employee Termination Benefits	Facility Closure and Restructuring Costs	Total
Balance at acquisition	$14,217	$ 9,205	$23,422
Costs incurred	(4,550)	(2,200)	(6,750)
Adjustments to reserve	—	(1,420)	(1,420)
Balance at December 26, 2004	9,667	5,585	15,252
Costs incurred	(3,470)	(2,829)	(6,299)
Adjustments to reserve	965	2,158	3,123
Balance at December 25, 2005	7,162	4,914	12,076
Costs incurred	(4,569)	(3,124)	(7,693)
Adjustments to reserve	(2,517)	(1,027)	(3,544)
Balance at December 31, 2006	$ 76	$ 763	$ 839

Note 4 — Restructuring

The amounts recognized in restructuring and impairment charges for 2006, 2005 and 2004 consisted of the following:

	2006	2005	2004
2006 restructuring program	$ 5,854	$ —	$ —
Aerospace segment restructuring activity	609	—	—
2004 restructuring and divestiture program	10,382	27,066	67,618
Aggregate impairment charges — investments and certain fixed assets	7,378	—	—
Impairment charge — goodwill (See Note 1)	1,003	—	—
	$25,226	$27,066	$67,618

2006 Restructuring Program

In June 2006, the Company began certain restructuring initiatives that affect all three of the Company's operating segments. These initiatives involve the consolidation of operations and a related reduction in workforce at several of the Company's facilities in Europe and North America. The Company has determined to undertake these initiatives as a means to improving operating performance and to better leverage the Company's existing resources.

For 2006, the charges associated with the 2006 restructuring program by segment that are included in restructuring and impairment charges were as follows:

	2006			
	Commercial	**Medical**	**Aerospace**	**Total**
Termination benefits	$2,392	$1,419	$1,042	$4,853
Contract termination costs	119	—	—	119
Other restructuring costs	730	94	58	882
	$3,241	$1,513	$1,100	$5,854

Termination benefits are comprised of severance-related payments for all employees terminated in connection with the 2006 restructuring program. Contract termination costs relate primarily to the termination of leases in conjunction with the consolidation of facilities in the Company's Commercial Segment. Other restructuring costs include expenses primarily related to the consolidation of operations and the reorganization of administrative functions.

At December 31, 2006, the accrued liability associated with the 2006 restructuring program consisted of the following and was entirely due within twelve months:

	Balance at December 25, 2005	**Subsequent Accruals**	**Payments**	**Balance at December 31, 2006**
Termination benefits	$—	$4,853	$(1,447)	$3,406
Contract termination costs	—	119	(24)	95
Other restructuring costs	—	882	(878)	4
	$—	$5,854	$(2,349)	$3,505

As of December 31, 2006, the Company expects to incur the following future restructuring costs associated with the 2006 restructuring program in its Commercial, Medical and Aerospace segments over the next two quarters:

	Commercial	**Medical**	**Aerospace**
Termination benefits	$500 - 1,000	$ 500 - 1,000	$150 - 500
Contract termination costs	—	500 - 600	500 - 600
Other restructuring costs	225 - 700	300 - 500	300 - 500
	$725 - 1,700	$1,300 - 2,100	$950 - 1,600

Aerospace Segment Restructuring Activity

During the first quarter of 2006, the Company began a restructuring activity in its Aerospace Segment. The actions relate to the closure of a manufacturing facility, termination of employees and relocation of operations. For 2006, the Company recorded termination benefits of $433, asset impairments of $139 and other restructuring costs of $37 that are included in restructuring and impairment charges. As of December 31, 2006, the accrued liability associated with this activity was $38 and was entirely due within twelve months. The Company does not expect to incur future restructuring costs associated with this activity.

2004 Restructuring and Divestiture Program

During the fourth quarter of 2004, the Company announced and commenced implementation of a restructuring and divestiture program designed to improve future operating performance and position the Company for future earnings growth. The actions have included exiting or divesting of non-core or low performing businesses, consolidating manufacturing operations and reorganizing administrative functions to enable businesses to share services.

Certain costs associated with the 2004 restructuring and divestiture program are not included in restructuring and impairment charges. All inventory adjustments that resulted from the 2004 restructuring and divestiture program and certain other costs associated with closing out businesses during 2005 and 2004 are included in materials, labor and other product costs and totaled $2,000 and $17,040, respectively. The $2,000 in costs for 2005 related to the Company's Aerospace Segment. Of the $17,040 in costs for 2004, $4,537 and $12,503 were attributed to the Company's Commercial and Aerospace segments, respectively.

For 2006, 2005 and 2004, the charges, including changes in estimates, associated with the 2004 restructuring and divestiture program by segment that are included in restructuring and impairment charges were as follows:

	2006 Medical
Termination benefits	$ (706)
Contract termination costs	2,122
Asset impairments	927
Other restructuring costs	8,039
	$10,382

	2005			
	Commercial	Medical	Aerospace	Total
Termination benefits	$2,456	$ 6,492	$ 517	$ 9,465
Contract termination costs	(154)	1,184	—	1,030
Asset impairments	156	3,270	1,898	5,324
Other restructuring costs	943	9,694	610	11,247
	$3,401	$20,640	$3,025	$27,066

	2004			
	Commercial	Medical	Aerospace	Total
Termination benefits	$ 8,407	$ 6,625	$ 1,388	$16,420
Contract termination costs	775	—	2,300	3,075
Asset impairments	11,244	3,681	32,662	47,587
Other restructuring costs	390	146	—	536
	$20,816	$10,452	$36,350	$67,618

Termination benefits are comprised of severance-related payments for all employees terminated in connection with the 2004 restructuring and divestiture program. Contract termination costs relate primarily to the termination of leases in conjunction with the consolidation of facilities in the Company's Medical Segment and in 2005 also include a $531 reduction in the estimated cost associated with a lease termination in conjunction with the consolidation of manufacturing facilities in the Company's Commercial Segment. Asset impairments relate primarily to machinery and equipment associated with the consolidation of manufacturing facilities and in 2004 also relate to goodwill associated with the Company's Industrial Gas Turbine aftermarket services business. Other restructuring costs include expenses primarily related to the consolidation of manufacturing operations and the reorganization of administrative functions.

Set forth below is a reconciliation of the Company's accrued liability associated with the 2004 restructuring and divestiture program. At December 31, 2006, the accrued liability was entirely due within twelve months:

	Balance at December 25, 2005	Subsequent Accruals and Changes in Estimates	Payments	Balance at December 31, 2006
Termination benefits	$7,848	$ (706)	$ (6,938)	$ 204
Contract termination costs	775	2,122	(945)	1,952
Other restructuring costs	31	8,039	(7,971)	99
	$8,654	$9,455	$(15,854)	$2,255

	Balance at December 26, 2004	Subsequent Accruals and Changes in Estimates	Payments	Balance at December 25, 2005
Termination benefits	$15,014	$ 9,465	$(16,631)	$7,848
Contract termination costs	3,075	1,030	(3,330)	775
Other restructuring costs	228	11,247	(11,444)	31
	$18,317	$21,742	$(31,405)	$8,654

As of December 31, 2006, the Company expects to incur the following future restructuring costs associated with the 2004 restructuring and divestiture program in its Medical Segment during 2007:

Termination benefits	$ 100 - 150
Contract termination costs	—
Other restructuring costs	1,500 - 3,000
	$1,600 - 3,150

Impairment Charges

During 2006, the Company determined that three minority held investments and certain fixed assets were impaired and recorded an aggregate charge of $7,378, which is included in restructuring and impairment charges.

Note 5 — Inventories

Inventories at year end consisted of the following:

	2006	2005
Raw materials	$214,440	$199,955
Work-in-process	65,058	70,870
Finished goods	182,954	178,019
	462,452	448,844
Less: Inventory reserve	(46,573)	(44,573)
Inventories	$415,879	$404,271

Note 6 — Property, plant and equipment

The major classes of property, plant and equipment, at cost, at year end are as follows:

	2006	2005
Land, buildings and leasehold improvements	$ 244,095	$ 180,275
Machinery and equipment	689,608	681,895
Computer equipment and software	66,991	64,679
Construction in progress	41,921	42,099
	1,042,615	968,948
Less: Accumulated depreciation	(620,437)	(521,132)
Property, plant and equipment, net	$ 422,178	$ 447,816

Note 7 — Goodwill and other intangible assets

Changes in the carrying amount of goodwill, by operating segment, for 2006 are as follows:

	Commercial	Medical	Aerospace	Total
Goodwill at December 25, 2005	$105,435	$391,933	$7,298	$504,666
Acquisitions	4,016	12,675	—	16,691
Dispositions	(172)	(938)	—	(1,110)
Impairment	—	(1,003)	—	(1,003)
Adjustments(1)	1,963	(14,076)	—	(12,113)
Translation adjustment	3,636	3,239	—	6,875
Goodwill at December 31, 2006	$114,878	$391,830	$7,298	$514,006

(1) Goodwill adjustments relate primarily to the adjustment of the HudsonRCI integration cost accrual (see Note 3) and to purchase price allocation changes associated with certain tax adjustments.

Intangible assets at year end consisted of the following:

	Gross Carrying Amount		Accumulated Amortization	
	2006	2005	2006	2005
Customer lists	$ 84,593	$ 80,362	$20,246	$13,930
Intellectual property	68,476	59,174	28,388	22,967
Distribution rights	36,266	35,820	19,124	16,602
Trade names	90,252	85,464	—	—
	$279,587	$260,820	$67,758	$53,499

Amortization expense related to intangible assets was $13,952, $13,851, and $13,579 for 2006, 2005 and 2004, respectively. Estimated annual amortization expense for each of the five succeeding years is as follows:

2007	$14,700
2008	14,600
2009	14,400
2010	14,000
2011	13,500

Note 8 — Borrowings

Long-term borrowings at year end consisted of the following:

	2006	2005
Senior notes at an average fixed rate of 5.6%, due in installments through 2016	$410,500	$417,000
Term loan notes, primarily non-U.S. dollar denominated, at an average rate of 4.8%, with an average maturity of 2 years	54,797	97,265
Revolving credit loans at an average interest rate of 5.6%, due 2011	19,591	17,371
Other debt, mortgage notes and capital lease obligations, at interest rates ranging from 3% to 7%	9,180	10,244
	494,068	541,880
Current portion of borrowings	(6,698)	(36,608)
	$487,370	$505,272

The various senior and term note agreements require the maintenance of certain financial ratios and limit the repurchase of the Company's stock and payment of cash dividends. As of December 31, 2006, the Company was in compliance with these provisions. Under the most restrictive of these provisions, $148,000 of retained earnings was available for dividends and stock repurchases at December 31, 2006.

Notes payable at December 31, 2006 consists of demand loans due to banks of $24,324 at an average interest rate of 5.2%. In addition, the Company has approximately $571,000 available under several interest rate alternatives in unused lines of credit.

Interest expense in 2006, 2005 and 2004 did not differ materially from interest paid, nor did the carrying value of year-end long-term borrowings differ materially from fair value.

The aggregate amount of notes payable and long-term debt, including capital leases, maturing in the next five years are as follows:

2007	$ 31,022
2008	66,488
2009	1,291
2010	—
2011	169,591

Note 9 — Financial instruments

The Company uses forward rate contracts to manage currency transaction exposure and interest rate swaps for exposure to interest rate changes. These cash flow hedges are recorded on the balance sheet at fair market value and subsequent changes in value are recognized in the statement of income or as part of comprehensive income. Approximately $669 of the amount in accumulated other comprehensive income at December 31, 2006 would be reclassified as expense to the statement of income during 2007 should foreign currency exchange rates and interest rates remain at December 31, 2006 levels.

The following table provides financial instruments activity included as part of accumulated other comprehensive income, net of tax:

	2006	2005
Amount at beginning of year	$(1,983)	$(1,039)
Additions and revaluations	3,048	(1,789)
Clearance of hedge results to income	(1,814)	845
Amount at end of year	$ (749)	$(1,983)

Note 10 — Shareholders' equity

The authorized capital of the Company is comprised of 100,000,000 common shares, $1 par value, and 500,000 preference shares. No preference shares have been outstanding during the last three years.

On July 25, 2005, the Company's Board of Directors authorized the repurchase of up to $140 million of outstanding Company common stock over twelve months ended July 2006. In June 2006, the Company's Board of Directors extended for an additional six months, until January 2007, its authorization for the repurchase of shares. Under the approved plan, the Company repurchased (in thousands) a total of 2,317 shares on the open market during 2005 and 2006 for an aggregate purchase price of $140,000, and aggregate fees and commissions of $69.

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed in the same manner except that the weighted average number of shares is increased for dilutive securities. The difference between basic and diluted weighted average common shares results from the assumption that dilutive stock options were exercised. A reconciliation of basic to diluted weighted average shares outstanding is as follows:

	2006	2005	2004
	(Shares in thousands)		
Basic	39,760	40,516	40,205
Dilutive shares assumed issued	228	442	290
Diluted	39,988	40,958	40,495

Weighted average stock options (in thousands) of 406, 199 and 790 were antidilutive and therefore not included in the calculation of earnings per share for 2006, 2005 and 2004, respectively.

Accumulated other comprehensive income at year end consisted of the following:

	2006	2005
Financial instruments marked to market, net of tax	$ (749)	$ (1,983)
Cumulative translation adjustment	73,657	26,189
Defined benefit pension and postretirement plans, net of tax	(42,873)	(17,592)
Accumulated other comprehensive income	$ 30,035	$ 6,614

Note 11 — Stock compensation plans

The Company has stock-based compensation plans that provide for the granting of incentive and non-qualified options to officers and key employees to purchase up to 4,000,000 shares of common stock at the market price of the stock on the dates options are granted. Outstanding options generally are exercisable three to five years after the date of the grant and expire no more than ten years after the grant.

The following table summarizes the option activity as of December 31, 2006 and changes during the year then ended:

	Shares Subject to Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life In Years	Aggregate Intrinsic Value
Outstanding, beginning of the year	1,809,234	$46.82		
Granted	714,131	64.08		
Exercised	(224,571)	45.76		
Forfeited or expired	(189,796)	55.87		
Outstanding, end of the year	2,108,998	$51.96	7.2	$26,981
Exercisable, end of the year	1,084,924	$45.17	5.7	$21,070

As of December 31, 2006, 928,029 shares were available for future grant under the plans.

The weighted average grant-date fair value was $14.24, $12.45 and $10.64 for options granted during 2006, 2005 and 2004, respectively. The total intrinsic value of options exercised was $4,464, $11,064 and $8,758 during 2006, 2005 and 2004, respectively.

During 2006, the Company issued 40,930 shares of restricted stock with vesting periods ranging from 6 months to 2 years. The Company recorded $991 of expense related to the portion of these shares that vested during 2006, which is included in selling, engineering and administrative expenses.

Note 12 — Income taxes

The following table summarizes the components of the provision for income taxes from continuing operations:

	2006	2005	2004
Current:			
Federal	$ (7,302)	$22,659	$ 5,681
State	1,768	(1,407)	1,573
Foreign	46,287	12,461	8,871
Deferred:			
Federal	28,991	17,418	(9,872)
State	27	1,602	(377)
Foreign	(15,631)	(4,927)	6,919
	$ 54,140	$47,806	$12,795

The following table summarizes the U.S. and non-U.S. components of income from continuing operations before taxes and minority interest:

	2006	2005	2004
United States	$ 60,280	$ 78,632	$18,994
Other	158,747	129,283	78,144
	$219,027	$207,915	$97,138

Income taxes paid were $65,151, $29,560 and $23,042 in 2006, 2005 and 2004, respectively.

Reconciliations between the statutory federal income tax rate and the effective income tax rate for 2006, 2005 and 2004 were as follows:

	2006	2005	2004
Federal statutory rate	35.00%	35.00%	35.00%
Export sales benefit	(0.35%)	(1.01%)	(2.82%)
American Jobs Creation Act (“AJCA”) repatriation benefit	0.00%	(2.80%)	0.00%
Taxes on foreign earnings	(7.62%)	(6.65%)	(18.30%)
State taxes, net of federal benefit	1.00%	0.06%	1.00%
Other, net	(3.31%)	(1.61%)	(1.71%)
	24.72%	22.99%	13.17%

Significant components of the deferred tax assets and liabilities at year end were as follows:

	2006	2005
Deferred tax assets:		
Tax loss carryforwards	$ 80,288	$ 71,928
Intangibles — asset acquisitions	17,391	22,342
Accrued employee benefits	25,455	22,467
Tax credit carryforwards	36,554	22,664
Pension	2,844	11,375
Inventories	9,292	9,713
Bad debts	4,235	7,602
Other reserves and accruals	40,824	32,013
Less: Valuation allowance	(51,323)	(32,598)
Total deferred tax assets	165,560	167,506
Deferred tax liabilities:		
Fixed assets	61,068	71,425
Intangibles — stock acquisitions	50,589	62,859
Foreign exchange	2,423	9,140
Accrued expenses	15,675	3,014
Other	7,316	7,842
Total deferred tax liabilities	137,071	154,280
Net deferred tax asset	$ 28,489	$ 13,226

At December 31, 2006, the cumulative unremitted earnings of subsidiaries outside the United States, for which no income or withholding taxes have been provided, approximated $321,000. Such earnings are expected to be reinvested indefinitely and as a result, no deferred tax liability has been recognized with regard to the remittance of such earnings. It is not practicable to estimate the income tax liability that might be incurred if such earnings were remitted to the United States.

Under the tax laws of various jurisdictions in which the Company operates, deductions or credits that cannot be fully utilized for tax purposes during the current year may be carried forward, subject to statutory limitations, to reduce taxable income or taxes payable in a future tax year. At December 31, 2006, the tax effect of such carry forwards approximated $116,842. Of this amount, $6,009 has no expiration date, $3,303 expires after 2006 but before the end of 2011 and $107,530 expires after 2011. A substantial amount of these carryforwards consist of tax losses which were acquired in an acquisition by the Company in 2004. Therefore, the utilization of these tax attributes is subject to an annual limitation imposed by Section 382 of the Internal Revenue Code. It is not expected that this annual limitation will prevent the Company from utilizing its carryforwards. The determination of state net operating loss carryforwards are dependent upon the U.S. subsidiaries' taxable income or loss, apportionment percentages and other respective state laws, which can change year to year and impact the amount of such carryforward.

The valuation allowance for deferred tax assets of $51,323 and $32,598 at December 31, 2006 and December 25, 2005, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss and credit carryforwards in various jurisdictions. The valuation allowance was calculated in accordance with the provisions of SFAS No. 109, 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. The valuation allowance increase in 2006 was primarily attributable to the recording of deferred tax assets associated with state tax loss carryforwards at full value which required a valuation allowance.

Several foreign subsidiaries continue to operate under separate tax holiday arrangements as granted by certain foreign jurisdictions. The nature and extent of such arrangements vary and the benefits of such arrangements phase out in future years according to the specific terms and schedules as set forth by the particular taxing authorities having jurisdiction over the arrangements. The most significant arrangement expires in March 2008.

Note 13 — Pension and other postretirement benefits

The Company has a number of defined benefit pension and postretirement plans covering eligible U.S. and non-U.S. employees. The defined benefit pension plans are noncontributory. The benefits under these plans are based primarily on years of service and employees' pay near retirement. The Company's funding policy for U.S. plans is to contribute annually, at a minimum, amounts required by applicable laws and regulations. Obligations under non-U.S. plans are systematically provided for by depositing funds with trustees or by book reserves.

The parent Company and certain subsidiaries provide medical, dental and life insurance benefits to pensioners and survivors. The associated plans are unfunded and approved claims are paid from Company funds.

The following table illustrates the incremental effect of applying SFAS No. 158 on individual line items in the December 31, 2006 consolidated balance sheet:

	Before Application of SFAS No. 158	Adjustments Required by SFAS No. 158	Consolidated Balance Sheet at December 31, 2006
Deferred tax assets	$ 59,446	$ 1,517	$ 60,963
Total current assets	1,138,012	1,517	1,139,529
Intangibles and other assets	262,991	(3,762)	259,229
Deferred tax assets	(6,533)	7,567	1,034
Total assets	2,353,730	5,322	2,359,052
Payroll and benefit-related liabilities	70,413	3,994	74,407
Total current liabilities	466,781	3,994	470,775
Deferred tax liabilities	34,774	(1,430)	33,344
Pension and postretirement benefit liabilities	77,269	19,922	97,191
Total liabilities	1,105,088	22,486	1,127,574
Accumulated other comprehensive income	47,199	(17,164)	30,035
Total shareholders' equity	1,206,585	(17,164)	1,189,421
Total liabilities and shareholders' equity	2,353,730	5,322	2,359,052

Net benefit cost for pension and postretirement benefit plans consisted of the following:

	Pension			Other Benefits		
	2006	2005	2004	2006	2005	2004
Service cost	$ 3,607	$ 4,716	$ 4,789	$ 311	$ 280	$ 231
Interest cost	11,784	11,339	10,871	1,490	1,342	1,283
Expected return on plan assets	(12,553)	(9,978)	(16,247)	—	—	—
Net amortization and deferral	2,465	898	8,149	937	740	439
Curtailment charge (credit)	—	(585)	—	—	79	—
Net benefit cost	$ 5,303	$ 6,390	$ 7,562	$2,738	$2,441	$1,953

The estimated net loss, prior service cost and net transition obligation for U.S. and foreign defined benefit pension plans that will be amortized from accumulated other comprehensive income into net benefit cost during 2007 are $2,862, $(128) and $78, respectively. The estimated net loss, prior service cost and net transition obligation for postretirement benefit plans that will be amortized from accumulated other comprehensive income into net benefit cost during 2007 are $607, $90 and $217, respectively.

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

	Pension			Other Benefits		
	2006	2005	2004	2006	2005	2004
Discount rate	5.71%	5.75%	6.5%	5.75%	5.75%	6.5%
Rate of return	8.73%	8.54%	8.66%	—	—	—
Initial healthcare trend rate	—	—	—	9.0%	10.0%	8.0%
Ultimate healthcare trend rate	—	—	—	4.5%	4.5%	4.5%

Summarized information on the Company's pension and postretirement benefit plans, measured as of year end, and the amounts recognized in the consolidated balance sheet and in accumulated other comprehensive income were as follows:

	Pension		Other Benefits	
	2006	2005	2006	2005
Benefit obligation, beginning of year	$207,145	$200,854	$ 26,110	$ 21,984
Service cost	3,332	4,716	311	280
Interest cost	11,784	11,339	1,490	1,342
Amendments	765	751	1,102	748
Actuarial loss	11,294	9,511	1,478	3,888
Currency translation	7,574	(4,919)	—	—
Benefits paid	(8,468)	(8,470)	(2,194)	(1,946)
Medicare Part D reimbursement	—	—	168	—
Divestitures	(27)	—	—	—
Curtailments	—	(6,637)	—	(186)
Benefit obligation, end of year	233,399	207,145	28,465	26,110
Fair value of plan assets, beginning of year	144,436	132,278	—	—
Actual return on plan assets	12,101	10,039	—	—
Contributions	10,990	11,219	—	—
Benefits paid	(8,468)	(8,470)	—	—
Currency translation	2,778	(630)	—	—
Fair value of plan assets, end of year	161,837	144,436	—	—
Funded status, end of year	$ (71,562)	(62,709)	$(28,465)	(26,110)
Unrecognized transition obligation		959		1,509
Unrecognized net actuarial loss		43,727		9,288
Unrecognized prior service cost		(1,360)		558
Net amount recognized		$ (19,383)		$(14,755)

	Pension		Other Benefits	
	2006	2005	2006	2005
Amounts recognized in the consolidated balance sheet:				
Prepaid benefit cost	$ 1,158	$ 740	$ —	$ —
Payroll and benefit-related liabilities	(1,920)	—	(2,074)	—
Pension and postretirement benefit liabilities	(70,800)	(50,594)	(26,391)	(14,755)
Intangible asset	—	2,096	—	—
Accumulated other comprehensive income	55,384	28,375	12,997	—
	$(16,178)	$(19,383)	$(15,468)	$(14,755)

	Pension		Other Benefits	
	2006	2005	2006	2005
Amounts recognized in accumulated other comprehensive income:				
Net actuarial loss	$ 54,814	n/a	$ 10,135	n/a
Prior service cost (credit)	(417)	n/a	1,570	n/a
Net transition obligation	987	n/a	1,292	n/a
	$ 55,384	n/a	$ 12,997	n/a

The weighted average assumptions for U.S. and foreign plans used in determining benefit obligations as of year end were as follows:

	Pension		Other Benefits	
	2006	2005	2006	2005
Discount rate	5.46%	5.71%	5.85%	5.75%
Expected return on plan assets	7.52%	8.73%	—	—
Rate of compensation increase	3.0%	3.1%	—	—
Initial healthcare trend rate	—	—	8.0%	9.0%
Ultimate healthcare trend rate	—	—	4.5%	4.5%

The discount rate for U.S. plans of 5.85% was established by comparing the projection of expected benefit payments to the Citigroup Pension Discount Curve (published monthly) as of December 31, 2006. The expected benefit payments are discounted by each corresponding discount rate on the yield curve. Once the present value of the string of benefit payments is established, the Company solves for the single spot rate to apply to all obligations of the plan that will exactly match the previously determined present value.

The Citigroup Pension Discount Curve is constructed beginning with a U.S. Treasury par curve that reflects the entire Treasury and Separate Trading of Registered Interest and Principal Securities (“STRIPS”) market. From the Treasury curve, Citibank produces a AA corporate par curve by adding option-adjusted spreads that are drawn from the AA corporate sector of the Citigroup Broad Investment — Grade Bond Index. Finally, from the AA corporate par curve, Citigroup derives the spot rates that constitute the Pension Discount Curve. For payments beyond 30 years the Company extends the curve assuming that the discount rate derived in year 30 is extended to the end of the plan’s payment expectations.

Increasing the assumed healthcare trend rate by 1% would increase the benefit obligation by $2,678 and would increase the 2006 benefit expense by $253. Decreasing the trend rate by 1% would decrease the benefit obligation by $2,265 and would decrease the 2006 benefit expense by $135.

The accumulated benefit obligation for all U.S. and foreign defined benefit pension plans was $221,942 and $193,536 for 2006 and 2005, respectively.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for U.S. and foreign plans with accumulated benefit obligations in excess of plan assets were $233,399, $221,942 and $161,837, respectively for 2006 and $205,457, $192,039 and $141,804, respectively for 2005.

Plan assets are allocated among various categories of equities, fixed income, cash and cash equivalents with professional investment managers whose performance is actively monitored. The target allocation among plan assets allows for variances based on economic and market trends. The primary investment objective is long-term growth of assets in order to meet present and future benefit obligations. The Company periodically conducts an asset/liability modeling study to ensure the investment strategy is aligned with the profile of benefit obligations.

The plan asset allocations for U.S. and foreign plans are as follows:

	Target Allocation	% of Assets 2006	% of Assets 2005
Equity securities	60%	64%	68%
Debt securities	30%	19%	18%
Real estate	10%	17%	14%
	100%	100%	100%

The Company's contributions to U.S. and foreign pension plans during 2007 are expected to be in the range of $10 million to $14 million. Contributions to postretirement healthcare plans during 2007 are expected to be approximately $2 million.

The Company's expected benefit payments for U.S. and foreign plans for each of the five succeeding years and the aggregate of the five years thereafter, net of the annual Medicare Part D subsidy of approximately $220, is as follows:

	Pension	Other Benefits
2007	$ 8,949	$ 2,074
2008	9,402	2,138
2009	9,866	2,187
2010	10,463	2,223
2011	11,124	2,236
Years 2012 — 2016	66,963	10,979

The Company maintains a number of defined contribution savings plans covering eligible U.S. and non-U.S. employees. The Company partially matches employee contributions. Costs related to these plans were $9,132, $8,914 and $9,952 for 2006, 2005 and 2004, respectively.

Note 14 — Commitments and contingent liabilities

Product warranty liability: The Company warrants to the original purchaser of certain of its products that it will, at its option, repair or replace, without charge, such products if they fail due to a manufacturing defect. Warranty periods vary by product. The Company has recourse provisions for certain products that would enable recovery from third parties for amounts paid under the warranty. The Company accrues 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. Set forth below is a reconciliation of the Company's estimated product warranty liability for 2006:

Balance — December 25, 2005	$ 14,156
Accrued for warranties issued in 2006	12,503
Settlements (cash and in kind)	(13,008)
Accruals related to pre-existing warranties	(143)
Effect of translation	550
Balance — December 31, 2006	$ 14,058

Operating leases: The Company uses various leased facilities and equipment in its operations. The terms for these leased assets vary depending on the lease agreement. In connection with these operating leases, the Company has residual value guarantees in the amount of $4,771 at December 31, 2006. The Company's future payments cannot exceed the minimum rent obligation plus the residual value guarantee amount. The guarantee amounts are tied to the unamortized lease values of the assets under lease, and are due should the Company decide neither to renew these leases, nor to exercise its purchase option. At December 31, 2006, the Company had no liabilities recorded for these obligations. Any residual value guarantee amounts paid to the lessor may be recovered by the Company from the sale of the assets to a third party.

Future minimum lease payments (including residual value guarantee amounts) under noncancelable operating leases are as follows:

2007	$35,115
2008	30,485
2009	26,008
2010	19,853
2011	15,508

Rental expense under operating leases was $38,850, $36,734 and $40,827 in 2006, 2005 and 2004, respectively.

Accounts receivable securitization program: The Company uses an accounts receivable securitization program to gain access to enhanced credit markets and reduce financing costs. As currently structured, the Company sells certain trade receivables on a non-recourse basis to a consolidated special purpose entity, which in turn sells an interest in those receivables to a commercial paper conduit. The conduit issues notes secured by that interest to third party investors. The assets of the special purpose entity are not available to satisfy the obligations of the Company. In accordance with the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," transfers of assets under the program qualify as sales of receivables and accordingly, $40,068 of accounts receivable and the related amounts previously recorded in notes payable were removed from the consolidated balance sheet as of both December 31, 2006 and December 25, 2005.

Environmental: The Company is subject to contingencies pursuant to environmental laws and regulations that in the future may require the Company to take further action to correct the effects on the environment of prior disposal practices or releases of chemical or petroleum substances by the Company or other parties. Much of this liability results from the U.S. Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), often referred to as Superfund, the U.S. Resource Conservation and Recovery Act ("RCRA") and similar state laws. These laws require the Company to undertake certain investigative and remedial activities at sites where the Company conducts or once conducted operations or at sites where Company-generated waste was disposed.

Remediation activities vary substantially in duration and cost from site to site. These activities, and their associated costs, depend on the mix of unique site characteristics, evolving remediation technologies, diverse regulatory agencies and enforcement policies, as well as the presence or absence of potentially responsible parties. At December 31, 2006 and December 25, 2005, the Company's consolidated balance sheet included an accrued liability of $7,417 and $6,317, respectively, relating to these matters. Considerable uncertainty exists with respect to these costs and, under adverse changes in circumstances, potential liability may exceed the amount accrued as of December 31, 2006. The time-frame over which the accrued or presently unrecognized amounts may be paid out, based on past history, is estimated to be 15-20 years.

Litigation: The Company is a party to various lawsuits and claims arising in the normal course of business. These lawsuits and claims include actions involving product liability, intellectual property, employment and environmental matters. Based on information currently available, advice of counsel, established reserves and other resources, the Company does not believe that any such actions are likely to be, individually or in the aggregate, material to its 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 the Company's business, financial condition, results of operations or liquidity. Legal costs such as outside counsel fees and expenses are charged to expense in the period incurred.

In February 2004, a jury verdict of $34,800 was rendered against one of the Company's subsidiaries in a trademark infringement action. In February 2005, the trial judge entered an order rejecting the jury award in its entirety. In October 2006, the United States Court of Appeals for the Federal Circuit upheld the February 2005 decision. As no appeal of the Court of Appeals' decision was filed within the requisite time for filing appeals in this matter, the decision has become final.

Other: The Company has various purchase commitments for materials, supplies and items of permanent investment incident to the ordinary conduct of business. In the aggregate, such commitments are not at prices in excess of current market.

Note 15 — Business segments and other information

The Company has determined that its reportable segments are Commercial, Medical and Aerospace.

The Commercial Segment businesses principally design, manufacture and distribute engineered products in the technical areas of driver control, motion control, power and vehicle management and fluid management. The Company's products are used by a wide range of markets including the passenger car and light truck, marine, recreational, mobile power equipment, military, agricultural and construction vehicle, truck and bus and various other industrial equipment sectors.

The Medical Segment businesses develop, manufacture and distribute disposable medical products, surgical instruments and medical devices, and specialty devices that support healthcare providers and medical equipment manufacturers. The Company's products are largely sold and distributed to hospitals and healthcare providers in a range of clinical settings.

The Aerospace Segment businesses develop and provide repair products and services for flight and ground-based turbine engines, manufacture and distribute precision-machined components and design, manufacture and market cargo-handling systems to commercial aviation, military and industrial markets worldwide.

Information about continuing operations by business segment is as follows:

	2006	2005	2004
Segment data:			
Commercial	$1,250,838	$1,189,645	$1,200,848
Medical	858,676	831,138	736,352
Aerospace	537,243	493,769	453,211
Revenues	2,646,757	2,514,552	2,390,411
Commercial	78,363	81,129	105,665
Medical	161,707	149,956	116,664
Aerospace	50,585	33,444	(10,519)
Segment operating profit[1]	290,655	264,529	211,810
Corporate expenses	34,936	23,955	31,888
(Gain) loss on sales of businesses and assets	838	(14,223)	(2,733)
Restructuring and impairment charges	25,226	27,066	67,618
Minority interest	(24,957)	(20,337)	(19,219)
Income from continuing operations before interest, taxes and minority interest	$ 254,612	$ 248,068	$ 134,256
Identifiable assets:			
Commercial	$ 710,917	$ 721,985	$ 842,176
Medical	921,401	927,996	1,093,971
Aerospace	251,629	247,362	355,048
Corporate[2]	464,920	488,806	346,155
	$2,348,867	$2,386,149	$2,637,350
Capital expenditures:			
Commercial	$ 20,963	$ 23,526	$ 28,004
Medical	25,896	26,523	14,023
Aerospace	15,603	18,147	9,027
Corporate	770	1,655	1,884
	$ 63,232	$ 69,851	$ 52,938
Depreciation and amortization expense:			
Commercial	$ 42,598	$ 42,316	$ 46,296
Medical	34,944	38,508	35,772
Aerospace	16,644	17,856	21,997
Corporate	4,818	2,173	2,474
	$ 99,004	$ 100,853	$ 106,539

(1) Segment operating profit includes a segment's revenues reduced by its materials, labor and other product costs along with the segment's selling, engineering and administrative expenses and minority interest. Unallocated corporate expenses, (gain) loss on sales of businesses and assets, restructuring and impairment charges, interest income and expense and taxes on income are excluded from the measure.

(2) Identifiable corporate assets include cash, investments in unconsolidated entities, property, plant and equipment and deferred tax assets primarily related to net operating losses and pension and retiree medical plans.

Information about continuing operations in different geographic areas is as follows:

	2006	2005	2004
Revenues (based on business unit location):			
United States	$1,146,434	$1,119,978	$1,080,735
Other Americas	326,630	289,915	268,174
Germany	328,355	308,536	276,611
Other Europe	567,870	574,451	560,038
Asia/Australia	277,468	221,672	204,853
	$2,646,757	$2,514,552	$2,390,411
Net property, plant and equipment:			
United States	$ 171,442	$ 193,355	$ 299,951
Other Americas	59,599	55,022	37,236
Germany	69,996	67,894	91,597
Other Europe	69,663	80,833	103,441
Asia/Australia	51,478	50,712	52,027
	$ 422,178	$ 447,816	$ 584,252

Note 16 — Discontinued operations and assets held for sale

In October 2006, the Company sold a small medical business that was classified as held for sale during the second quarter of 2005 and recognized a loss on the sale of $481. The Company previously recognized a $956 reduction in the carrying value of this business to the estimated fair value of the business less costs to sell. During 2006, the Company recognized a loss on disposal of $484 in connection with a post-closing purchase price adjustment based on working capital for its divested automotive pedal systems business. Also during 2006, the Company recognized a pre-tax gain of $917 related to the first quarter 2005 divestiture of Sermatech International, a surface-engineering/specialty coatings business and recognized a pre-tax gain of $230 related to the third quarter 2005 divestiture of a European medical product sterilization business.

In August 2005, the Company completed the sale of its automotive pedal systems business and received $7,500 in gross proceeds. The Company recognized a $20,874 reduction in the carrying value of this business to the estimated fair value of the business less costs to sell and recognized a loss on the sale of $1,686 in 2005. During the third quarter of 2005, the Company sold a European medical product sterilization business that was classified as held for sale during the second quarter of 2005 and recognized a pre-tax gain on the sale of $2,122 in 2005. During the second quarter of 2005, the Company adopted a plan to sell a small medical business and recognized a loss of $4,560 in 2005 based upon the excess of the carrying value of the business as compared to the estimated fair value of the business less costs to sell. On February 28, 2005, the Company completed the sale of Sermatech International, received gross proceeds of $79,868 and recorded a net gain on the sale of $34,415 in 2005.

During the fourth quarter of 2004, the Company recognized a loss of $50,531 based upon a write-down of the automotive pedal systems business from its carrying value to the estimated fair value of the business less costs to sell. $44,466 of the write-down applied to long-lived assets, consisting primarily of machinery and equipment.

For financial statement purposes, the assets, liabilities, results of operations and cash flows of these businesses have been segregated from those of continuing operations and are presented in the Company's consolidated financial statements as discontinued operations and assets and liabilities held for sale.

Revenues of discontinued operations were $3,980, $112,515 and $227,967 for 2006, 2005 and 2004, respectively. Operating income (loss) from discontinued operations was $(483), $2,304 and $(68,262) for 2006, 2005 and 2004, respectively.

As part of the Company's 2006 restructuring program, the Company determined that assets totaling $4,062 met the criteria for held for sale classification during 2006. The assets are comprised primarily of land and a building that are no longer being used in the Company's operations. In December 2006, the Company sold these assets and recognized a loss on the sale of $106. Also during 2006, the Company sold assets, including assets held for sale totaling $3,007, and recognized an aggregate net loss on these sales of $732. The Company is actively marketing its remaining assets held for sale.

As part of the Company's 2004 restructuring and divestiture program, the Company determined that assets totaling $32,789 met the criteria for held for sale classification during 2005. The assets are comprised primarily of land and buildings that are no longer being used in the Company's operations. The Company determined that the carrying value of each asset held for sale did not exceed the estimated fair value of the asset less costs to sell and therefore did not adjust the carrying value of the asset in 2005.

In October 2005, the Company completed the sale of a product line in its Medical Segment. The Company received gross proceeds of $10,265 and recorded a pre-tax gain on the sale of $8,989. Also during 2005, the Company sold assets, including assets held for sale totaling $12,942, and recognized an aggregate net gain on these sales of $5,234.

During 2004, the Company sold six non-strategic businesses resulting in a net pre-tax gain of $2,733. No individual transaction resulted in a material gain or loss.

Assets and liabilities held for sale are comprised of the following:

	2006	2005
Assets held for sale:		
Accounts receivable, net	$ —	$ 1,341
Inventories	—	47
Property, plant and equipment	10,185	14,451
Other	—	1,060
Total assets held for sale	$10,185	$16,899
Liabilities held for sale:		
Accrued expenses	$ —	$ 66

QUARTERLY DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Dollars in thousands, except per share)			
2006:				
Revenues(1)	$632,167	$682,615	$639,132	$692,843
Gross profit(1)	183,598	202,524	185,142	202,928
Income from continuing operations before interest, taxes and minority interest	56,629	62,556	67,311	68,116
Income from continuing operations	29,000	36,027	36,282	38,621
Income (loss) from discontinued operations	106	612	(316)	(902)
Net income	29,106	36,639	35,966	37,719
Earnings (losses) per share — basic(2):				
Income from continuing operations	$ 0.72	$ 0.90	$ 0.92	$ 0.99
Income (loss) from discontinued operations	—	0.02	(0.01)	(0.02)
Net income	$ 0.72	$ 0.91	$ 0.91	$ 0.97
Earnings (losses) per share — diluted(2):				
Income from continuing operations	$ 0.71	$ 0.89	$ 0.92	$ 0.98
Income (loss) from discontinued operations	—	0.02	(0.01)	(0.02)
Net income	$ 0.72	$ 0.90	$ 0.91	$ 0.96
2005:				
Revenues(1)	$623,600	$657,009	$587,390	$646,553
Gross profit(1)	173,742	190,238	166,063	179,908
Income from continuing operations before interest, taxes and minority interest	50,101	67,362	61,190	69,415
Income from continuing operations	24,865	38,138	35,714	41,055
Income (loss) from discontinued operations	13,861	(9,165)	(2,114)	(3,537)
Net income	38,726	28,973	33,600	37,518
Earnings (losses) per share — basic(2):				
Income from continuing operations	$ 0.61	$ 0.94	$ 0.88	$ 1.02
Income (loss) from discontinued operations	0.34	(0.23)	(0.05)	(0.09)
Net income	$ 0.96	$ 0.71	$ 0.83	$ 0.93
Earnings (losses) per share — diluted(2):				
Income from continuing operations	$ 0.61	$ 0.93	$ 0.87	$ 1.00
Income (loss) from discontinued operations	0.34	(0.22)	(0.05)	(0.09)
Net income	$ 0.95	$ 0.71	$ 0.82	$ 0.92

(1) Amounts exclude the impact of the automotive pedal systems business, Sermatech International business, European medical product sterilization business and small medical business, which have been presented in the Company's consolidated financial results as discontinued operations.

(2) The sum of the quarterly per share amounts may not equal per share amounts reported for year-to-date periods. This is due to changes in the number of weighted average shares outstanding and the effects of rounding for each period.

TELEFLEX INCORPORATED

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Year	Additions Charged to Income	Doubtful Accounts Written Off	Translation and Other	Balance at End of Year
December 31, 2006	$10,090	$4,225	$(4,018)	$ (200)	$10,097
December 25, 2005	$11,296	$2,773	$(2,310)	$(1,669)	$10,090
December 26, 2004	$ 9,273	$3,726	$(3,697)	$ 1,994	$11,296

INVENTORY RESERVE

	Balance at Beginning of Year	Additions Charged to Income	Inventory Write-offs	Translation and Other	Balance at End of Year
December 31, 2006:					
Raw materials	$20,067	$12,124	$(11,481)	$ 1,565	$22,275
Work-in-process	1,635	1,703	(908)	177	2,607
Finished goods	22,871	9,074	(8,413)	(1,841)	21,691
	$44,573	$22,901	$(20,802)	$ (99)	$46,573
December 25, 2005:					
Raw materials	$25,368	$ 4,836	$ (9,865)	$ (272)	$20,067
Work-in-process	1,660	506	(458)	(73)	1,635
Finished goods	34,248	5,187	(13,964)	(2,600)	22,871
	$61,276	$10,529	$(24,287)	$(2,945)	$44,573
December 26, 2004:					
Raw materials	$15,100	$14,820	$ (6,803)	$ 2,251	$25,368
Work-in-process	1,137	646	(37)	(86)	1,660
Finished goods	26,350	11,155	(4,251)	994	34,248
	$42,587	$26,621	$(11,091)	$ 3,159	$61,276

INDEX TO EXHIBITS

The following exhibits are filed as part of, or incorporated by referenced into, this report:

Exhibit No.		Description
*3.1	—	Articles of Incorporation of the Company (except for Article Thirteenth and the first paragraph of Article Fourth) are incorporated by reference to Exhibit 3(a) to the Company's Form 10-Q for the period ended June 30, 1985. Article Thirteenth of the Company's Articles of Incorporation is incorporated by reference to Exhibit 3 of the Company's Form 10-Q for the period ended June 28, 1987. The first paragraph of Article Fourth of the Company's Articles of Incorporation is incorporated by reference to Exhibit 3(a) of the Company's Form 10-K for the year ended December 27, 1998.
*3.2	—	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Form 10-K filed on March 20, 2006).
*4.1	—	Shareholders' Rights Plan of the Company (incorporated by reference to the Company's Form 8-K dated December 7, 1998).
*10.1	—	1990 Stock Compensation Plan (incorporated by reference to the Company's registration statement on Form S-8 (Registration No. 33-34753), revised and restated as of December 1, 1997 incorporated by reference to Exhibit 10(b) of the Company's Form 10-K for the year ended December 28, 1997. As subsequently amended and restated on Form S-8 (Registration No. 333-59814) which is herein incorporated by reference).
*10.2	—	Salaried Employees' Pension Plan, as amended and restated in its entirety, effective July 1, 1989 and the retirement income plan as amended and restated in its entirety effective January 1, 1994 and related Trust Agreements, dated July 1, 1994 (incorporated by reference to the Company's Form 10-K for the year ended December 25, 1994).
*10.3	—	Teleflex Incorporated Deferred Compensation Plan effective as of January 1, 1995, and amended and restated on Form S-8 (Registration No. 333-77601) (incorporated by reference to Exhibit 10(f) of the Company's Form 10-K for the year ended December 27, 1998).
+*10.4	—	Information on the Company's Performance Participation Plan, insurance arrangements with certain officers and deferred compensation arrangements with certain officers, non-qualified supplementary pension plan for salaried employees and compensation arrangements with directors (incorporated by reference to the Company's definitive Proxy Statement for the 2006 Annual Meeting of Stockholders filed on April 6, 2006).
*10.5	—	Voluntary Investment Plan of the Company (incorporated by reference to Exhibit 28 of the Company's registration statement on Form S-8 (Registration No. 2-98715), as amended and revised on Form S-8 (Registration No. 333-101005), filed November 5, 2002).
*10.6	—	2000 Stock Compensation Plan (incorporated by reference to the Company's registration statement on Form S-8 (Registration No. 333-38224), filed on May 31, 2000).
*10.7	—	Global Employee Stock Purchase Plan of the Company (incorporated by reference to the Company's registration statement on Form S-8 (Registration No. 333-41654) filed on July 18, 2000).
+*10.8	—	Teleflex Incorporated Executive Incentive Plan (incorporated by reference to Appendix B to the Company's definitive Proxy Statement for the 2006 Annual Meeting of Stockholders filed on April 6, 2006).
+*10.9	—	Letter Agreement, dated July 2, 2004, between the Company and Martin S. Headley (incorporated by reference to Exhibit 10(i) to the Company's Form 10-K filed on March 9, 2005).
+*10.10	—	Letter Agreement, dated September 23, 2004, between the Company and Laurence G. Miller (incorporated by reference to Exhibit 10(j) to the Company's Form 10-K filed on March 9, 2005).
+*10.11	—	Executive Change In Control Agreement, dated June 21, 2005, between the Company and Jeffrey P. Black (incorporated by reference to Exhibit 10(m) to the Company's Form 10-Q filed on July 27, 2005).
+*10.12	—	Executive Change In Control Agreement, dated June 21, 2005, between the Company and Martin S. Headley (incorporated by reference to Exhibit 10(m) to the Company's Form 10-Q filed on July 27, 2005).
+*10.13	—	Executive Change In Control Agreement, dated June 21, 2005, between the Company and Laurence G. Miller (incorporated by reference to Exhibit 10(o) to the Company's Form 10-Q filed on July 27, 2005).
+*10.14	—	Executive Change In Control Agreement, dated June 21, 2005, between the Company and Kevin K. Gordon (incorporated by reference to Exhibit 10(p) to the Company's Form 10-Q filed on July 27, 2005).

Exhibit No.		Description
+*10.15	—	Executive Change In Control Agreement, dated June 21, 2005, between the Company and Vincent Northfield (incorporated by reference to Exhibit 10.16 to the Company's Form 10-K filed on March 20, 2006).
+*10.16	—	Executive Change In Control Agreement, dated October 23, 2006, between the Company and R. Ernest Waaser (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on October 25, 2006).
+*10.17	—	Executive Change In Control Agreement, dated July 13, 2005, between the Company and John Suddarth (incorporated by reference to Exhibit 10.18 to the Company's Form 10-K filed on March 20, 2006).
+*10.18	—	Amended and Restated Agreement, dated July 31, 2006, between the Company and John J. Sickler (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on August 1, 2006).
+*10.19	—	Letter Agreement, dated October 13, 2006, between the Company and R. Ernest Waaser (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on October 25, 2006).
+*10.20	—	Letter Agreement, dated August 10, 2006, between the Company and Charles E. Williams (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K filed on September 25, 2006).
*10.21	—	Amended and Restated Credit Agreement, dated October 30, 2006, between Teleflex Incorporated, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, JPMorgan Securities Inc. and Banc of America Securities LLC, as Joint Lead Arrangers and Joint Bookrunners, Bank of America, N.A., as Syndication Agent, and HSBC Bank USA, National Association, PNC Bank, National Association and Wachovia Bank, National Association, as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 3, 2006).
*14	—	Code of Ethics policy applicable to the Company's Chief Executive Officer and senior financial officers (incorporated by reference to Exhibit 14 of the Company's Form 10-K filed on March 11, 2004).
21	—	Subsidiaries of the Company.
23	—	Consent of Independent Registered Public Accounting Firm.
31.1	—	Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	—	Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	—	Certification of Chief Executive Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	—	Certification of Chief Financial Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Each such exhibit has heretofore been filed with the Securities and Exchange Commission as part of the filing indicated and is incorporated herein by reference.

\+ Indicates management contract or compensatory plan or arrangement required to be filed pursuant to Item 15(b) of this report.

Board of Directors

Listed in alphabetical order

George Babich, Jr. *3
Retired President
The Pep Boys

Patricia C. Barron *2
Retired Clinical Professor
Stern School of Business
New York University
Chairman – Governance Committee

Donald Beckman
Of Counsel
Beckman and Associates

Jeffrey P. Black
Chairman and Chief Executive Officer
Teleflex Incorporated

William R. Cook *2,3,4
Retired President and CEO
Severn Trent Services, Inc.
Lead Director
Chairman – Audit Committee

Sigismundus W. W. Lubsen *1,2
Retired Member of the Executive Board
Heineken N.V.
Chairman - Compensation Committee

Judith M. von Seldeneck *1
Chairman and Chief Executive Officer
Diversified Search Inc.

John J. Sickler
Vice Chairman
Teleflex Incorporated

Benson F. Smith *1
Chief Executive Officer
BFS & Associates, LLC

Harold L. Yoh III *1
Chairman of the Board and CEO
The Day & Zimmermann Group, Inc.

James W. Zug *3
Retired Audit Partner
PricewaterhouseCoopers LLP

**1 Member of the Compensation Committee*
**2 Member of the Governance Committee*
**3 Member of the Audit Committee*
**4 Lead Director*

Executive Officers

Listed in alphabetical order

Jeffrey P. Black
Chairman and Chief Executive Officer

Kevin K. Gordon
Senior Vice President, Corporate Development

Martin S. Headley
Executive Vice President and Chief Financial Officer

Laurence G. Miller
Senior Vice President, General Counsel and Secretary

Vince Northfield
President, Commercial

John J. Sickler
Vice Chairman

John B. Suddarth
President, Aerospace

R. Ernest Waaser
President, Medical

Corporate Officers

Listed in alphabetical order

Randall P. Gaboriault
Chief Information and Strategic Development Officer

C. Jeffrey Jacobs
Treasurer

Julie McDowell
Vice President, Corporate Communications

Charles E. Williams
Corporate Controller and Chief Accounting Officer

Investor Information

Annual Meeting

The annual meeting of shareholders will take place at 11:00 a.m. on May 4, 2007 at:

The Inn at Valley Forge
251 West DeKalb Pike
King of Prussia, Pennsylvania

Investor Information

Market and Ownership of Common Stock
New York Stock Exchange
Trading Symbol: TFX

TFX LISTED NYSE

Investor Relations

Investors, analysts and others seeking information about the company should contact:

Corporate Communications
Teleflex Incorporated
(610) 948-5100
e-mail: webmgr@teleflex.com
www.teleflex.com

A copy of the Annual Report as filed with the Securities and Exchange Commission on Form 10-K, interim reports on Form 10-Q, and current reports on Form 8-K can be accessed on the Investor's page of the company's website or can be mailed upon request.

Transfer Agent and Registrar

Questions concerning transfer requirements, lost certificates, dividends, duplicate mailings, change of address, or other stockholder matters should be addressed to:

American Stock Transfer & Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10005
(800) 937-5449 (toll free)

Dividend Reinvestment

Teleflex Incorporated offers a dividend reinvestment and direct stock purchase and sale plan. For enrollment information, please contact American Stock Transfer & Trust Company, Dividend Reinvestment Department (877) 842-1572 (toll free).

Code of Ethics and Business Guidelines

All Teleflex businesses around the world share a common Code of Ethics which guides the way we conduct business. The Code is available on the Teleflex website at www.teleflex.com.

Certifications

The certifications by the Chief Executive Officer and the Chief Financial Officer of Teleflex Incorporated required under Section 302 of the Sarbanes-Oxley Act of 2002 have been filed as exhibits to Teleflex Incorporated's 2006 Annual Report on Form 10-K. In addition, in June 2006, the Chief Executive Officer of Teleflex Incorporated certified to the New York Stock Exchange ("NYSE") that he is not aware of any violation by the Company of NYSE corporate governance listing standards, as required by Section 303A.12(a) of the NYSE Corporate Governance Rules.

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania

Teleflex Incorporated
Corporate Headquarters

155 South Limerick Road
Limerick, PA 19468
610.948.5100

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