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Teleflex Inc. Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

[Operator Instructions]. Your first question comes from the line of Deane Dray [Goldman Sachs]. You may proceed.

Deane Dray - Goldman Sachs

Thank you. Good morning every one.

Unidentified Company Representative

Good morning, Deane.

Deane Dray - Goldman Sachs

My question first in the Medical side on the R&D spending in the quarter and the outlook and specifically, Jeff, it sounded like that you had done some diverting of... would it been R&D funds that had to go into the FDA compliance program and did I understand that correctly and just want to understand your thinking here because if you are looking at a 18 to 24 month payback why would you not want to still fund that R&D spending now in order to start getting the results from that sooner and what's the outlook on the ramp down on that FDA compliance program?

Jeffrey P. Black - Chairman and Chief Executive Officer

Yes, Dean let me just touch on that. One, we are not diverting funds away from R&D, part of it is just using our resources to get through some of the technical issues on the remediation.

But I will tell you that we are actively increasing our R&D spend. A part of that is getting the people on board and getting them up to speed. But I think we've committed to that. I wanted to say, Kevin, after the first quarter of increasing our R&D. So, if I gave the impression that we're making judgment between investing in R&D and working on remediation that is not the case. We are working on both of them. But there is some overlap on those resources but we do appreciate that if we take away from R&D now, it's only going to impact our future growth rates.

Deane Dray - Goldman Sachs

Sure, what was it on a percent of sales basis and what is the target rate?

Kevin K. Gordon - Executive Vice President and Chief Financial Officer

The target over the long term deal is to get ourselves up to 5% to 6% range. That's going to take us a bit of time to get there. In the quarter, we're still at about the 4% or just under the 4% range on spending. But again a chunk of that is related to the remediation efforts in the R&D and the compliance efforts.

Deane Dray - Goldman Sachs

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