TELEFLEX INC
Form 424B2
June 01, 2011

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The information in this prospectus supplement is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424B2
Registration No. 333-168464

Subject to Completion
Preliminary Prospectus Supplement dated June 1, 2011

PROSPECTUS SUPPLEMENT
(To prospectus dated June 1, 2011)

$250,000,000

Teleflex Incorporated

% Senior Subordinated Notes due 2021

We are offering $250 million aggregate principal amount of % Senior Subordinated Notes due 2021. We will pay interest on the notes on June 1 and December 1 of each year, beginning December 1, 2011. The notes will mature on June 1, 2021. We may redeem some or all of the notes at any time on or after June 1, 2016 at redemption prices described in this prospectus supplement and prior to such date at a make-whole redemption price. At any time prior to June 1, 2014, we may also redeem up to 35% of the notes with the net cash proceeds we receive from certain equity offerings. If a change of control occurs as described in this prospectus supplement under the heading Description of the Notes Repurchase at the Option of Holders Change of Control, we may be required to offer to purchase the notes from the holders.

The notes will be our general unsecured senior subordinated obligations and will be subordinated in right of payment to all of our existing and future senior indebtedness, including our indebtedness under our credit facilities, and will be equal in right of payment with all of our existing and future senior subordinated indebtedness, including our 3.875% convertible senior subordinated notes due 2017. The obligations under the notes will be fully and unconditionally guaranteed, jointly and severally, by each of our existing and future domestic subsidiaries that is a guarantor or other obligor under our credit facility and by certain of our other domestic subsidiaries. The guarantees will be subordinated in right of payment to all of the existing and future senior indebtedness of such subsidiary guarantors and will be equal in right of payment with all of the future senior subordinated indebtedness of such subsidiary guarantors. The notes and the guarantees will be junior to the existing and future secured indebtedness of ours and our subsidiary guarantors to the extent of the value of the assets securing such indebtedness and will be structurally subordinated to all of the existing and future indebtedness and other liabilities of our non-guarantor subsidiaries.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-17 of this prospectus supplement.

	Per Note	Total
Public offering price (1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us (1)	%	$

(1) Plus accrued interest from , 2011, if settlement occurs after that date

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about , 2011.

Joint Book-Running Managers

BofA Merrill Lynch **Goldman, Sachs & Co.** **J.P. Morgan**

The date of this prospectus supplement is , 2011.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus filed by us with the Securities and Exchange Commission (the SEC). Neither we nor the underwriters have authorized anyone else to provide you with different or additional information or make any representation other than what is contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectuses we have prepared. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should assume that the information in this prospectus supplement, the accompanying prospectus, any such free writing prospectus or any document incorporated by reference is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

ABOUT THIS PROSPECTUS SUPPLEMENT

As used in this prospectus supplement, unless otherwise specified or unless the context indicates otherwise, the terms the Company , we , us , our and Teleflex refer to Teleflex Incorporated and its consolidated subsidiaries.

This document is in two parts. The first part is this prospectus supplement which contains specific information about the terms of this offering. This prospectus supplement also adds and updates information contained in the accompanying prospectus. The second part, the accompanying prospectus, provides more general information about us and securities we may offer from time to time, some of which may not apply to this offering of securities. If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

TRADEMARKS AND TRADE NAMES

We own or have rights to trademarks or trade names that we use in conjunction with the operation of our business. Each trademark, trade name or service mark of any other company appearing in this prospectus supplement or the accompanying prospectus belongs to its holder. Use or display by us of other parties trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of, the trademark, trade name or service mark owner.

INDUSTRY AND MARKET DATA

The industry and market data contained or incorporated by reference in this prospectus supplement are based either on our management s own estimates or on independent industry publications, reports by market research firms or other published independent sources. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness, as industry and market data are subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares. Accordingly, you should be aware that the industry and market data contained or incorporated by reference in this prospectus supplement, and estimates and beliefs based on such data, may not be reliable. Unless otherwise indicated, all information contained or incorporated by reference in this prospectus supplement concerning our industry in general or any segment thereof, including information regarding our general expectations and market opportunity, is based on management s estimates using internal data, data from industry related publications, consumer research and marketing studies and other externally obtained data.

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WHERE YOU CAN FIND MORE INFORMATION

We are currently subject to the information requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act) and in accordance therewith file periodic reports, proxy statements and other information with the SEC. You may read and copy (at prescribed rates) any such reports, proxy statements and other information at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings will also be available to you on the SEC s website at http://www.sec.gov.

We have filed with the SEC a registration statement under the Securities Act of 1933, as amended (the Securities Act) on Form S-3 with respect to the notes offered hereby. This prospectus supplement and the accompanying prospectus do not contain all the information set forth in the registration statement, parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the notes offered hereby, reference is made to the registration statement.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information about us by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus supplement. This prospectus supplement incorporates by reference the documents and reports listed below:

- our Annual Report on Form 10-K for the year ended December 31, 2010 (including the portions of our Proxy Statement on Schedule 14A for our 2011 annual meeting of stockholders filed with the SEC on March 25, 2011 that are incorporated by reference therein), except with respect to Items 1, 2, 6, 7 and 8 which have been superseded by our Current Report on Form 8-K filed on June 1, 2011 that reports our marine business and our cargo container business as discontinued operations and adds certain financial information with respect to the guarantors;

- our Quarterly Report on Form 10-Q for the quarter ended March 27, 2011, as updated by our Current Report on Form 8-K filed on June 1, 2011 to add certain financial information with respect to the guarantors; and

- our Current Reports on Form 8-K filed on January 31, 2011 (with respect to Item 5.02), February 22, 2011, February 25, 2011, March 10, 2011, March 28, 2011, April 28, 2011, May 2, 2011 and June 1, 2011.

We also incorporate by reference the information contained in all other documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of this offering. The information contained in any such document will be considered part of this prospectus supplement from the date the document is filed with the SEC.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement

and the accompanying prospectus.

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If you make a request for such information in writing or by telephone, we will provide you, without charge, a copy of any or all of the information incorporated by reference into this prospectus supplement and the accompanying prospectus. Any such request should be directed to:

Teleflex Incorporated
Attn: Jake Elguicze, Vice President Investor Relations
155 South Limerick Road
Limerick, PA 19468
(610) 948-2836

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements made in this prospectus supplement and the accompanying prospectus, other than statements of historical fact, are forward-looking statements. The words anticipate , believe , estimate , expect , intend , may , would , should , guidance , potential , continue , project , forecast , confident , prospects and similar expr are used to identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about our business and the industry and markets in which we operate. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied by these forward-looking statements due to a number of factors, including:

- our ability to comply with government regulation to which we are subject;
- 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 resolve, to the satisfaction of the U.S. Food and Drug Administration (FDA), the issues identified in the corporate warning letter issued to our subsidiary Arrow International, Inc. (Arrow);
- 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;
- the impact of recently passed healthcare reform legislation and changes in Medicare, Medicaid and third-party coverage and reimbursements;
- 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.

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There may be other factors that may cause our actual results to differ materially from the forward-looking statements. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them does, what impact they will have on our results of operations and financial condition. You should carefully read the factors described in the Risk Factors section of this prospectus supplement and the accompanying prospectus and the documents incorporated by reference into this prospectus supplement for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. You should not place undue reliance on forward-looking statements. Such statements speak only as to the date on which they are made, and we undertake no obligation to update or revise any forward-looking statement, regardless of future developments or availability of new information.

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SUMMARY

This summary highlights the information contained elsewhere in this prospectus supplement and accompanying prospectus or incorporated by reference herein. Because this is only a summary, it does not contain all the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and accompanying prospectus and the documents incorporated by reference herein.

Unless otherwise specifically indicated, all indebtedness amounts specified in this prospectus supplement and accompanying prospectus reflect the face amounts payable at maturity (which in certain cases differs from the amounts at which this indebtedness is recorded in our financial statements due to discounts required under GAAP, including, for example, under Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 470-20, Debt-Debt with Conversion and Other Options (formerly FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (including Partial Cash Settlement)) (ASC 470-20)).

Our Company

We are principally a global provider of medical technology products that enable healthcare providers to improve patient outcomes, reduce infections and enhance patient and provider safety. We primarily develop, manufacture and supply single-use medical devices used by hospitals and healthcare providers for common diagnostic and therapeutic procedures in critical care and surgical applications. We serve hospitals and healthcare providers in more than 130 countries and are not dependent upon any one end-market or procedure. For the twelve months ended March 27, 2011, we generated net revenues of $1,582.6 million, net income of $242.7 million and Adjusted EBITDA of $367.7 million. See Summary Historical Financial Data for a reconciliation of net income to Adjusted EBITDA, as well as the calculation of data for the twelve months ended March 27, 2011. Our common stock is traded on the NYSE under the symbol TFX and as of May 26, 2011, we had an equity market capitalization of $2,495.6 million on a basic basis.

We are focused on achieving consistent, sustainable and profitable growth through:

- the development of new products;
- the expansion of the use of existing products in existing markets;
- the introduction of existing products into new geographic markets; and
- selected acquisitions, licensing agreements and partnerships which enhance or expedite our development initiatives and our ability to increase our market share.

Furthermore, we believe our research and development capabilities and our commitment to engineering excellence and lean, low-cost manufacturing allow us to consistently bring cost effective, innovative products to market that improve the safety, efficacy and quality of healthcare. We provide a broad-based platform of medical products, which we currently categorize into four end-user product groups: Critical Care, Surgical Care, Cardiac Care and Original Equipment Manufacturer (OEM) and Development Services.

While we are committed to becoming exclusively a medical technology company, we continue to serve a niche segment of the aerospace market with specialty engineered products. We expect to strategically divest the remaining businesses in our Aerospace Segment from time to time. In recent years, we have completed a number of divestitures of our non-medical businesses in order to focus our resources on the development of our Medical Segment. For example, on December 31, 2010, we completed the sale of our actuation business, a part of our Aerospace Segment. In addition, we previously operated a third business segment, our Commercial Segment, which included our marine business. We completed the sale of our marine business on March 22, 2011. See Recent Developments below. Furthermore, in the first quarter of 2011,

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management approved a plan to sell our cargo container business, a reporting unit within our Aerospace Segment. Our actuation, cargo container and marine businesses are classified as discontinued operations in our consolidated financial statements incorporated by reference herein.

Our Medical Segment brands include:

Product Group	Brands
Critical Care	Arrow, Gibeck, HudsonRCI, Rüsch, Sheridan and VasoNova
Surgical Care	Deknatel, Pleur-evac, Pilling, Taut and Weck
Cardiac Care	Arrow
OEM and Development Services	Beere Medical, KMedic, Specialized Medical Devices, Deknatel and TFXOEM

Our Business Segments

Our company currently consists of two business segments:

Medical (91% of net revenues and 91% of segment operating profit for the twelve months ended March 27, 2011). Our principal business segment, the Medical Segment, designs, develops, manufactures and supplies medical devices for critical care and surgical applications. Over 90% of our Medical Segment net revenues are generated by single-use, disposable products, such as catheters, sutures and endotracheal tubes. Approximately 48% of our Medical Segment net revenues for the twelve months ended March 27, 2011 were derived from customers outside North America, providing us with geographic diversity. Our Medical Segment operates 30 manufacturing sites, with major manufacturing operations located in Czech Republic, Malaysia, Mexico and the United States.

We categorize our medical products into four product groups: Critical Care, Surgical Care, Cardiac Care and OEM and Development Services:

> *Critical Care.* We are a leading provider of specialty products for critical care, which is predominantly comprised of single-use products. Critical care constitutes the largest product category within our Medical Segment, representing 66% of Medical Segment net revenues for the twelve months ended March 27, 2011. The large majority of sales for single-use medical products are made to the hospital/healthcare provider market, with a smaller percentage sold to alternate sites. Our medical products are used in a wide range of critical care procedures for vascular access, respiratory care, anesthesia and airway management, treatment of urologic conditions and other specialty procedures.

Our vascular access products are generally catheter-based products used in a variety of clinical procedures to facilitate multiple critical care therapies including the administration of intravenous medications, other therapies and the measurement of blood pressure and taking of blood samples through a single puncture site. Our respiratory care products principally consist of devices used in aerosol and medication delivery, oxygen therapy and ventilation management. Our anesthesia and airway management products include endotracheal tubes, laryngeal masks, airways and face masks to deliver anesthetic agents and oxygen. Our line of urology products provides bladder management for patients in the hospital and home care markets.

> *Surgical Care.* Surgical care, which is predominantly comprised of single-use products, represented 18% of Medical Segment net revenues for the twelve months ended March 27, 2011. Our surgical products include ligation and closure products, including appliers, clips and sutures used in a variety of

surgical procedures; access ports used in minimally invasive surgical procedures, including robotic surgery; and fluid management products used for chest drainage.

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Our surgical products also include hand-held instruments for general and specialty surgical procedures.

Cardiac Care. Cardiac care products accounted for 5% of Medical Segment net revenues for the twelve months ended March 27, 2011. Products in this category include diagnostic catheters and capital equipment, specialized angiographic catheters, therapeutic delivery catheters and intra-aortic balloon catheters and capital equipment.

OEM and Development Services. Customized medical instruments, implants and components sold to OEMs represented 11% of Medical Segment net revenues for the twelve months ended March 27, 2011. We provide specialized product development services, which include design engineering, prototyping and testing, manufacturing, assembly and packaging. Our OEM product development and manufacturing facilities are located globally in close proximity to major medical device manufacturers in Germany, Ireland, Mexico and the United States.

Aerospace (9% of net revenues and 9% of segment operating profit for the twelve months ended March 27, 2011). Our Aerospace Segment businesses provide cargo handling systems and equipment for wide body and narrow body aircraft. Our products are well known and respected on a global basis. Major locations for manufacturing and service are located in Germany, Sweden and Singapore. On December 31, 2010, we completed the sale of our actuation business, a part of our Aerospace Segment. In the first quarter of 2011, management approved a plan to sell our cargo container business, a reporting unit within our Aerospace Segment, which was then classified as discontinued operations. See Recent Developments below.

Competitive Strengths

We believe the following competitive strengths differentiate us from our competitors and contribute to our continued success:

Well-positioned to take advantage of favorable industry dynamics. We believe the medical markets in which we currently participate represent an aggregate addressable market of approximately $10 billion. Growth drivers for our medical markets include favorable market demographics such as the aging population, improving standard of living in emerging markets and increasing overall demand for medical products, technology advancements, increasing awareness of infection prevention and a general demand for a better quality of life. We believe we are well positioned to take advantage of the favorable dynamics in our markets due to the breadth and quality of our portfolio, established global brands, global manufacturing and distribution network, broad customer base and focus on single-use products used in non-elective procedures.

Diversified, global medical technology company. We are primarily a global medical technology company that designs, develops, manufactures and supplies medical devices for critical care and surgical applications, with an emphasis on single-use medical devices used by hospitals and healthcare providers for common diagnostic and therapeutic procedures. Our medical products are used in a wide variety of markets that are categorized into four groups: Critical Care, Surgical Care, Cardiac Care and OEM and Development Services. As a result, our revenues are not dependent on any one product or procedure. We sell our medical device products to hospitals and healthcare providers in more than 130 countries through a combination of our direct sales force and distributors. For the twelve months ended March 27, 2011, approximately 48% of our Medical Segment net revenues were derived from customers outside North America.

Leading market positions with established global brands. We believe each of our end-user medical product groups has a leading market position with well established, global brands that are recognized for their consistently high quality and reliability:

Our Critical Care product group generated net revenues of $954.6 million for the twelve months ended March 27, 2011 and is a leading provider of central venous catheters and airway

management, regional anesthesia, respiratory and urology products that are marketed under established brands such as Arrow, Rusch, Hudson RCI and Gibeck.

Our Surgical Care product group generated net revenues of $264.6 million for the twelve months ended March 27, 2011 and is a leading provider of chest drainage and ligation products that are marketed under established brands such as Deknatel, Taut, Weck, Pilling and Pleur-evac.

Our Cardiac Care product group generated net revenues of $70.0 million for the twelve months ended March 27, 2011 and is a leading provider of intra-aortic balloons and intra-aortic balloon pumps that are marketed under the Arrow brand.

Broad portfolio of non-elective, single-use medical products. Over 90% of our Medical Segment net revenues are derived from single-use, disposable products. The majority of our single-use medical devices are used in non-elective procedures which we believe provides us with a portfolio of recurring revenue items with minimal exposure to cyclical activity. In addition, our focus on single-use medical products reduces our overall capital expenditures, improving our cash-flow generation. Our capital expenditures in our Medical Segment for the twelve months ended March 27, 2011 were approximately $28 million, or approximately 2% of our Medical Segment net revenues for such period.

Diversified customer and supplier base. Our Medical Segment has a diversified customer base and is not dependent on any single customer for a substantial amount of its revenues. For the year ended December 31, 2010, only seven customers individually accounted for more than 1% of our Medical Segment net revenues, the largest of which accounted for approximately 9%, and our top ten customers in aggregate accounted for less than 25% of our Medical Segment net revenues. Similarly, materials used in the manufacture of our medical products are purchased from a large number of suppliers in diverse geographic locations. For the year ended December 31, 2010, no supplier accounted for greater than 4% of our Medical Segment raw materials, and our top ten suppliers in aggregate accounted for less than 20% of our Medical Segment raw materials.

Strong cash flow generation and proven history of deleveraging. We have demonstrated strong free cash flow generation underpinned by the diversity of our revenue sources and our acute focus on cost management. We generated net cash provided by operating activities from continuing operations of $164.8 million and free cash flow of $133.5 million, respectively, during the twelve months ended March 27, 2011. Our capital expenditures were $31.3 million during the twelve months ended March 27, 2011, or approximately 2% of our net revenues for the same period. A combination of our strong free cash flow generation from continuing operations and divestitures of our non-core businesses has allowed us to repay over $1.3 billion in debt since our acquisition of Arrow International, Inc. in October 2007. See Summary Historical Financial Data for a reconciliation of net cash provided by operating activities from continuing operations to free cash flow.

Experienced management team. We have a senior management team with extensive experience in the medical industry. Benson F. Smith was appointed as our CEO on January 30, 2011 after having served on our board of directors since 2005. Mr. Smith has approximately 25 years of experience in the medical device industry with C.R. Bard, Inc. Our CFO, Richard A. Meier, has over 25 years of professional experience, with significant experience in the healthcare industry having spent a combined 12 years at Advanced Medical Optics and Valeant Pharmaceuticals, Inc. prior to joining Teleflex in January 2010. Our senior management team has a proven track record of employing a disciplined portfolio management strategy, including several acquisitions and divestitures, that has transformed Teleflex into a global medical device company from an industrial company traditionally focused on the automotive, commercial and aerospace sectors.

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Our Strategy

We plan to continue to grow our business and improve our financial performance by implementing our business strategy, the key elements of which are:

Commitment to becoming a pure-play global medical technology company. We have employed a disciplined portfolio management strategy to transform Teleflex into a pure-play medical technology company. For the twelve month period ending March 27, 2011, our Medical Segment accounted for 91% of our consolidated net revenues and 91% of our segment operating profit as compared to 33% of our consolidated net revenues and 56% of our segment operating profit based on the business portfolio in place on December 31, 2006.

We expect to continue to increase the relative composition of our Medical Segment through a combination of portfolio management and organic growth initiatives. From time to time, we explore and engage in discussions regarding acquisitions that would augment our existing medical technology platform and disposition opportunities for our Aerospace Segment that enable us to further our transformation into a pure-play medical technology company. Furthermore, our commitment to becoming a pure-play global medical technology company involves investing in our medical research and development and sales and marketing initiatives to further expand and strengthen our portfolio of products as well as our ability to penetrate existing and new geographic and therapeutic markets.

Maintain acute focus on medical research and development. Our medical research and development initiatives are focused on developing new, innovative products for existing and new therapeutic applications as well as enhancements to, and line extensions of, existing products. We introduced over 30 new products and line extensions in our Medical Segment during 2010. Our portfolio of existing products and pipeline of potential new products consist primarily of Class I and Class II devices, which require 510(k) clearance by the FDA for sale in the United States. We believe the 510(k) clearance expedites the process of introducing new products and reduces our medical research and development costs and risks as compared to the process that would be required for Class III devices.

Continue to enhance market leadership positions. In addition to focusing on research and development and technology, we expect to also enhance our market leadership positions by leveraging our global established brands and distribution network and selectively pursuing licensing and partnership agreements that may provide us with access to new markets for all of our products. We have well-established, global brands across all of our Medical product groups, which we are able to leverage in our efforts to commercialize new products and expand the use of existing products into new geographic markets and therapeutic applications. Our existing global sales force and distribution network allow us to rapidly commercialize new products globally upon obtaining regulatory approvals.

Continue to achieve consistent, sustainable and profitable growth. We intend to continue to achieve consistent, sustainable and profitable growth by increasing our market share and improving our operating efficiencies. We expect to increase our market share through the development of new products, the expansion of the use of existing products, the introduction of existing products into new geographic markets and the potential broadening of our product portfolio through selected acquisitions, licensing agreements and partnerships. Our efforts to improve our operating efficiencies include leveraging our direct sales force and distribution network with new products, manufacturing and distribution facility rationalization and achieving economies of scale as we continue to expand our Medical Segment.

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Recent Developments

From December 2010 to March 2011, we prepaid the entire outstanding $331.6 million principal amount of our senior notes issued in 2004 using borrowings under our revolving credit facility (which we subsequently repaid), the proceeds from the sale of our actuation business and available cash.

On January 10, 2011, we acquired VasoNova, Inc., a developer of central venous catheter navigation technology that allows for real-time confirmation of the placement of peripherally inserted central catheters and central venous catheters. In connection with the acquisition, we made an initial payment of $25 million and agreed to make additional payments of between $15 million and $30 million contingent in part upon the achievement of certain regulatory and sales targets within three years after closing. On March 11, 2011, we made a $6 million payment following certain regulatory approvals.

On January 30, 2011, we appointed Benson F. Smith to serve as our Chairman, President and Chief Executive Officer. Mr. Smith has been a member of our board of directors since 2005. Mr. Smith has approximately 25 years of experience in the medical device industry with C.R. Bard, Inc.

On March 22, 2011, we sold our marine business to an affiliate of H.I.G. Capital, LLC for $123.1 million, consisting of $101.6 million in cash proceeds, net of $1.5 million of cash included in the marine business as part of the net assets sold, the buyer s assumption of approximately $15.5 million in liabilities related to the business and a $4.5 million subordinated note from the buyer. Our marine business is reflected as a discontinued operation in our consolidated financial statement incorporated by reference herein.

Teleflex Incorporated is a corporation organized under the laws of the State of Delaware. Our principal executive offices are located at 155 South Limerick Road, Limerick, Pennsylvania 19468, and our telephone number at this location is (610) 948-5100. Our website is *www.teleflex.com*. Information on our website is not part of this prospectus supplement or the accompanying prospectus.

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The Offering

The following summary is provided solely for your convenience and is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement and the accompanying prospectus. For a more detailed description of the notes, see Description of Notes in this prospectus supplement and Description of Debt Securities and Description of Guarantees of Certain Debt Securities in the accompanying prospectus.

Issuer	Teleflex Incorporated, a Delaware corporation.
Notes Offered	$250.0 million in aggregate principal amount of % Senior Subordinated Notes due 2021.
Maturity Date	June 1, 2021.
Interest Rate	The notes will bear interest at a rate of % per annum. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.
Interest Payment Dates	June 1 and December 1 of each year, commencing on December 1, 2011.
Guarantees	The obligations under the notes will be fully and unconditionally guaranteed, jointly and severally, by each of our existing and future domestic subsidiaries that is a guarantor or other obligor under our credit facility and by certain of our other domestic subsidiaries. Not all of our subsidiaries will guarantee the notes. Our non-guarantor subsidiaries generated approximately 50% of our consolidated revenues in the twelve-month period ended March 27, 2011 and held approximately 42% of our consolidated assets as of March 27, 2011. The guarantees will be automatically released if the notes are rated investment grade by both Moody s and S&P and in certain other circumstances. See Description of Notes Certain Covenants Changes in Covenants When Notes Are Rated Investment Grade and Description of Notes Note Guarantees.
Ranking	The notes will be our general unsecured senior subordinated obligations and will be subordinated in right of payment to all of our existing and future senior indebtedness, including our indebtedness under our credit facilities, and will be equal in right of payment with all of our existing and future senior subordinated indebtedness, including our 3.875% convertible senior subordinated notes due 2017 (the Convertible Notes). The guarantees will be the general unsecured senior subordinated obligations of our subsidiary guarantors, and will be subordinated in right of payment to all of the existing and future senior indebtedness of such subsidiary guarantors, including the indebtedness of certain of the subsidiary guarantors under our credit facilities, and will be equal in right

of payment with all of

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	the future senior subordinated indebtedness of such subsidiary guarantors. Our subsidiaries do not guarantee the Convertible Notes. As of March 27, 2011, on an as adjusted basis after giving effect to this offering and the use of net proceeds thereof to prepay $125 million of borrowings under our credit facilities, we and the subsidiary guarantors would have had outstanding $428.8 million of Senior Debt (as defined under Description of Notes Certain Definitions) to which the notes would be subordinated. The notes and the guarantees will be junior to the existing and future secured indebtedness of ours and our subsidiary guarantors to the extent of the value of the assets securing such indebtedness and will be structurally subordinated to all of the existing and future indebtedness and other liabilities of our non-guarantor subsidiaries.
Optional Redemption	At any time on or after June 1, 2016, we may redeem some or all of the notes at the redemption prices set forth under Description of Notes Optional Redemption, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date. In addition, at any time prior to June 1, 2016, we may, on one or more occasions, redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus a make-whole premium plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date. At any time prior to June 1, 2014, we may also redeem up to 35% of the aggregate principal amount of the notes, using the proceeds of certain qualified equity offerings, at a redemption price equal to % of the principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date. See Description of Notes Optional Redemption.
Change of Control Offer	If we experience certain change of control events, we must offer to repurchase the notes at a repurchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to, but not including, the applicable repurchase date. See Description of Notes Repurchase at the Option of Holders Change of Control.
Asset Sale Offer	If we sell assets, under certain circumstances we must offer to repurchase the notes at a repurchase price equal to 100% of the principal amount of the notes repurchased plus accrued and unpaid interest, if any, to, but not including, the applicable repurchase date. See Description of Notes Repurchase at the Option of Holders Asset Sales.

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Restrictive Covenants	The indenture governing the notes will contain covenants that, among other things, will impose significant restrictions on our business. The restrictions that these covenants place on us and our restricted subsidiaries include limitations on our ability and the ability of our restricted subsidiaries to: incur additional indebtedness or issue disqualified stock or preferred stock; create liens; pay dividends, make investments or make other restricted payments; sell assets; merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; enter into transactions with our affiliates; permit layering of debt; and designate subsidiaries as unrestricted. These covenants are subject to important exceptions and limitations, which are described under Description of Notes. Certain of these covenants will permanently cease to be in effect if the notes are rated investment grade by both Moody s and S&P. See Description of Notes Certain Covenants Changes in Covenants when Notes Are Rated Investment Grade.
Absence of a Public Market for the Notes	The notes will be new securities for which there is currently no market. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. We have been informed by the underwriters that they currently intend to make a market in the notes after this offering is completed. However, the underwriters are not obligated to do so, and they may cease their market-making at any time and without notice.
Events of Default	Except as described under Description of Notes Events of Default, if an event of default with respect to the notes occurs, holders may, upon satisfaction of certain conditions, accelerate the principal amount of the notes plus accrued and unpaid interest. In addition, the principal amount of the notes plus accrued and unpaid interest will automatically become due and payable in the case of certain types of bankruptcy or insolvency

events of default involving us.

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Listing	We do not intend to apply for listing of the notes on any securities exchange.
United States Federal Income and Estate Tax Consequences	For certain United States federal income and estate tax consequences of the holding and disposition of the notes, see Certain United States Federal Income and Estate Tax Consequences.
DTC Eligibility	The notes will be issued in fully registered book-entry form and will be represented by permanent global notes without coupons. Global notes will be deposited with a custodian for and registered in the name of a nominee of DTC, in New York, New York. Investors may elect to hold interests in the global notes through DTC and its direct or indirect participants as described under Description of Notes Book-Entry, Delivery and Form.
Form and Denominations	The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Use of Proceeds	We estimate that the net proceeds from this offering will be approximately $245.8 million, after deducting the underwriters discounts and commissions and our estimated offering expenses. We intend to use the net proceeds of this offering to prepay $125 million of borrowings under our credit facilities, and the remainder for general corporate purposes, which may include, among other things, capital expenditures, acquisitions and additional repayment of debt.
Conflicts of Interest	Certain affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, underwriters in this offering, are agents or lenders under our credit facilities and each of these lenders may receive more than 5% of the net proceeds of this offering. See Use of Proceeds. Accordingly, this offering is being made in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority. In accordance with this rule, Goldman, Sachs & Co. has assumed the responsibilities of acting as a qualified independent underwriter. In its role as a qualified independent underwriter, Goldman, Sachs & Co. has participated in due diligence and the preparation of this prospectus supplement and the registration statement of which this prospectus supplement is a part. Goldman, Sachs & Co. will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC will not confirm sales of the debt securities to any account over which they exercise discretionary authority without the prior written approval of the customer.
Risk Factors	See Risk Factors beginning on page S-18 of this prospectus supplement for important information regarding us and an investment in the notes.

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SUMMARY HISTORICAL FINANCIAL DATA

The following table presents our summary historical financial data as of and for the periods presented and has been derived from our financial statements and the accompanying notes to those statements. The audited financial statements included in our previously filed Exchange Act reports have been revised in our Current Report on Form 8-K filed on June 1, 2011 to report the reclassification of our marine and cargo container businesses as discontinued operations and add certain financial information with respect to the guarantors. Certain financial information is presented on a rounded basis, which may cause minor differences.

The summary historical financial data presented for the years ended December 31, 2008, 2009 and 2010 and as of December 31, 2009 and 2010 has been derived from our audited financial statements incorporated by reference herein. The summary historical financial data presented as of December 31, 2008 has been derived from our audited balance sheet not incorporated by reference herein.

The summary historical financial data presented for the three months ended March 28, 2010 and March 27, 2011 and as of March 27, 2011 has been derived from our unaudited financial statements incorporated by reference herein and has been prepared on the same basis as our audited financial statements and, in management s opinion, includes all adjustments, consisting of normal recurring adjustments, which we consider necessary for a fair presentation of our financial position and results of operations for such periods.

The summary historical financial data presented for the twelve months ended March 27, 2011 has been derived from our audited and unaudited consolidated financial statements incorporated by reference herein for each line item presented by subtracting the line item for the three months ended March 28, 2010 from the line item for the year ended December 31, 2010, and adding the amount of the line item for the three months ended March 27, 2011. The results of the three months and twelve months ended March 27, 2011 are not necessarily indicative of the results to be expected for the year ended December 31, 2011 or any future period.

This summary should be read together with our financial statements and the accompanying notes to those statements incorporated by reference herein and Management s Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus supplement.

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	Years Ended December 31,			Three Months Ended		Twelve Months Ended
	2008	2009	2010	March 28, 2010	March 27, 2011	March 27, 2011
				Unaudited		Unaudited
	(Dollars in thousands)					
Statement of Income Data (1):						
Net revenues:						
Medical (2)	$1,475,621	$1,434,885	$1,433,282	$343,537	$354,004	$1,443,749
Aerospace	149,452	124,463	128,037	23,795	34,654	138,896
Total net revenues	1,625,073	1,559,348	1,561,319	367,332	388,658	1,582,645
Cost of goods sold	886,076	838,135	828,897	190,435	212,620	851,082
Gross profit	738,997	721,213	732,422	176,897	176,038	731,563
Selling, general and administrative expenses	455,412	410,140	431,104	100,568	109,831	440,367
Research and development expenses	32,598	36,685	42,621	9,311	11,038	44,348
Net gain on sales of businesses and assets	(296)		(341)			(341)
Restructuring and other impairment charges	24,946	10,347	2,875	463	595	3,007
Income from continuing operations before interest, loss on extinguishments of debt and taxes	226,337 (3)	264,041	256,163	66,555	54,574	244,182
Interest expense	121,244	89,250	79,875	18,994	16,157	77,038
Interest income	(2,029)	(2,484)	(725)	(206)	(106)	(625)
Loss on extinguishments of debt			46,630		14,597	61,227
Income from continuing operations before taxes	107,122 (3)	177,275	130,383	47,767	23,926	106,542
Taxes on income from continuing operations	33,745	40,683	25,225	14,247	6,426	17,404
Income from continuing operations	73,377 (3)	136,592	105,158	33,520	17,500	89,138

Operating income from discontinued operations (4)	105,617	274,793	143,036	13,280	58,857	188,613
Taxes (benefit) on income from discontinued operations	24,392	97,374	45,739	8,842	(1,837)	35,060
Income from discontinued operations	81,225	177,419	97,297	4,438	60,694	153,553
Net income	$154,602 (3)	$314,011	$202,455	$37,958	$78,194	$242,691
Less: Net income attributable to noncontrolling interest	747	1,157	1,361	286	382	1,457
Income from discontinued operations attributable to noncontrolling interest	34,081	9,860				
Net income attributable to Teleflex Incorporated common shareholders	$119,774 (3)	$302,994	$201,094	$37,672	$77,812	$241,234
Net income attributable to Teleflex Incorporated common shareholders from continuing operations	$72,630 (3)	$135,435	$103,797	$33,234	$17,118	$87,681
Balance Sheet Data (end of period):						
Cash and cash equivalents	$107,275	$188,305	$208,452		$202,298	
Goodwill	1,474,123	1,459,441	1,442,411		1,468,990	
Intangibles and other assets, net	1,090,852	1,045,706	986,549		1,004,474	
Total assets	3,926,744	3,839,005	3,643,155		3,678,803	
Total debt (5)	1,546,391	1,196,499	917,120		852,173	
Total equity	1,285,883	1,585,074	1,787,278		1,888,988	
Other Financial Data (1):						
Net cash provided by (used in):						
Operating activities from continuing operations (6)	$59,193	$137,291	$185,119	$34,377	$14,062	$164,804
	(19,335)	285,734	149,852	17,932	64,586	196,506

Investing activities from continuing operations						
Financing activities from continuing operations	(180,769)	(402,213)	(336,325)	(21,256)	(87,488)	(402,557)
Capital expenditures	27,069	27,942	31,616	6,737	6,444	31,323
Adjusted EBITDA (7)	365,668	386,745	373,668	92,578	86,651	367,741
Free cash flow (8)	32,124	109,349	153,503	27,640	7,618	133,481

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	As of and for the Twelve Months Ended March 27, 2011 (Dollars in thousands)
As Adjusted Data(9):	
Total indebtedness (10)	$ 1,056,227
Net indebtedness (11)	733,879
Ratio of total indebtedness to Adjusted EBITDA	2.87x
Ratio of net indebtedness to Adjusted EBITDA	2.00x

(1) Amounts have been revised to exclude the impact of businesses that have been presented in our consolidated financial results as discontinued operations through March 27, 2011.

(2) Information regarding net revenues by product group within the Medical Segment is provided in the following table:

	Year Ended December 31,			Three Months Ended		Twelve Months Ended
	2008	2009	2010	March 28, 2010	March 27, 2011	March 27, 2011
				Unaudited		Unaudited
	(Dollars in thousands)					
Critical Care	$957,129	$939,390	$943,367	$225,929	$237,138	$954,576
Surgical Care	272,504	260,666	262,683	63,120	65,018	264,581
Cardiac Care	72,871	70,770	70,559	18,328	17,669	69,900
OEM and Development Services	158,343	149,829	154,214	35,333	33,867	152,748
Other	14,774	14,230	2,459	827	312	1,944
Total net revenues	$1,475,621	$1,434,885	$1,433,282	$343,537	$354,004	$1,443,749

(3) In the year ended December 31, 2008, a non-cash charge associated with a fair market value inventory adjustment in connection with the Arrow acquisition decreased income from continuing operations before interest, loss on extinguishments of debt and taxes by $6.9 million and decreased income from continuing operations by $4.4 million.

(4) Net gain (loss) on disposal of discontinued operations included in operating income from discontinued operations is as follows:

	Twelve Months Ended

	Years Ended December 31,			Three Months Ended		March 27,
	2008	2009	2010	March 28, 2010	March 27, 2011	2011
				Unaudited		Unaudited
			(Dollars in thousands)			
Net gain (loss) on disposal of discontinued operations	$ (8,238)	$ 272,307	$ 114,702	$ 9,737	$ 56,773	$ 161,738

(5) Reflects amount of current borrowings and long-term debt outstanding as reflected on our balance sheet, which, in accordance with GAAP, does not include the total outstanding principal amounts of our Convertible Notes. In accordance with ASC 470-20, the fair value of the feature to convert the Convertible Notes into common stock is reported as a component of stockholders equity. The Convertible Notes are reported at a discount to the face amount on our balance sheet resulting in a decrease in the amount of debt with an increase in equity reported in our financial statements. Under GAAP, the amount of debt reported will accrete up to the face amount over the expected term of the Convertible Notes. ASC 470-20 does not affect the actual amount that we are required to repay.

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

(7) Adjusted EBITDA represents net income before interest expense, net, provision for income taxes, depreciation and amortization, as further adjusted to exclude unusual items and other adjustments that will be required or permitted in determining our ability to engage in certain activities, such as incurring additional debt and making certain payments under the indenture that will govern the notes offered hereby. The amounts presented in this prospectus supplement for Adjusted EBITDA are calculated under the definition of Consolidated EBITDA set forth under Description of Notes Certain Definitions. The amounts presented in this prospectus supplement for Adjusted EBITDA differ from the amounts calculated under the definition of Consolidated EBITDA used in our credit facilities as a result of differences in certain adjustments.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about certain non-cash items, unusual items that we do not expect to continue at the same level in the future, or other items that we do not believe to be reflective of our ongoing operating performance.

Adjusted EBITDA is not a measurement of operating performance computed in accordance with GAAP and should not be considered a substitute for income from continuing operations, net income or cash flows from operating activities of continuing operations computed in accordance with GAAP. Adjusted EBITDA has limitations as an analytical tool. Some of the limitations are:

Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally. We further believe that our presentation of these GAAP and non-GAAP financial measurements provide information that is useful to investors because they are important indicators of the strength of our operations and the performance of our core business.

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A reconciliation of net income to Adjusted EBITDA is provided below:

	Years Ended December 31,			Three Months Ended		Twelve Months Ended
	2008	2009	2010	March 28, 2010	March 27, 2011	March 27, 2011
				Unaudited		Unaudited
	(Dollars in thousands)					
Net income	$154,602	$314,011	$202,455	$37,958	$78,194	$242,691
Income from discontinued operations, net of tax	(81,225)	(177,419)	(97,297)	(4,438)	(60,694)	(153,553)
Income from continuing operations	73,377	136,592	105,158	33,520	17,500	89,138
Taxes on income from continuing operations	33,745	40,683	25,225	14,247	6,426	17,404
Interest expense, net	119,215	86,766	79,150	18,788	16,051	76,413
Depreciation and amortization	99,253	98,077	95,394	22,950	25,369	97,813
Write-off of inventory fair value adjustments in connection with the Arrow acquisition	6,936					
Restructuring, restructuring-related charges and asset impairments (a)	31,917	12,802	8,757	463	6,095	14,389
Non-cash stock based compensation	7,483	8,040	8,816	1,695	(1,055)	6,066
Gain on disposals of businesses and assets	(296)		(341)			(341)
Income and dividends from entities accounted for under the equity method	366					
Foreign currency (gains) losses	(6,328)	3,785	2,443	915	1,668	3,196
Other non-recurring items (b)			49,066		14,597	63,663
Adjusted EBITDA	$365,668	$386,745	$373,668	$92,578	$86,651	$367,741

(a) Includes severance and termination benefits, facility closure costs, contract termination costs and asset impairments.

(b) Includes loss on extinguishments of debt and other recapitalization costs.

(8) Free cash flow is calculated by reducing cash provided by operating activities from continuing operations by capital expenditures. Free cash flow is considered a non-GAAP financial measure. We use this financial measure

for internal managerial purposes, when publicly providing guidance on possible future results, and to evaluate period-to-period comparisons. This financial measure is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management believes that free cash flow is a useful measure to investors because it facilitates an assessment of funds available to satisfy current and future obligations, pay dividends and fund acquisitions. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations, such as debt service, that are not deducted from the measure. 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.

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	Years Ended December 31,			Unaudited Three Months Ended		Twelve Months Ended
	2008	2009	2010	March 28, 2010	March 27, 2011	March 27, 2011
				Unaudited		Unaudited
	(Dollars in thousands)					
Net cash provided by operating activities from continuing operations (see note 6)	$ 59,193	$ 137,291	$ 185,119	$ 34,377	$ 14,062	$ 164,804
Capital expenditures	27,069	27,942	31,616	6,737	6,444	31,323
Free cash flow (see note 6)	$ 32,124	$ 109,349	$ 153,503	$ 27,640	$ 7,618	$ 133,481

(9) Total indebtedness and net indebtedness are as adjusted to give effect to this offering and the use of proceeds thereof, including the prepayment of $125 million of borrowings under our credit facilities, assuming an offering price of the notes of 100% of their principal amount. Neither the ratio of total debt to Adjusted EBITDA nor the ratio of net debt to Adjusted EBITDA is calculated in accordance with the definition of Consolidated Leverage Ratio set forth under Description of Notes Certain Definitions.

(10) Total indebtedness reflects the face amount of the Convertible Notes payable at maturity.

(11) Net indebtedness refers to total indebtedness less cash and cash equivalents.

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RISK FACTORS

An investment in our securities may involve various risks. Prior to making a decision about investing in our securities, and in consultation with your own financial and legal advisors, you should carefully consider, among other matters, the risks described below as well as other information and data included in, or incorporated by reference into, this prospectus supplement and accompanying prospectus. If any of the events described in the risk factors below occur, our business, financial condition, operating results and prospects could be materially adversely affected, which in turn could adversely affect our ability to repay the notes or the trading price of the notes.

Risks Related to Our Business

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

The products within our Medical Segment are classified as medical devices and are subject to extensive regulation in the United States by the FDA and by comparable government agencies in other countries. The regulations govern the development, design, approval, manufacturing, labeling, importing and exporting and sale and marketing of many of our medical products. These regulations are also subject to future change. Failure to comply with applicable regulations and quality assurance guidelines could lead to manufacturing shutdowns, product shortages, delays in product manufacturing, product seizures, recalls, operating restrictions, withdrawal or suspension of required licenses, and prohibitions against exporting of products to, or importing products from, countries outside the United States. We could be required to expend significant financial and human resources to remediate failures to comply with applicable regulations and quality assurance guidelines. See, for example If we are unable to resolve issues raised in our FDA corporate warning letter, it could have a material adverse effect on our business, financial condition and results of operations, our relationship with the FDA and the perception of our products by hospitals, clinics and physicians . In addition, civil and criminal penalties, including exclusion under Medicaid or Medicare, could result from regulatory violations. Any one or more of these events could have a material adverse effect on our business, financial condition and results of operations.

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

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Even after a product has received marketing approval or clearance, such product approval or clearance by the FDA can be withdrawn or limited due to unforeseen problems with the device or integrity issues relating to the marketing application. Later discovery of violations of FDA requirements for medical devices could result in FDA enforcement actions, including warning letters, fines, delays or suspensions of regulatory clearances, product seizures or recalls, injunctions, advisories or other field actions and/or operating restrictions. Medical devices are cleared or approved for one or more specific intended uses. Promoting a device for an off-label use could result in an FDA enforcement action or a penalty under a state or federal false claims law.

Furthermore, our Medical Segment facilities are subject to periodic inspection by the FDA and other federal, state and foreign governmental authorities, which require manufacturers of medical devices to adhere to certain regulations, including the Quality System Regulation which requires testing, complaint handling, periodic audits, design controls, quality control testing and documentation procedures. FDA may also inspect for compliance with Medical Device Reporting Regulation, which requires manufacturers to submit reports to FDA of certain adverse events or malfunctions, and whether the facilities have submitted notifications of product recalls or other corrective actions in accordance with FDA regulations. Issues identified during such periodic inspections may result in warning letters, manufacturing shutdowns, product shortages, product seizures or recalls, fines and delays in product manufacturing, and may require significant resources to resolve.

Customers in our Medical Segment depend on third party coverage and reimbursement and the failure of healthcare programs to provide coverage and reimbursement, or the reduction in levels of reimbursement, for our medical products could adversely affect our Medical Segment.

The ability of our customers to obtain coverage and reimbursements for our medical products is important to our Medical Segment. Demand for many of our existing and new medical products is, and will continue to be, affected by the extent to which government healthcare programs and private health insurers reimburse our customers for patients medical expenses in the countries where we do business. Even when we develop or acquire a promising new product, we may find limited demand for the product unless reimbursement approval is obtained from private and governmental third party payors. Internationally, healthcare reimbursement systems vary significantly, with medical centers in some countries having fixed budgets, regardless of the 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 many of our medical products could be adversely affected.

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

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

Our businesses expose us to potential product liability risks that are inherent in the design, manufacture and marketing of our products. In particular, our medical device products are often used in surgical and intensive care settings with seriously ill patients. Many of these products are designed to be implanted in the human body for varying periods of time, and component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks with respect to these or other products we manufacture or sell could result in an unsafe condition or injury to, or death of, the patient. As a result, we face an inherent risk of damage to our reputation if one or more of our products are, or are alleged to be, defective. In addition, our products for the aerospace industry are used in potentially hazardous environments. Although we carry product liability insurance, 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. The outcome of litigation, particularly any class-action lawsuits, is difficult to quantify. Plaintiffs often seek recovery of very large or indeterminate amounts, including punitive damages. The magnitude of the potential losses relating to these lawsuits may remain unknown for substantial periods of time and the cost to defend against any such litigation may be significant. 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 voluntarily participate, or be required by applicable regulators, to participate in a recall of that product if the defect or the alleged defect relates to safety. In the event of a recall, we may experience lost sales and be exposed to individual or class-action litigation claims and reputational risk. Product liability, warranty and recall costs may have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

- the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters; and

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

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

Further, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the Healthcare Reform Act), among other things, amends the intent requirement of the federal anti-kickback and criminal health care fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Healthcare Reform Act provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management s attention from the operation of our business.

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

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians for marketing. Some states, such as California, Massachusetts and Vermont, mandate implementation of commercial compliance programs, along with the tracking and reporting of gifts, compensation and other remuneration to physicians. The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

If we are unable to resolve issues raised in our FDA corporate warning letter, it could have a material adverse effect on our business, financial condition and results of operations, our relationship with the FDA and the perception of our products by hospitals, clinics and physicians.

On October 11, 2007, our subsidiary Arrow received a corporate warning letter from the FDA. The letter expressed concerns with Arrow s quality systems, including complaint handling, corrective and preventive action, process and design validation, inspection and training procedures. It also advised that Arrow s corporate-wide program to evaluate, correct and prevent quality system issues had been deficient.

Our efforts to address the issues raised in the corporate warning letter have required the dedication of significant internal and external resources. We developed and implemented a comprehensive plan to correct these previously-identified regulatory issues and further improve overall quality systems. From the end of 2009 to the beginning of 2010, the FDA reinspected the Arrow facilities covered by the corporate warning letter and we have responded to the observations issued by the FDA as a result of those inspections. Communications received from the FDA indicate that the FDA has classified its inspection observations as voluntary action indicated, or VAI. This classification signifies that the FDA has concluded that no further regulatory action is required and that any

observations made during the inspections can be addressed voluntarily by us. In addition, in the third quarter of 2010, we submitted and received FDA approval of all currently eligible requests for

certificates to foreign governments, or CFGs. We believe that the FDA s approval of these CFG requests is a clear indication that we have substantially corrected the quality system issues identified in the corporate warning letter. We are continuing to work with the FDA to resolve all remaining issues and obtain formal closure of the corporate warning letter.

While we continue to believe we have substantially remediated the issues raised in the corporate warning letter through the corrective actions taken to date, the corporate warning letter remains in place pending final resolution of all outstanding issues. If our remedial actions are not satisfactory to the FDA, we may have to devote additional financial and human resources to our efforts, and the FDA may take further regulatory actions against us. These actions may include seizing our product inventory, assessing civil monetary penalties or seeking an injunction against us, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Health care reform, including the recently enacted legislation, may have a material adverse effect on our industry and our results of operations.

Political, economic and regulatory influences are subjecting the health care industry to fundamental changes. In March 2010, the Healthcare Reform Act was enacted. It substantially changes the way health care is financed by both governmental and private insurers, encourages improvements in the quality of health care items and services and significantly impacts the U.S. pharmaceutical and medical device industries. Among other things, the Healthcare Reform Act:

- establishes a 2.3% deductible excise tax on any entity that manufactures or imports certain medical devices offered for sale in the United States, beginning 2013;
- establishes a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research;
- implements payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain health care services through bundled payment models, beginning on or before January 1, 2013; and
- creates an independent payment advisory board that will submit recommendations to reduce Medicare spending if projected Medicare spending exceeds a specified growth rate.

We currently estimate the impact of the 2.3% deductible excise tax to be approximately $15.0 million annually, beginning 2013. However, we cannot predict at this time the full impact of the Healthcare Reform Act and/or other healthcare reform measures that may be adopted in the future on our financial condition, results of operations and cash flow.

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

Many of our key products across both of our business segments are manufactured at single locations, with limited alternate facilities. If an event occurs that results in damage to one or more of our facilities, it may not be possible to timely manufacture the relevant products at previous levels or at all. In addition, in the event of delays or cancellations in shipments of raw materials by our suppliers, it may not be possible to timely manufacture the affected products at previous levels or at all. Furthermore, with respect to our Medical Segment, in the event of a disruption in our supply of certain components or materials, due to the stringent regulations and requirements of the FDA and other regulatory

authorities regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for such components or materials. A reduction or interruption in manufacturing, or an inability to secure alternative sources of raw

materials or components that are acceptable to us, could have an adverse effect on our business, results of operations and financial condition.

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

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

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

The medical device industry across all of our different product lines, as well as in each geographic market in which our products are sold, is highly competitive. We compete with many medical device companies ranging from small start-up enterprises which might only sell a single or limited number of competitive products or which may participate only in a specific market segment, to companies that are larger and more established than us with access to significant financial and marketing resources.

In addition, the medical device industry is characterized by extensive product research and development and rapid technological advances. Also, while our products for the aerospace industry generally have longer life cycles, many of those products require changes in design or other enhancements to meet the evolving needs of our customers. 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. Our product development efforts 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 or enhance existing products. In addition, our competitors may currently be developing, or may develop and market in the future, technologies that are more effective than those that we develop or which may render our products obsolete. Our failure to successfully develop and market new products or enhance existing products could reduce our revenues and margins, which would have an adverse effect on our business, financial condition and results of operations.

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

We have significant manufacturing and distribution facilities, research and development facilities, sales personnel and customer support operations outside the United States in countries such as Canada, Belgium, the Czech Republic,

France, Germany, Ireland, Malaysia, Mexico and Singapore. As of December 31, 2010, approximately 43% of our net property, plant and equipment was located outside the

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United States. In addition, as of December 31, 2010, approximately 50% of our net revenues (based on business unit location) were derived from operations outside the United States. Approximately 71% of our full-time and temporary employees as of December 31, 2010 were employed in countries outside of the United States.

Our international operations are subject to varying degrees of risk inherent in doing business outside the United States, including:

- exchange controls, currency restrictions and fluctuations in currency values;
- trade protection measures;
- potentially costly and burdensome import or export requirements;
- laws and business practices that favor local companies;
- changes in non-U.S. medical reimbursement policies and procedures;
- subsidies or increased access to capital for firms who are currently or may emerge as competitors in countries in which we have operations;
- scrutiny of foreign tax authorities which could result in significant fines, penalties and additional taxes being imposed on us;
- potentially negative consequences from changes in tax laws;
- restrictions and taxes related to the repatriation of foreign earnings;
- differing labor regulations;
- additional U.S. and foreign government controls or regulations;
- difficulties in the protection of intellectual property; and
- unsettled political and economic conditions and possible terrorist attacks against American interests.

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

potential personnel changes and disciplinary actions.

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

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.

Further weakness in general domestic and global economic growth combined with a continuation of constrained global credit markets could adversely impact our operating results, financial condition and liquidity.

We are subject to risks arising from adverse changes in general domestic and global economic conditions, including recession or economic slowdown and disruption of credit markets. The credit and capital markets experienced extreme volatility and disruption in recent periods, leading to recessionary conditions and depressed levels of consumer and commercial spending. These recessionary conditions have caused customers to reduce, modify, delay or cancel plans to purchase our products and services. While recent indicators suggest modest improvement in the United States and global economy, we cannot predict the duration or extent of any economic recovery or the extent to which our customers will return to more normalized spending behaviors. If the recessionary conditions return, our customers may terminate existing purchase orders or reduce the volume of products or services they purchase from us in the future.

Adverse economic and financial market conditions may also cause our suppliers to be unable to meet their commitments to us or may cause suppliers to make changes in the credit terms they extend to us, such as shortening the required payment period for outstanding accounts receivable or reducing the maximum amount of trade credit available to us. These types of actions by our suppliers could significantly affect our liquidity and could have a material adverse effect on our results of operations and financial condition. If we are unable to successfully anticipate changing economic and financial market conditions, we may be unable to effectively plan for and respond to those changes, and our business could be negatively affected.

In addition, the amount of goodwill and other intangible assets on our consolidated balance sheet have increased significantly in recent years, primarily as a result of the acquisition of Arrow International in 2007. Adverse economic and financial market conditions may result in future charges to recognize impairment in the carrying value of our goodwill and other intangible assets, which could have a material adverse effect on our financial results.

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

We are exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, commodity prices and interest rates. We expect revenue from products manufactured in, and sold into, non-U.S. markets to continue to represent a significant portion of our net revenue. Our consolidated financial statements reflect translation of financial statements denominated in non-U.S. currencies to U.S. dollars, our reporting currency. When the U.S. dollar strengthens or weakens in relation to the foreign currencies of the countries where we sell or manufacture our products, such as the euro, our U.S. dollar-reported revenue and income will fluctuate.

Although we have entered into forward contracts with several

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major financial institutions to hedge a portion of projected cash flows denominated in non-functional currency in order to reduce the effects of currency rate fluctuations, changes in the relative values of currencies may, in some instances, have a significant effect on our results of operations.

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

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

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

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

In addition, as part of our strategy for growth, we have made, and may continue to make, acquisitions and divestitures and enter into strategic alliances such as joint ventures and joint development agreements. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully, and our strategic alliances may not prove to be successful. In this regard, acquisitions involve numerous risks, including difficulties in the integration of 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. 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.

We may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions, and may experience business disruptions associated with announced restructuring, realignment and cost reduction activities.

Over the past few years we have announced several restructuring, realignment and cost reduction initiatives, including significant realignments of our businesses, employee terminations and product rationalizations. While we have started to realize the efficiencies of these actions, these activities may not produce the full efficiency and cost reduction benefits we expect. Further, such benefits may be realized later than expected, and the ongoing costs of implementing these measures may be greater than anticipated. If these measures are not successful or sustainable, we may undertake additional realignment and cost reduction efforts, which could result in future charges. Moreover, our ability to achieve our other strategic goals and business plans may be adversely affected and we could experience business disruptions with customers and elsewhere if our restructuring and realignment efforts prove ineffective.

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

As a company with significant operations outside of the United States, we are subject to taxation in numerous countries, states and other jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of the

countries, states and other jurisdictions in which we operate. Our effective tax rate may, however, be lower or higher than experienced in the past due to numerous factors, including a change in the mix of our profitability from country to country, changes in accounting for income taxes and changes in tax laws. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations, which could have an adverse effect on our business and results of operations.

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

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

We rely on the patent, trademark, copyright and trade secret laws of the United States and other countries to protect our proprietary rights. Although we own numerous U.S. and foreign patents and have applied for numerous patent applications, we cannot assure you that any pending patent applications will issue, or that any patents, issued or pending, will provide us with any competitive advantage or will not be challenged, invalidated or circumvented by third parties. In addition, we rely on confidentiality and non- disclosure agreements with employees and take other measures to protect our know-how and trade secrets. The steps we have taken may not prevent unauthorized use of our technology by unauthorized parties or competitors who may copy or otherwise obtain and use these products or technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. There is no guarantee that current and former employees, contractors and other parties will not breach their confidentiality agreements with us, misappropriate proprietary information or copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Moreover, there can be no assurance that others will not independently develop the know-how and trade secrets or develop better technology than our own, which could reduce or eliminate any competitive advantage we have developed. Our inability to protect our proprietary technology could result in competitive harm that could adversely affect our business.

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

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

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

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

or future litigation will not have a material adverse effect on our business, financial condition or results of operations.

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Our operations expose us to the risk of material environmental liabilities, litigation and violations.

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

the generation, storage, use and transportation of hazardous materials;

emissions or discharges of substances into the environment; and

the health and safety of our employees.

These laws and 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 will not adversely affect our financial condition and results of operations. Moreover, we may become subject to additional environmental claims, which may include claims for personal injury or cleanup, based on our past, present or future business activities, which could also adversely affect our financial condition and results of operations.

Our Aerospace Segment is subject to government regulation, which may require us to incur expenses to ensure compliance. Our failure to comply with those regulations could have adverse effect on our results of operations.

The U.S. Federal Aviation Administration (the FAA) regulates the manufacture and sale of some of our aerospace products and licenses for the operation of our repair stations. Comparable agencies, such as the European Aviation Safety Agency in Europe (the EASA), regulate these matters in other countries. If we fail to qualify for or obtain a required license for one of our products or services or lose a qualification or license previously granted, the sale of the subject product or service would be prohibited by law until such license is obtained or renewed and our business, financial condition and results of operations could be materially adversely affected. In addition, designing new products to meet existing regulatory requirements and retrofitting installed products to comply with new regulatory requirements can be expensive and time consuming.

From time to time, the FAA, the EASA or comparable agencies propose new regulations or changes to existing regulations. These changes or new regulations generally increase the costs of compliance. To the extent the FAA, the EASA or comparable agencies implement regulatory changes, we may incur significant additional costs to achieve compliance.

If we fail to establish and maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our consolidated results, and our ability to operate our business and our stock price.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States.

Any failure on our part to remedy any identified control deficiencies, or any delays or errors in our financial reporting, would have a material adverse effect on our business, results of operations, or financial condition.

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

For the fiscal year ended December 31, 2010, approximately 11% of our net revenues were generated 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 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.

Risks Related to Our Indebtedness and This Offering

Our substantial indebtedness could adversely affect our business, financial condition or results of operations and prevent us from fulfilling our obligations under the notes.

We have and, after this offering, will continue to have a significant amount of indebtedness. As of March 27, 2011, we had total indebtedness of $931.2 million on an actual basis and would have had $1,056.2 million on an as adjusted basis after giving effect to this offering and the use of proceeds thereof, including the prepayment of $125 million of borrowings under our credit facilities.

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

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

Despite current substantial indebtedness levels, we and our subsidiaries may still be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness. For example, as of March 27, 2011, on an as adjusted basis after giving effect to this offering and the use of proceeds thereof, including the prepayment of $125 million of borrowings under our credit facilities, after taking into account the limitations under the covenants under our credit facilities, we would have had $417.0 million

of borrowing capacity, including $394.9 million of borrowing capacity under our revolving credit facility and $22.1 million of borrowing capacity under our accounts receivable

securitization facility. Adding new indebtedness to current debt levels could make it more difficult for us to satisfy our obligations with respect to the notes.

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

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

incur additional indebtedness or issue disqualified stock or preferred stock;

create liens;

pay dividends, make investments or make other restricted payments;

sell assets;

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

enter into transactions with our affiliates;

permit layering of debt;

designate subsidiaries as unrestricted; and

use the proceeds of permitted sales of our assets.

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

The covenants described above are subject to important exceptions and qualifications and, with respect to the notes, are described under Description of Notes and, with respect to our credit facilities, are described under the heading Description of Other Indebtedness Credit Facilities in this prospectus supplement. With respect to the notes, certain of the covenants described above permanently cease to be in effect if the notes are rated investment grade by both Moody s and S&P. See Description of Notes Certain Covenants Changes in Covenants when Notes Are Rated Investment Grade.

If the notes are rated investment grade by both Moody s and S&P, certain covenants contained in the indenture will permanently cease to be in effect, and the holders of the notes will lose the protection of these covenants.

The indenture contains certain covenants that will permanently cease to be in effect if the notes are rated investment grade by both Moody s and S&P and no default or event of default has occurred. See Description of Notes Certain Covenants Changes in Covenants when Notes Are Rated Investment Grade. These covenants restrict, among other things, our ability to pay dividends, incur additional debt and enter into certain types of transactions.

Because these restrictions will permanently cease to be in effect if the notes are rated investment grade by both Moody s and S&P, we will be able to make dividends and distributions, incur substantial

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additional debt and enter into certain types of transactions. If the notes lose the protection of these covenants, the covenants will never be reinstated thereafter, even if the credit ratings assigned to the notes later fall below investment grade.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. Upon acceleration of our other material indebtedness, holders of the notes could declare all amounts outstanding under the notes immediately due and payable. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured indebtedness, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments. In addition, counterparties to some of our long-term customer contracts may have the right to amend or terminate those contracts if we have an event of default or a declaration of acceleration under certain of our indebtedness, which could adversely affect our business, financial condition or results of operations.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes. Our ability to generate cash depends on many factors beyond our control. We may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make payments on, and to refinance, our indebtedness, including the notes, and to fund planned capital expenditures, research and development efforts, working capital, acquisitions and other general corporate purposes depends on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, some of which are beyond our control. If we do not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to pay our indebtedness, including the notes, or to fund our liquidity needs, we may be forced to:

refinance all or a portion of our indebtedness, including the notes, on or before the maturity thereof;

sell assets;

reduce or delay capital expenditures; or

Lease financing

292,458,496

287,563,583

Factored receivables	93,101,778	93,016,702
Real estate-residential mortgage	130,468,335	129,464,803
Real estate-commercial mortgage	98,267,731	99,093,560
Real estate-construction and land development		

	34,573,704
	37,161,197
Installment	
	11,955,595
	12,103,045
Loans to depository institutions	
	20,000,000
	27,000,000

Loans held in portfolio, gross	
	1,193,454,104
	1,225,372,297
Less unearned discounts	
	38,051,866
	38,248,313
Loans held in portfolio, net of unearned discounts	
$	
	1,155,402,238

$		1,187,123,984

STERLING BANCORP AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Note 3. Investment Securities

There were no sales and/or calls of either available for sale securities or held to maturity securities.

Note 4. Employee Benefit Plans

The following table sets forth components of net periodic benefit cost for the Company's noncontributory defined benefit pension plan and unfunded supplemental retirement plan.

	Three Months Ended March 31,	
	2008	2007
Service cost	$ 496,234	$ 409,271
Interest cost	752,180	567,201
Expected return on plan assets	(647,686)	(475,457)
Amortization of prior service cost	16,643	24,689
Recognized actuarial loss	420,129	332,567
Net periodic benefit cost	$ 1,037,500	$ 858,271

The Company previously disclosed in its financial statements for the year ended December 31, 2007, that it expected to contribute approximately $2,000,000 to the defined benefit pension plan in 2008. No contribution has been made as of March 31, 2008.

EITF 06-4 requires the recognition of a liability and related compensation expense for endorsement split-dollar life insurance arrangements that provide a benefit to an employee that extends to post-retirement periods. Under EITF 06-4, life insurance policies purchased for the purpose of providing such benefits are considered not to have effectively settled an entity's obligation to the employee. Accordingly, the entity must recognize a liability and related compensation expense during the employee's active service period based on the future cost of insurance to be incurred during the employee's retirement. If the entity has agreed to provide the employee with a death benefit, then the liability for the future death benefit should be recognized by following the guidance in SFAS No. 106, *Employer's Accounting for Postretirement Benefits Other Than Pensions*. The Company adopted EITF 06-4 on January 1, 2008 as a change in accounting principle through a cumulative-effect adjustment to retained earnings totaling $726 thousand.

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Note 5. Noninterest income and expenses

The following tables set forth the significant components of noninterest income and noninterest expenses:

	Three Months Ended March 31,	
	2008	2007
NONINTEREST INCOME		
Accounts receivable management/factoring commissions and other fees	$ 3,564,704	$ 3,667,619
Service charges on deposit accounts	1,351,598	1,481,612
Other customer related service charges and fees	675,126	690,108
Mortgage banking income	2,498,588	2,832,420
Trust fees	135,280	141,203
Bank owned life insurance income	269,247	252,551
Losses on sales of other real estate owned, net	(227,668)	(46,074)
Other income	405,009	163,402
Total noninterest income	$ 8,671,884	$ 9,182,841
NONINTEREST EXPENSES		
Salaries	$ 9,348,662	$ 9,209,164
Employee benefits	2,835,722	2,277,909
Total personnel expense	12,184,384	11,487,073
Occupancy and equipment expenses, net	3,009,642	2,707,703
Advertising and marketing	634,954	963,901
Professional fees	1,363,703	1,339,775
Communications	455,876	516,270
Other expenses	2,517,987	2,622,954
Total noninterest expense	$ 20,166,546	$ 19,637,676

Note 6. Segment Reporting

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, established standards for the way that public business enterprises report and disclose selected information about operating segments in interim financial statements provided to stockholders.

The Company provides a broad range of financial products and services, including commercial loans, asset-based financing, factoring and accounts receivable management services, trade financing, equipment leasing, corporate and consumer deposit services, commercial and residential mortgage lending and brokerage, trust and estate administration and investment management services. The Company's primary source of earnings is net interest income, which represents the difference between interest earned on interest-earning assets and the interest incurred on interest-bearing liabilities. The Company's 2008 year-to-date average interest-earning assets were 60.4% loans (corporate lending was 68.2% and real estate lending was 26.9% of total loans, respectively) and 39.4% investment securities and money market investments. There are no industry concentrations exceeding 10% of loans, gross, in the corporate lending segment. Approximately 77% of loans are to borrowers located in the

metropolitan New York area. In order to comply with the provisions of SFAS No. 131, the Company has determined that it has three reportable operating segments: corporate lending, real estate lending and company-wide treasury.

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The following tables provide certain information regarding the Company's operating segments for the three month periods ended March 31,2008 and 2007 (all amounts are from continuing operations except where designated as discontinued):

	Corporate Lending	Real Estate Lending	Company-wide Treasury	Totals
Three Months Ended March 31, 2008				
Net interest income	$ 8,064,293	$ 4,855,441	$ 6,663,880	$ 19,583,614
Noninterest income	5,246,676	2,355,858	560,333	8,162,867
Depreciation and amortization	192,394	90,088	793	283,275
Segment income before income taxes	8,179,685	2,709,249	6,354,537	17,243,471
Segment assets	797,212,345	383,301,919	893,886,384	2,074,400,648
Three Months Ended March 31, 2007				
Net interest income	$ 6,225,650	$ 4,974,172	$ 6,054,048	$ 17,253,870
Noninterest income	5,582,025	2,874,925	335,723	8,792,673
Depreciation and amortization	180,404	92,308	614	273,326
Segment income from continuing operations before income taxes	4,121,969	4,247,900	5,746,217	14,116,086
Segment income from discontinued operations before income taxes	(167,454)	—	—	(167,454)
Segment assets from continuing operations	727,283,459	367,001,856	752,824,906	1,847,110,221
Segment assets from discontinued operations	1,302,240	—	—	1,302,240

The following table sets forth reconciliations of net interest income, noninterest income, profits and assets of reportable operating segments to the Company's consolidated totals:

	Three Months Ended March 31,	
	2008	2007
Net interest income:		
Total for reportable operating segments	$ 19,583,614	$ 17,253,870
Other [1]	251,804	249,136
Consolidated net interest income	$ 19,835,418	$ 17,503,006
Noninterest income:		
Total for reportable operating segments	$ 8,162,867	$ 8,792,673
Other [1]	509,017	390,168
Consolidated noninterest income	$ 8,671,884	$ 9,182,841
Income from continuing operations before income taxes:		

Total for reportable operating segments	$ 17,243,471	$ 14,116,086
Other [1]	(10,852,715)	(8,317,915)
Consolidated income from continuing operations before income taxes	$ 6,390,756	$ 5,798,171
Assets:		
Total for reportable operating segments:		
- continuing operations	$ 2,074,400,648	$ 1,847,110,221
- discontinued operations	—	1,302,240
Other [1]	30,956,298	25,765,711
Consolidated assets	$ 2,105,356,946	$ 1,874,178,172

[1] Represents operations not considered to be a reportable segment and/or general operating expenses of the Company.

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Note 7. Fair Value Measurements

The Company adopted the provisions of SFAS No. 157 as of January 1, 2008. In accordance with Financial Accounting Standards Board Staff Position ("FSP") No. 157-2, *Effective Date of FASB Statement No. 157,* the Company will delay application of SFAS No. 157 for certain non-financial assets and non-financial liabilities, until January 1, 2009. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and requires expanded disclosures regarding fair value measurements. The expanded disclosures include a requirement to disclose fair value measurements according to a hierarchy, segregating measurements using (1) quoted prices in active markets for identical assets or liabilities (2) significant other observable inputs and (3) significant unobservable inputs.

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are independent, knowledgeable, able to transact and willing to transact.

SFAS No. 157 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, SFAS No. 157 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- *Level 1 Inputs* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Examples of financial instruments generally included in this level are U.S. Treasury securities, equity and trust preferred securities that trade in active markets and listed derivative instruments.

- *Level 2 Inputs* - Inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means. Examples of financial instruments generally included in this level are corporate debt, mortgage-backed certificates issued by U.S. government corporations and government sponsored enterprises, equity securities (including Federal Home Loan Bank and Federal Reserve Bank common stock) that trade in inactive (or less active) markets, and certain derivative instruments.

- *Level 3 Inputs* - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own judgments about the assumptions that market participants would use in pricing the assets or liabilities. Examples of financial instruments generally included in this level are private equities, certain loans held for sale and other alternative investments.

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A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Company's financial assets and financial liabilities carried at fair value effective January 1, 2008.

In general, fair value of securities is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon market prices determined by an outside, independent entity that primarily use, as inputs, observable market-based parameters. Fair value of loans held for sale is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality, the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Securities available for sale and other investments. Securities classified as available for sale and other investments (included in "Other assets" on the consolidated balance sheet) are generally reported at fair value utilizing Level 1 and Level 2 inputs. Investments in fixed income securities, exclusive of preferred stock and mortgage-backed securities, are valued based on evaluations provided by Interactive Data Corporation ("IDC"), a leading global provider of market data information. IDC evaluations represent an exit price or their opinion as to what a buyer would pay for a security, typically in an institutional round lot position in a current sale. IDC seeks to utilize market data and observations in its evaluation service, and gives priority to observable benchmark yields and reported trades. IDC utilizes evaluated pricing techniques that vary by asset class and incorporate available market information; because many fixed income securities do not trade on a daily basis, IDC applies available information through processes such as benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. Model processes such as option-adjusted spread models are used to value securities that have prepayment features.

For mortgage-backed securities issued by U.S. government corporations and government sponsored enterprises management considers dealer indicative bids in the valuation process. Indicative bids are estimates of value and do not necessarily represent the price at which the dealer would be willing to transact. Such bids are compared to IDC evaluated prices for reasonableness as well as consistency with observable market conditions.

Publicly traded common and preferred stocks are valued by reference to the market closing price (last trade) on the measurement date. In the unlikely event that no trade occurred on the measurement date, reference would be made to an indicative bid or the last trade most proximate to the measurement date.

Interest rate floor contract. The value of the interest rate floor derivative contract is determined by reference to quotes from an independent broker.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2008, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Securities available for sale	$ 4,609,521	$ 407,911,236	$ —	$ 412,520,757
Other investments	$ 7,566,604	$ 3,234,895	$ —	$ 10,801,499
Interest rate floor contract	$ —	$ 110,973	$ —	$ 110,973

STERLING BANCORP AND SUBSIDIARIES
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Certain financial assets and financial liabilities, including loans held for sale, are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table summarizes financial assets measured at fair value on a non-recurring basis as of March 31, 2008:

	Period Ended 3/31/2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Loans held for sale	$ 774,693	—	—	$ 774,693	$(262,801)

In accordance with the provisions of SFAS No. 65, "Accounting for Certain Mortgage Banking Activities", mortgage loans held for sale with a carrying amount $1,037,494 were written down to their fair value of $774,693 resulting in a loss of $262,801, which was included in earnings for the period.

Reporting units measured at fair value in the first step of a goodwill impairment test and certain non-financial assets measured at fair value on a non-recurring basis (such as those measured at fair value in the second step of a goodwill impairment test) and intangible assets and other non-financial long-lived assets measured at fair value for impairment assessment, inculding other real estate owned, will be measured at fair value under SFAS No. 157 beginning January 1, 2009.

Effective January 1, 2008, the Company adopted the provisions of SFAS No. 159, *The Fair value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115*. SFAS No. 159 permits the Company to choose to report eligible items at fair value in the financial statements and on an ongoing basis, after making an election to do so at specified election dates. Unrealized gains and losses on items for which the fair value measurement option has been elected are reported in earnings at each subsequent reporting date. The fair value option (i) may be applied instrument by instrument, with certain exceptions, thus the Company may record identical financial assets and liabilities at fair value or by another measurement basis permitted under generally accepted accounting principles, (ii) is irrevocable (unless a new election date occurs) and (iii) is applied only to entire instruments and not to portions of instruments. The Company adopted SFAS No. 159 on January 1, 2008 but did not elect a fair value option for any of its financial assets or financial liabilities.

Note 8. New Accounting Standards

On January 1, 2008, the Company adopted the guidance contained in the Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 109, *Written Loan Commitments Recorded at Fair Value Through Earnings* ("SAB No. 109"). SAB No. 109 supersedes SAB No. 105, *Application of Accounting Principles to Loan Commitments*, and indicates that the expected net future cash flows related to the associated servicing of the loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. The adoption of SAB No. 109 did not have a material impact on the Company's financial statements.

SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133*, amends and expands the disclosure requirements of SFAS No. 133 to provide greater transparency about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedge items are accounted for under SFAS No. 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No.161 is effective for the Company on January 1, 2009 and is not expected to have a significant impact on the Company's financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following commentary presents management's discussion and analysis of the financial condition and results of operations of Sterling Bancorp (the "parent company"), a financial holding company under the Gramm-Leach-Bliley Act of 1999, and its subsidiaries, principally Sterling National Bank (the "bank"). Throughout this discussion and analysis, the term the "Company" refers to Sterling Bancorp and its subsidiaries. This discussion and analysis should be read in conjunction with the consolidated financial statements and supplemental data contained elsewhere in this quarterly report and the Company's annual report on Form 10-K for the year ended December 31, 2007. Certain reclassifications have been made to prior years' financial data to conform to current financial statement presentations.

OVERVIEW

The Company provides a broad range of financial products and services, including business and consumer loans, commercial and residential mortgage lending and brokerage, asset-based financing, factoring/accounts receivable management services, deposit services, trade financing, equipment leasing, trust and estate administration and investment management services. The Company has operations in the metropolitan New York area and New Jersey and conducts business throughout the United States. The general state of the U.S. economy and, in particular, economic and market conditions in the metropolitan New York area have a significant impact on loan demand, the ability of borrowers to repay these loans and the value of any collateral securing these loans and may also affect deposit levels. Accordingly, future general economic conditions are a key uncertainty that management expects will materially affect the Company's results of operations.

For the three months ended March 31, 2008, the bank's average earning assets represented approximately 99.7% of the Company's average earning assets. Loans represented 60.3% and investment securities represented 39.5% of the bank's average earning assets for the first quarter of 2008.

The Company's primary source of earnings is net interest income, and its principal market risk exposure is interest rate risk. The Company is not able to predict market interest rate fluctuations, and its asset-liability management strategy may not prevent interest rate changes from having a material adverse effect on the Company's results of operations and financial condition.

Although management endeavors to minimize the credit risk inherent in the Company's loan portfolio, it must necessarily make various assumptions and judgments about the collectibility of the loan portfolio based on its experience and evaluation of economic conditions. If such assumptions or judgments prove to be incorrect, the current allowance for loan losses may not be sufficient to cover loan losses and additions to the allowance may be necessary, which would have a negative impact on net income.

There is intense competition in all areas in which the Company conducts its business. The Company competes with banks and other financial institutions, including savings and loan associations, savings banks, finance companies and credit unions. Many of these competitors have substantially greater resources and lending limits and provide a wider array of banking services. To a limited extent, the Company also competes with other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies and insurance companies. Competition is based on a number of factors, including prices, interest rates, service, availability of products, and geographic location.

The Company regularly evaluates acquisition opportunities and conducts due diligence activities in connection with possible acquisitions. As a result, acquisition discussions, and in some cases negotiations, regularly take place and future acquisitions could occur.

INCOME STATEMENT ANALYSIS

Net interest income, which represents the difference between interest earned on interest-earning assets and interest incurred on interest-bearing liabilities, is the Company's primary source of earnings. Net interest income can be affected by changes in market interest rates as well as the level and composition of assets, liabilities and shareholders' equity. Net interest spread is the difference between the average rate earned, on a tax-equivalent basis, on interest-earning assets and the average rate paid on interest-bearing liabilities. The net yield on interest-earning assets ("net interest margin") is calculated by dividing tax-equivalent net interest income by average interest-earning assets. Generally, the net interest margin will exceed the net interest spread because a portion of interest-earning assets are funded by various noninterest-bearing sources, principally noninterest-bearing deposits and shareholders' equity. The increases (decreases) in the components of interest income and interest expense, expressed in terms of fluctuation in average volume and rate, are provided in the Rate/Volume Analysis shown on page 27. Information as to the components of interest income and interest expense and average rates is provided in the Average Balance Sheets shown on page 26.

Comparison of the Three Months Ended March 31, 2008 and 2007

The Company reported net income for the three months ended March 31, 2008 of $4.0 million, representing $0.22 per share calculated on a diluted basis, compared to $3.5 million, or $0.18 per share calculated on a diluted basis, for the first quarter of 2007. This increase reflects higher net interest income which was partially offset by increases in the provision for loan losses, noninterest expenses and the provision for income taxes coupled with lower noninterest income.

Net Interest Income

Net interest income, on a tax-equivalent basis, was $20.0 million for the first quarter of 2008 compared to $17.6 million for the 2007 period. Net interest income benefitted from higher average investment securities and loan balances, higher yields on investment securities and lower cost of funding. Partially offsetting those benefits was the impact of lower yield on loans and higher borrowed funds balances. The net interest margin, on a tax-equivalent basis, was 4.39% for the first quarter of 2008 compared to 4.24% for the 2007 period. The net interest margin was impacted by the lower interest rate environment in 2008, the higher level of noninterest-bearing demand deposits and the effect of higher average investment securities and loans outstanding.

Total interest income, on a tax-equivalent basis, aggregated $29.9 million for the first quarter of 2008, up $0.6 million, from the 2007 period. The tax-equivalent yield on interest-earning assets was 6.65% for the first quarter of 2008 compared to 7.15% for the 2007 period.

Interest earned on the loan portfolio decreased to $20.8 million for the first quarter of 2008 from $21.7 million the prior year period. Average loan balances amounted to $1,104.5 million, an increase of $51.2 million from an average of $1,053.3 million in the prior year period. The increase in average loans, primarily due to the Company’s business development activities, accounted for a $1.3 million increase in interest earned on loans. The decrease in the yield on the loan portfolio to 7.80% for the first quarter of 2008 from 8.66% for the 2007 period was primarily attributable to the lower interest rate environment in 2008 and the mix of average outstanding balances among the components of the loan portfolio.

Interest earned on the securities portfolio, on a tax-equivalent basis, increased to $9.1 million for the first quarter of 2008 from $6.8 million in the prior year period. Average outstandings increased to $720.5 million (39.4% of average earning assets) for the first quarter of 2008 from $579.1 million (34.4% of average earning assets) in the prior year period. The average life of the securities portfolio was approximately 7.4 years at March 31, 2008 compared to 4.4 years at March 31, 2007.

Interest earned on federal funds sold and deposits with other banks decreased by $0.7 million for the first quarter of 2008 from $0.7 million for the 2007 period, primarily due to lower funds employed in these assets. Average outstandings for these assets decreased to $3.3 million for the first quarter of 2008 from $50.6 million in the prior year period.

Total interest expense decreased by $1.7 million for the first quarter of 2008 from $11.6 million for the 2007 period, primarily due to the impact of lower rates paid for interest-bearing deposits and borrowings partially offset by the impact of higher borrowed funds balances.

Interest expense on deposits decreased to $6.9 million for the first quarter of 2008 from $9.4 million for the 2007 period, primarily due to a decrease in the cost of those funds. The average rate paid on interest-bearing deposits was 2.75% which was 100 basis points lower than the prior year period. The decrease in average cost of deposits reflects the lower interest rate environment during 2008.

Interest expense on borrowings increased to $3.0 million for the first quarter of 2008 from $2.2 million for the 2007 period, primarily due to an increase in average balances which was partially offset by lower rates paid for these funds. Average borrowings increased to $330.5 million for the first quarter of 2008 from $170.6 million in the prior year period, reflecting greater reliance by the Company on wholesale funding. The average rate paid for borrowed funds was 3.63% which was 159 basis points lower than the prior year period. The decrease in the average cost of borrowings refle1cts the lower interest rate environment in 2008.

Provision for Loan Losses

Based on management's continuing evaluation of the loan portfolio (discussed under "Asset Quality" on page 21), the provision for loan losses for the first quarter of 2008 was $2.0 million, compared to $1.3 million for the prior year period. Factors affecting the level of provision included the growth in the loan portfolios, changes in general economic conditions and the amount of nonaccrual loans.

Noninterest Income

Noninterest income decreased to $8.7 million for the first quarter of 2008 from $9.2 million in the 2007 period. The decrease principally resulted from lower mortgage banking income and greater losses related to the sale of other real estate owned properties attributable to the disruption of the residential real estate market. Factors contributing to lower mortgage banking income were the recognition of a revaluation charge which reduced the carrying values of residential mortgage loans held for sale to the lower of cost or market and a lower volume of loans sold.

Noninterest Expenses

Noninterest expenses for the first quarter of 2008 increased $0.5 million when compared to the 2007 period. The increase was primarily due to higher salaries, related to normal salary adjustments, employee benefits primarily related to increased healthcare insurance and pension costs and occupancy and equipment costs related to greater rent expense. These increases were partially offset by lower advertising and marketing expenses due to the timing of new advertising campaigns.

Provision for Income Taxes

The provision for income taxes for the first quarter of 2008 increased to $2.4 million from $2.2 million for the first quarter of 2007. The increase was primarily due to the higher level of pre-tax income in the 2008 period.

BALANCE SHEET ANALYSIS

Securities

At March 31, 2008, the Company's portfolio of securities totaled $761.0 million, of which obligations of U.S. government corporations and government sponsored enterprises amounted to $711.2 million which is approximately 93.5% of total. The Company has the intent and ability to hold to maturity securities classified as "held to maturity." These securities are carried at cost, adjusted for amortization of premiums and accretion of discounts. The gross unrealized gains and losses on "held to maturity" securities were $5.2 million and $0.8 million, respectively. Securities classified as "available for sale" may be sold in the future, prior to maturity. These securities are carried at estimated fair value. Net aggregate unrealized gains or losses on these securities are included in a valuation allowance account and are shown net of taxes, as a component of shareholders' equity. Given the generally high credit quality of the portfolio, management expects to realize all of its investment upon market recovery or the maturity of such instruments and thus believes that any impairment in value is interest rate related and therefore temporary. "Available for sale" securities included gross unrealized gains of $4.2 million and gross unrealized losses of $3.5 million.

The following table presents information regarding the average life and yields of certain available for sale ("AFS") and held to maturity ("HTM") securities:

	Weighted Average Life		Weighted Average Yield	
March 31, 2008	AFS	HTM	AFS	HTM
Mortgage-backed securities	4.5 years	4.6 years	4.71%	4.66%
Agency notes (with original call dates ranging between 3 and 36 months)	13.4 years	9.4 years	5.63%	6.19%
Agency notes (noncallable)	—	0.4 years	—	4.58%
Obligations of state and political subdivisions	5.9 years	—	6.12% (1)	—

(1) tax equivalent

The following table presents information regarding securities available for sale:

March 31, 2008	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities				
CMO's (Federal National Mortgage Association)	$ 8,805,396	$ 35,482	$ 47,165	$ 8,793,713
CMO's (Federal Home Loan Mortgage Corporation)	22,397,403	34,820	185,308	22,246,915
CMO's (Government National Mortgage Association)	8,288,670	—	275,620	8,013,050
Federal National Mortgage Association	62,002,291	621,248	281,415	62,342,124
Federal Home Loan Mortgage Corporation	35,623,551	343,744	62,798	35,904,497
Government National Mortgage Association	3,236,508	173,725	3,237	3,406,996
Total mortgage-backed securities	140,353,819	1,209,019	855,543	140,707,295
Agency Notes				
Federal Home Loan Bank	139,958,121	1,574,692	87,500	141,445,313
Federal Farm Credit Bank	79,912,119	884,756	—	80,796,875
Total obligations of U.S. Government corporations and government sponsored enterprises	360,224,059	3,668,467	943,043	362,949,483
Obligations of state and political institutions	20,727,850	488,687	62,043	21,154,494
Trust preferred securities	5,377,487	6,363	794,051	4,589,799
Corporate securities	13,613,341	—	1,725,481	11,887,860
Federal Reserve Bank stock	1,130,700	—	—	1,130,700
Federal Home Loan Bank stock	10,489,700	—	—	10,489,700
Other securities	304,442	14,279	—	318,721
Total	$ 411,867,579	$ 4,177,796	$ 3,524,618	$ 412,520,757

The following table presents information regarding securities held to maturity:

March 31, 2008	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities				
CMO's (Federal National Mortgage Association)	$ 12,316,399	$ 51,681	$ 64,564	$ 12,303,516
CMO's (Federal Home Loan Mortgage Corporation)	20,991,139	115,231	120,010	20,986,360
Federal National Mortgage Association	164,404,293	2,712,642	118,725	166,998,210
Federal Home Loan Mortgage Corporation	117,141,059	923,137	522,834	117,541,362
Government National Mortgage Association	8,405,510	412,896	—	8,818,406
Total mortgage-backed securities	323,258,400	4,215,587	826,133	326,647,854
Federal Home Loan Bank agency notes	24,998,516	965,546	—	25,964,062

Total obligations of U.S. Government corporations and government sponsored enterprises	348,256,916	5,181,133	826,133	352,611,916
Debt securities issued by foreign governments	250,000	—	1,130	248,870
Total	$ 348,506,916	$ 5,181,133	$ 827,263	$ 352,860,786

The Company invests principally in obligations of U.S. government corporations and government sponsored enterprises and A- rated or better investments. The fair value of these investments fluctuates based on several factors, including credit quality and general interest rate changes. The Company determined that it has the ability to hold its investments until maturity and, given its current intention to do so, anticipates that it will realize the full carrying value of its investment.

Loan Portfolio

A management objective is to maintain the quality of the loan portfolio. The Company seeks to achieve this objective by maintaining rigorous underwriting standards coupled with regular evaluation of the creditworthiness of and the designation of lending limits for each borrower. The portfolio strategies include seeking industry and loan size diversification in order to minimize credit exposure and originating loans in markets with which the Company is familiar.

The Company's commercial and industrial loan and factored receivables portfolios represents approximately 51% of all loans. Loans in this category are typically made to small and medium-sized businesses and range between $25,000 and $10 million. The Company's real estate mortgage portfolio, which represents approximately 21% of all loans, is comprised of mortgages secured by real property located principally in the states of New York, New Jersey, Virginia and North Carolina. The Company's leasing portfolio, which consists of finance leases for various types of business equipment, represents approximately 22% of all loans. Sources of repayment are from the borrower's operating profits, cash flows and liquidation of pledged collateral. Based on underwriting standards, loans may be secured in whole or in part by collateral such as liquid assets, accounts receivable, equipment, inventory, and real property. The collateral securing any loan or lease may depend on the type of loan or lease and may vary in value based on market conditions.

The following table sets forth the composition of the Company's loans held for sale and loans held in portfolio:

	March 31,			
	2008		2007	
	($ in thousands)			
	Balances	% of Total	Balances	% of Total
Domestic				
Commercial and industrial	$ 512,376	43.51%	$ 504,270	45.02%
Equipment lease financing	254,885	21.64	211,675	18.90
Factored receivables	92,876	7.89	92,312	8.24
Real estate - residential mortgage	152,702	12.97	153,504	13.70
Real estate- commercial mortgage	98,268	8.34	88,451	7.90
Real estate -construction and land development	34,574	2.94	30,280	2.70
Installment - individuals	11,956	1.01	12,672	1.13
Loans to depository institutions	20,000	1.70	27,000	2.41
Loans, net of unearned discounts	$ 1,177,637	100.00%	$ 1,120,164	100.00%

Asset Quality

Intrinsic to the lending process is the possibility of loss. In times of economic slowdown, the risk of loss inherent in the Company's portfolio of loans may increase. While management endeavors to minimize this risk, it recognizes that loan losses will occur and that the amount of these losses will fluctuate depending on the risk characteristics of the loan portfolio which in turn depend on current and expected economic conditions, the financial condition of borrowers, the realization of collateral, and the credit management process.

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The following table sets forth certain information with respect to the Company's loan loss experience:

	Three Months Ended March 31,	
	2008	2007
	($ in thousands)	
Average loans held in portfolio, net of unearned discounts, during period	$ 1,081,085	$ 1,014,079
Allowance for loan losses:		
Balance at beginning of period	$ 15,085	$ 16,288
Charge-offs:		
Commercial and industrial	834	439
Lease financing	751	1,001
Factored receivables	85	57
Installment	—	67
Total charge-offs	1,670	1,564
Recoveries:		
Commercial and industrial	3	7
Lease financing	97	41
Factored receivables	5	4
Installment	67	21
Total recoveries	172	73
Subtract:		
Net charge-offs	1,498	1,491
Provision for loan losses	1,950	1,250
Less losses on transfers to other real estate owned	375	241
Balance at end of period	$ 15,162	$ 15,806
Ratio of annualized net charge-offs to average loans held in portfolio, net of unearned discounts	0.55%	0.59%

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Management views the allowance for loan losses as a critical accounting policy due to its subjectivity. The allowance for loan losses is maintained through the provision for loan losses, which is a charge to operating earnings. The adequacy of the provision and the resulting allowance for loan losses is determined by a management evaluation process of the loan portfolio, including identification and review of individual problem situations that may affect the borrower's ability to repay, review of overall portfolio quality through an analysis of current charge-offs, delinquency and nonperforming loan data, estimates of the value of any underlying collateral, an assessment of current and expected economic conditions and changes in the size and character of the loan portfolio. Other data utilized by management in determining the adequacy of the allowance for loan losses include, but are not limited to, the results of regulatory reviews, the amount of, trend of and/or borrower characteristics on loans that are identified as requiring special attention as part of the credit review process, and peer group comparisons. The impact of this other data might result in an allowance greater than that indicated by the evaluation process previously described. The allowance reflects management's evaluation both of loans presenting identified loss potential and of the risk inherent in various components of the loan portfolio, including loans identified as impaired as required by SFAS No. 114. Thus, an increase in the size of the portfolio or in any of its components could necessitate an increase in the allowance even though there may not be a decline in credit quality or an increase in potential problem loans. A significant change in any of the evaluation factors described above could result in future additions to the allowance. At March 31, 2008, the ratio of the allowance to loans held in portfolio, net of unearned discounts, was 1.31% and the allowance was $15.2 million. At such date, the Company's nonaccrual loans amounted to $6.5 million, none of which was judged to be impaired within the scope of SFAS No. 114. Loans 90 days past due and still accruing amounted to $0.5 million. Based on the foregoing, as well as management's judgment as to the current risks inherent in loans held in portfolio, the Company's allowance for loan losses was deemed adequate to absorb all probable losses on specifically known and other credit risks associated with the portfolio as of March 31, 2008. Net losses within loans held in portfolio are not statistically predictable and changes in conditions in the next twelve months could result in future provisions for loan losses varying from the provision recognized in the first quarter of 2008. At March 31, 2008, there were no potential problem loans, which are loans that are currently performing under present loan repayment terms but where known information about possible credit problems of borrowers causes management to have serious doubts as to the ability of the borrowers to continue to comply with the present repayment terms.

Deposits

A significant source of funds for the Company continues to be deposits, consisting of demand (noninterest-bearing), NOW, savings, money market and time deposits (principally certificates of deposit).

The following table provides certain information with respect to the Company's deposits:

	March 31,			
	2008		2007	
	($ in thousands)			
	Balances	% of Total	Balances	% of Total
Domestic				
Demand	$ 494,308	33.06%	$ 461,734	30.60%
NOW	237,985	15.92	224,761	14.89
Savings	19,251	1.29	21,792	1.44
Money market	208,834	13.97	234,521	15.54
Time deposits	534,081	35.72	565,776	37.49
Total domestic deposits	1,494,459	99.96	1,508,584	99.96
Foreign				
Time deposits	576	0.04	574	0.04
Total deposits	$ 1,495,035	100.00%	$ 1,509,158	100.00%

Fluctuations of balances in total or among categories at any date may occur based on the Company's mix of assets and liabilities as well as on customers' balance sheet strategies. Historically, however, average balances for deposits have been relatively stable. Information regarding these average balances is presented on page 26.

CAPITAL

The Company and the bank are subject to risk-based capital regulations which quantitatively measure capital against risk-weighted assets, including certain off-balance sheet items. These regulations define the elements of the Tier 1 and Tier 2 components of Total Capital and establish minimum ratios of 4% for Tier 1 capital and 8% for Total Capital for capital adequacy purposes. Supplementing these regulations is a leverage requirement. This requirement establishes a minimum leverage ratio (at least 3% or 4%, depending upon an institution's regulatory status) which is calculated by dividing Tier 1 capital by adjusted quarterly average assets (after deducting goodwill). Information regarding the Company's and the bank's risk-based capital is presented on page 28. In addition, the bank is subject to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") which imposes a number of mandatory supervisory measures. Among other matters, FDICIA established five capital categories, ranging from "well capitalized" to "critically under capitalized", which are used by regulatory agencies to determine a bank's deposit insurance premium, approval of applications authorizing institutions to increase their asset size or otherwise expand business activities or acquire other institutions. Under FDICIA, a "well capitalized" bank must maintain minimum leverage, Tier 1 and Total Capital ratios of 5%, 6% and 10%, respectively. The Federal Reserve Board applies comparable tests for holding companies such as the Company. At March 31, 2008, the Company and the bank exceeded the requirements for "well capitalized" institutions.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

For information regarding recently issued accounting pronouncement and its expected impact on the Company's consolidated financial statements, see Note 8 of the Company's unaudited consolidated financial statements in this quarterly report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this quarterly report on Form 10-Q, including but not limited to, statements concerning future results of operations or financial position, borrowing capacity and future liquidity, future investment results, future credit exposure, future loan losses and plans and objectives for future operations, and other statements contained herein regarding matters that are not historical facts, are "forward-looking statements" as defined in the Securities Exchange Act of 1934. These statements are not historical facts but instead are subject to numerous assumptions, risks and uncertainties, and represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Any forward-looking statements we may make speak only as of the date on which such statements are made. Our actual results and financial position may differ materially from the anticipated results and financial condition indicated in or implied by these forward-looking statements.

Factors that could cause our actual results to differ materially from those in the forward-looking statements include, but are not limited to, the following: inflation, interest rates, market and monetary fluctuations; geopolitical developments, including acts of war and terrorism and their impact on economic conditions; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board; changes, particularly declines, in general economic conditions and in the local economies in which the Company operates; the financial condition of the Company's borrowers; competitive pressures on loan and deposit pricing and demand; changes in technology and their impact on the marketing of new products and services and the acceptance of these products and services by new and existing customers; the willingness of customers to substitute competitors' products and services for the Company's products and services; the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance); changes in accounting principles, policies and guidelines; the risks and uncertainties described in "Risk Factors" in the Company's annual report on Form 10-K for the year ended December 31, 2007; and other risks and uncertainties detailed from time to time in press releases and other public filings; and the Company's performance in managing the risks involved in any of the foregoing. The foregoing list of important factors is not exclusive, and we will not update any forward-looking statement, whether written or oral, that may be made from time to time.

STERLING BANCORP AND SUBSIDIARIES
Average Balance Sheets [1]
Three Months Ended March 31,
(Unaudited)

(dollars in thousands)

	2008			2007		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS						
Interest-bearing deposits with other banks	$ 3,331	$ 12	1.40%	$ 2,830	$ 31	4.40%
Securities available for sale	345,034	4,533	5.26	134,632	1,640	4.87
Securities held to maturity	356,320	4,225	4.74	423,120	4,869	4.60
Securities tax-exempt [2]	19,132	294	6.18	21,353	338	6.43
Total investment securities	720,486	9,052	5.03	579,105	6,847	4.73
Federal funds sold	—	—	—	47,722	635	5.33
Loans, net of unearned discounts [3]	1,104,473	20,820	7.80	1,053,306	21,727	8.66
TOTAL INTEREST-EARNING ASSETS	1,828,290	29,884	6.65%	1,682,963	29,240	7.15%
Cash and due from banks	67,626			67,499		
Allowance for loan losses	(15,570)			(16,876)		
Goodwill	22,901			22,862		
Other assets	102,793			87,077		
Total assets-continuing operations	2,006,040			1,843,525		
Assets-discontinued operations	—			1,158		
TOTAL ASSETS	$ 2,006,040			$ 1,844,683		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits						
Domestic						
Savings	$ 18,649	16	0.34%	$ 20,902	25	0.48%
NOW	236,714	825	1.40	222,019	1,398	2.55
Money market	209,511	769	1.48	207,063	1,436	2.81
Time	550,819	5,336	3.90	566,176	6,546	4.69
Foreign						
Time	576	2	1.09	574	2	1.09
Total interest-bearing deposits	1,016,269	6,948	2.75	1,016,734	9,407	3.75

Borrowings						
Securities sold under agreements to repurchase - customers	82,460	646	3.15	95,047	1,075	4.59
Securities sold under agreements to repurchase - dealers	36,026	317	3.54	—	—	—
Federal funds purchased	48,956	362	2.92	945	12	5.24
Commercial paper	21,150	195	3.70	27,902	350	5.08
Short-term borrowings - FHLB	25,868	215	3.34	—	—	—
Short-term borrowings - other	1,838	14	3.09	900	12	5.35
Long-term borrowings - FHLB	88,462	714	3.23	20,000	225	4.49
Long-term borrowings - sub debt	25,774	523	8.38	25,774	523	8.38
Total borrowings	330,534	2,986	3.63	170,568	2,197	5.22
TOTAL INTEREST-BEARING LIABILITIES	1,346,803	9,934	2.96%	1,187,302	11,604	3.96%
Noninterest-bearing deposits	440,860			434,798		
Other liabilities	98,098			91,701		
Liabilities-discontinued operations	—			436		
Total liabilities	1,885,761			1,714,237		
Shareholders' equity	120,279			130,446		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,006,040			$ 1,844,683		
Net interest income/spread		19,950	3.69%		17,636	3.19%
Net yield on interest-earning assets (margin)			4.39%			4.24%
Less: Tax equivalent adjustment		115			133	
Net interest income		$ 19,835			$ 17,503	

[1] The average balances of assets, liabilities and shareholders' equity are computed on the basis of daily averages. Average rates are presented on a tax-equivalent basis. Certain reclassifications have been made to amounts for prior periods to conform to the current presentation.

[2] Interest on tax-exempt securities is presented on a tax-equivalent basis.

[3] Includes loans held for sale and loans held in portfolio; all loans are domestic. Nonaccrual loans are included in amounts outstanding and income has been included to the extent earned.

STERLING BANCORP AND SUBSIDIARIES
Rate/Volume Analysis [1]
(Unaudited)

(in thousands)

	Increase/(Decrease) Three Months Ended March 31, 2008 to March 31, 2007		
	Volume	Rate	Net [2]
INTEREST INCOME			
Interest-bearing deposits with other banks	$ 4	$ (23)	$ (19)
Securities available for sale	2,753	140	2,893
Securities held to maturity	(780)	136	(644)
Securities tax-exempt	(31)	(13)	(44)
Total investment securities	1,942	263	2,205
Federal funds sold	(635)	—	(635)
Loans, net of unearned discounts [3]	1,348	(2,255)	(907)
TOTAL INTEREST INCOME	$ 2,659	$ (2,015)	$ 644
INTEREST EXPENSE			
Interest-bearing deposits			
Domestic			
Savings	$ (3)	$ (6)	$ (9)
NOW	102	(675)	(573)
Money market	32	(699)	(667)
Time	(105)	(1,105)	(1,210)
Foreign			
Time	—	—	—
Total interest-bearing deposits	26	(2,485)	(2,459)
Borrowings			
Securities sold under agreements to repurchase - customers	(118)	(311)	(429)
Securities sold under agreements to repurchase - dealers	317	—	317
Federal funds purchased	357	(7)	350
Commercial paper	(71)	(84)	(155)

Short-term borrowings - FHLB	215	0	215
Short-term borrowings - other	9	(7)	2
Long-term borrowings - FHLB	568	(79)	489
Long-term borrowings - sub debt	—	—	—
Total borrowings	1,277	(488)	789
TOTAL INTEREST EXPENSE	$ 1,303	$ (2,973)	$ (1,670)
NET INTEREST INCOME	$ 1,356	$ 958	$ 2,314

[1] This table is presented on a tax-equivalent basis.

[2] Changes in interest income and interest expense due to a combination of both volume and rate have been allocated to the change due to volume and the change due to rate in proportion to the relationship of the change due solely to each.

[3] Includes loans held for sale and loans held in portfolio; all loans are domestic. Nonaccrual loans are included in amounts outstanding and income has been included to the extent earned.

STERLING BANCORP AND SUBSIDIARIES
Regulatory Capital and Ratios

Ratios and Minimums
(dollars in thousands)

	Actual		For Capital Adequacy Minimum		To Be Well Capitalized	
As of March 31, 2008	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to Risk Weighted Assets):						
The Company	$ 149,706	10.86%	$ 110,317	8.00%	$ 137,897	10.00%
The bank	151,154	11.01	109,826	8.00	137,283	10.00
Tier 1 Capital (to Risk Weighted Assets):						
The Company	134,412	9.75	55,159	4.00	82,738	6.00
The bank	135,860	9.90	54,913	4.00	82,370	6.00
Tier 1 Leverage Capital (to Average Assets):						
The Company	134,412	6.78	79,326	4.00	99,157	5.00
The bank	135,860	6.87	79,135	4.00	98,919	5.00
As of December 31, 2007						
Total Capital (to Risk Weighted Assets):						
The Company	$ 149,014	10.87%	$ 109,706	8.00%	$ 137,133	10.00%
The bank	147,442	10.77	109,507	8.00	136,884	10.00
Tier 1 Capital (to Risk Weighted Assets):						
The Company	133,785	9.76	54,853	4.00	82,280	6.00
The bank	132,213	9.66	54,753	4.00	82,130	6.00
Tier 1 Leverage Capital (to Average Assets):						
The Company	133,785	6.88	77,835	4.00	97,294	5.00
The bank	132,213	6.79	77,943	4.00	97,429	5.00

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
ASSET/LIABILITY MANAGEMENT

The Company's primary earnings source is its net interest income; therefore, the Company devotes significant time and has invested in resources to assist in the management of interest rate risk and asset quality. The Company's net interest income is affected by changes in market interest rates, and by the level and composition of interest-earning assets and interest-bearing liabilities. The Company's objectives in its asset/liability management are to utilize its capital effectively, to provide adequate liquidity and to enhance net interest income, without taking undue risks or subjecting the Company unduly to interest rate fluctuations.

The Company takes a coordinated approach to the management of its liquidity, capital and interest rate risk. This risk management process is governed by policies and limits established by senior management which are reviewed and approved by the Asset/Liability Committee. This committee, which is comprised of members of senior management, meets to review, among other things, economic conditions, interest rates, yield curve, cash flow projections, expected customer actions, liquidity levels, capital ratios and repricing characteristics of assets, liabilities and financial instruments.

Market Risk

Market risk is the risk of loss in a financial instrument arising from adverse changes in market indices such as interest rates, foreign exchange rates and equity prices. The Company's principal market risk exposure is interest rate risk, with no material impact on earnings from changes in foreign exchange rates or equity prices.

Interest rate risk is the exposure to changes in market interest rates. Interest rate sensitivity is the relationship between market interest rates and net interest income due to the repricing characteristics of assets and liabilities. The Company monitors the interest rate sensitivity of its balance sheet positions by examining its near-term sensitivity and its longer-term gap position. In its management of interest rate risk, the Company utilizes several financial and statistical tools, including traditional gap analysis and sophisticated income simulation models.

A traditional gap analysis is prepared based on the maturity and repricing characteristics of interest-earning assets and interest-bearing liabilities for selected time bands. The mismatch between repricings or maturities within a time band is commonly referred to as the "gap" for that period. A positive gap (asset sensitive) where interest rate sensitive assets exceed interest rate sensitive liabilities generally will result in the net interest margin increasing in a rising rate environment and decreasing in a falling rate environment. A negative gap (liability sensitive) will generally have the opposite result on the net interest margin. However, the traditional gap analysis does not assess the relative sensitivity of assets and liabilities to changes in interest rates and other factors that could have an impact on interest rate sensitivity or net interest income. The Company utilizes the gap analysis to complement its income simulations modeling, primarily focusing on the longer-term structure of the balance sheet.

The Company's balance sheet structure is primarily short-term in nature with a substantial portion of assets and liabilities repricing or maturing within one year. The Company's gap analysis at March 31, 2008, presented on page 34, indicates that net interest income would increase during periods of rising interest rates and decrease during periods of falling interest rates, but, as mentioned above, gap analysis may not be an accurate predictor of net interest income.

As part of its interest rate risk strategy, the Company may use financial instrument derivatives to hedge the interest rate sensitivity of assets. The Company has written policy guidelines, approved by the Board of Directors, governing the use of financial instruments, including approved counterparties, risk limits and appropriate internal control procedures. The credit risk of derivatives arises principally from the potential for a counterparty to fail to meet its obligation to settle a contract on a timely basis.

As of March 31, 2008, the Company was a party to an interest rate floor agreement with a notional amount of $50,000,000 and a maturity of September 14, 2008. The interest rate floor contract requires the counterparty to pay the Company at specified future dates the amount, if any, by which the specified interest (prime rate) falls below the fixed floor rates, applied to the notional amounts. The Company utilizes the financial instruments to adjust its interest rate risk position without exposing itself to principal risk and funding requirements. The financial instrument is being used as part of the Company's interest rate risk management and not for trading purposes. At March 31, 2008, the counterparty had an investment grade credit rating from the major rating agencies. The counterparty is specifically approved for applicable credit exposure.

The interest rate floor contract requires the Company to pay a fee for the right to receive a fixed interest payment. The Company paid an up-front premium of $80,000. At March 31, 2008, there were no amounts receivable under these contracts.

The interest rate floor agreement was not designated as a hedge for accounting purposes and therefore changes in the fair value of this instrument are required to be recognized as income or expenses in the Company's financial statements. At March 31, 2008 and 2007, the aggregate fair value of the interest rate floor was $110,973 and $2,290, respectively. For the three months ended March 31, 2008 and 2007, $100,365 was credited to "Other income" and $379 was charged against "Other income", respectively.

The Company utilizes income simulation models to complement its traditional gap analysis. While the Asset/Liability Committee routinely monitors simulated net interest income sensitivity over a rolling two-year horizon, it also utilizes additional tools to monitor potential longer-term interest rate risk. The income simulation models measure the Company's net interest income volatility or sensitivity to interest rate changes utilizing statistical techniques that allow the Company to consider various factors which impact net interest income. These factors include actual maturities, estimated cash flows, repricing characteristics, deposits growth/retention and, most importantly, the relative sensitivity of the Company's assets and liabilities to changes in market interest rates. This relative sensitivity is important to consider as the Company's core deposit base has not been subject to the same degree of interest rate sensitivity as its assets. The core deposit costs are internally managed and tend to exhibit less sensitivity to changes in interest rates than the Company's adjustable rate assets whose yields are based on external indices and generally change in concert with market interest rates.

The Company's interest rate sensitivity is determined by identifying the probable impact of changes in market interest rates on the yields on the Company's assets and the rates that would be paid on its liabilities. This modeling technique involves a degree of estimation based on certain assumptions that management believes to be reasonable. Utilizing this process, management projects the impact of changes in interest rates on net interest margin. The Company has established certain policy limits for the potential volatility of its net interest margin assuming certain levels of changes in market interest rates with the objective of maintaining a stable net interest margin under various probable rate scenarios. Management generally has maintained a risk position well within the policy limits. As of March 31, 2008, the model indicated the impact of a 200 basis point parallel and pro rata rise in rates over 12 months would approximate a 2.2% ($2.0 million) increase in net interest income, while the impact of a 200 basis point decline in rates over the same period would approximate a 2.2% ($2.0 million) decline from an unchanged rate environment.

The preceding sensitivity analysis does not represent a Company forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including: the nature and timing of interest rate levels including yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment/replacement of asset and liability cash flows, and others. While assumptions are developed based upon current economic and local market conditions, the Company cannot provide any assurances as to the predictive nature of these assumptions, including how customer's preferences or competitor influences might change.

Also, as market conditions vary from those assumed in the sensitivity analysis, actual results will also differ due to: prepayment/refinancing levels likely deviating from those assumed, the varying impact of interest rate change caps or floors on adjustable rate assets, the potential effect of changing debt service levels on customers with adjustable rate loans, depositor early withdrawals and product preference changes, and other variables. Furthermore, the sensitivity analysis does not reflect actions that the Asset/Liability Committee might take in responding to or anticipating changes in interest rates.

The shape of the yield curve can also impact the Bank's interest rate sensitivity. In general, a steeper yield curve (i.e., the differences between interest rates for different maturities are relatively greater) is better for the Bank than a flatter curve. Accordingly, the Bank's exposure to declining interest rates would be lessened if the yield curve steepened more than anticipated as rates declined. Conversely, the expected benefit to net interest income in a rising rate environment would likely be dampened to the extent that the yield curve flattened more than anticipated as rates increased. To the extent that further Federal Reserve interest rate cuts do not materialize, and to the extent that the current relatively steep yield curve prevails, the Bank's margin will benefit in 2008.

Liquidity Risk

Liquidity is the ability to meet cash needs arising from changes in various categories of assets and liabilities. Liquidity is constantly monitored and managed at both the parent company and the bank levels. Liquid assets consist of cash and due from banks, interest-bearing deposits in banks and Federal funds sold and securities available for sale. Primary funding sources include core deposits, capital markets funds and other money market sources. Core deposits include domestic noninterest-bearing and interest-bearing retail deposits, which historically have been relatively stable. The parent company and the bank believe that they have significant unused borrowing capacity. Contingency plans exist which we believe could be implemented on a timely basis to mitigate the impact of any dramatic change in market conditions.

While the parent company generates income from its own operations, it also depends for its cash requirements on funds maintained or generated by its subsidiaries, principally the bank. Such sources have been adequate to meet the parent company's cash requirements throughout its history.

Various legal restrictions limit the extent to which the bank can supply funds to the parent company and its nonbank subsidiaries. All national banks are limited in the payment of dividends without the approval of the Comptroller of the Currency to an amount not to exceed the net profits as defined, for the year to date combined with its retained net profits for the preceding two calendar years.

At March 31, 2008, the parent company's short-term debt, consisting principally of commercial paper used to finance ongoing current business activities, was approximately $20.0 million. The parent company had cash, interest-bearing deposits with banks and other current assets aggregating $11.9 million. The parent company also has back-up credit lines with banks of $24.0 million. Since 1979, the parent company has had no need to use the available back-up lines of credit.

The following table sets forth information regarding the Company's obligations and commitments to make future payments under contract as of March 31, 2008:

	Payments Due by Period				
Contractual Obligations (1)	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
	(in thousands)				
Long-Term Debt	$ 175,774	$ —	$ 80,000	$ 70,000	$ 25,774
Operating Leases	22,200	4,124	6,493	4,407	7,176
Total Contractual Cash Obligations	$ 197,974	$ 4,124	$ 86,493	$ 74,407	$ 32,950

(1) Based on contractual maturity dates

The following table sets forth information regarding the Company's obligations under other commercial commitments as of March 31, 2008:

	Amount of Commitment Expiration Per Period				
Other Commercial Commitments	Total Amount Committed	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
	(in thousands)				
Residential Loans	$ 9,839	$ 9,839	$ —	$ —	$ —
Commercial Loans	50,676	35,432	15,106	138	—
Total Loans	60,515	45,271	15,106	138	—
Standby Letters of Credit	41,314	37,971	3,343	—	—
Other Commercial Commitments	10,728	10,437	—	—	291
Total Commercial Commitments	$ 112,557	$ 93,679	$ 18,449	$ 138	$ 291

INFORMATION AVAILABLE ON OUR WEB SITE

Our Internet address is *www.sterlingbancorp.com* and the investor relations section of our web site is located at *www.sterlingbancorp.com/ir/investor.cfm*. We make available free of charge, on or through the investor relations section of our web site, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Also posted on our web site, and available in print upon request of any shareholder to our Investor Relations Department, are the charters for our Board of Directors' Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, our Corporate Governance Guidelines, our Method for Interested Persons to Communicate with Non-Management Directors and a Code of Business Conduct

and Ethics governing our directors, officers and employees. Within the time period required by the Securities and Exchange Commission and the New York Stock Exchange, we will post on our web site any amendment to the Code of Business Conduct and Ethics and any waiver applicable to our senior financial officers, as defined in the Code, or our executive officers or directors. In addition, information concerning purchases and sales of our equity securities by our executive officers and directors is posted on our web site.

The contents of our web site are not incorporated by reference into this quartely report on Form 10-Q.

STERLING BANCORP AND SUBSIDIARIES
Interest Rate Sensitivity

To mitigate the vulnerability of earnings to changes in interest rates, the Company manages the repricing characteristics of assets and liabilities in an attempt to control net interest rate sensitivity. Management attempts to confine significant rate sensitivity gaps predominantly to repricing intervals of a year or less so that adjustments can be made quickly. Assets and liabilities with predetermined repricing dates are classified based on the earliest repricing period. Based on the interest rate sensitivity analysis shown below, the Company's net interest income would decrease during periods of rising interest rates and increase during periods of falling interest rates. Amounts are presented in thousands.

	Repricing Date					
	3 Months or Less	More than 3 Months to 1 Year	More than 1 Year to 5 Years	Over 5 Years	Nonrate Sensitive	Total
ASSETS						
Interest-bearing deposits with other banks	$ 678	$ —	$ —	$ —	$ —	$ 678
Investment securities	572	9,108	84,197	654,728	12,423	761,028
Commercial and industrial loans	437,088	22,223	43,830	9,488	(253)	512,376
Equipment lease financing	3,894	9,619	266,843	12,102	(37,573)	254,885
Factored receivables	93,102	—	—	—	(226)	92,876
Real estate-residential mortgage	24,839	15,900	61,813	50,150	—	152,702
Real estate-commercial mortgage	16,501	7,147	43,098	31,522	—	98,268
Real estate-construction loans	—	—	34,574	—	—	34,574
Installment-individuals	11,956	—	—	—	—	11,956
Loans to depository institutions	20,000	—	—	—	—	20,000
Noninterest-earning assets & allowance for loan losses	—	—	—	—	166,014	166,014
Total Assets	608,630	63,997	534,355	757,990	140,385	2,105,357
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits						
Savings [1]	—	—	19,251	—	—	19,251
NOW [1]	—	—	237,985	—	—	237,985
Money market [1]	169,322	—	39,512	—	—	208,834
Time - domestic	281,758	219,504	32,819	—	—	534,081
- foreign	181	395	—	—	—	576
Securities sold under agreement to repurchase - customer	48,753	—	—	—	—	48,753
Securities sold under agreement to repurchase - dealer	44,514	—	—	—	—	44,514
Federal funds purchased	45,000	—	—	—	—	45,000
Commercial paper	19,990	—	—	—	—	19,990
Short-term borrowings - FHLB	49,000	—	—	—	—	49,000
Short-term borrowings - other	2,012	—	—	—	—	2,012
Long-term borrowings - FHLB	—	—	150,000	—	—	150,000
	—	—	—	25,774	—	25,774

Long-term borrowings - subordinated debentures						
Noninterest-bearing liabilities & shareholders' equity	—	—	—	—	719,587	719,587
Total Liabilities and Shareholders' Equity	660,530	219,899	479,567	25,774	719,587	2,105,357
Net Interest Rate Sensitivity Gap	$ (51,900)	$ (155,902)	$ 54,788	$ 732,216	$ (579,202)	$ —
Cumulative Gap March 31, 2008	$ (51,900)	$ (207,802)	$ (153,014)	$ 579,202	$ —	$ —
Cumulative Gap March 31, 2007	$ 34,147	$ (197,214)	$ 78,322	$ 562,481	$ —	$ —
Cumulative Gap December 31, 2007	$ 46,483	$ (143,365)	$ 27,278	$ 605,524	$ —	$ —

[1] Historically, balances in non-maturity deposit accounts have remained relatively stable despite changes in levels of interest rates. Balances are shown in repricing periods based on management's historical repricing practices and run-off experience.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's principal executive and principal financial officers, evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that, as of the end of the period covered by this quarterly report, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

No change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the fiscal quarter ended March 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Under its share repurchase program, the Company buys back common shares from time to time. The Company did not repurchase any of its common shares during the first quarter of 2008. At March 31, 2008, the maximum number of shares that may yet be purchased under the share repurchase program was 870,963.

The Board of Directors initially authorized the repurchase of common shares in 1997 and since then has approved increases in the number of common shares that the Company is authorized to repurchase. The latest increase was announced on August 16, 2007, when the Board of Directors increased the Company's authority to repurchase common shares by an additional 800,000 shares.

Item 6. Exhibits

The following exhibits are filed as part of this report:

3.	(i)	Restated Certificate of Incorporation filed with the State of New York Department of State, October 28, 2004 (Filed as Exhibit 3(i) to the Registrant's Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference).
	(ii)	By-Laws as in effect on November 15, 2007 (Filed as Exhibit 3(ii)(A) to the Registrant's Form 8-K dated November 15, 2007 and filed on November 19, 2007 and incorporated herein by reference).
11.		Statement Re: Computation of Per Share Earnings.
31.1		Certification of the CEO pursuant to Exchange Act Rule 13a-14(a).
31.2		Certification of the CFO pursuant to Exchange Act Rule 13a-14(a).
32.1		Certification of the CEO required by Section 1350 of Chapter 63 of Title 18 of the U.S. Code.
32.2		Certification of the CFO required by Section 1350 of Chapter 63 of Title 18 of the U.S. Code.

SIGNATURES

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

STERLING BANCORP

(Registrant)

Date: May 9, 2008 /s/ Louis J. Cappelli

Louis J. Cappelli
Chairman and
Chief Executive Officer

Date: May 9, 2008 /s/ John W. Tietjen

John W. Tietjen
Executive Vice President
and Chief Financial Officer

STERLING BANCORP AND SUBSIDIARIES

EXHIBIT INDEX

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