

THERMO ELECTRON CORP  
Form 10-Q  
August 04, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM 10-Q**

(mark one)

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarter Ended July 1, 2006
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-8002  
(Exact name of Registrant as specified in its charter)

Delaware 04-2209186  
(State of incorporation or organization) (I.R.S. Employer Identification No.)

81 Wyman Street, P.O. Box 9046 02454-9046  
Waltham, Massachusetts (Zip Code)  
(Address of principal executive offices)

Registrant's telephone number, including area code: (781) 622-1000

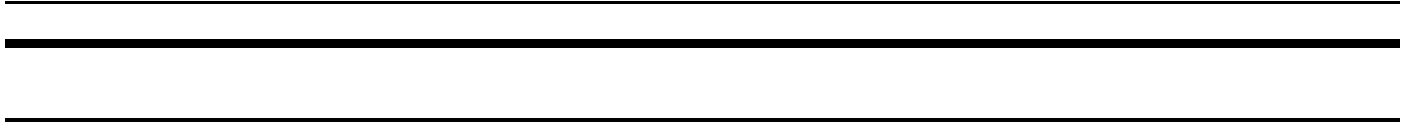
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

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

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	Outstanding at July 28, 2006
Common Stock, \$1.00 par value	157,593,971



**PART I — FINANCIAL INFORMATION****Item 1 — Financial Statements****THERMO ELECTRON CORPORATION**Consolidated Balance Sheet  
(Unaudited)

## Assets

(In thousands)	July 1, 2006	December 31, 2005
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 189,716	\$ 214,326
Short-term available-for-sale investments, at quoted market value (amortized cost of \$8,267 and \$80,661)	8,267	80,661
Accounts receivable, less allowances of \$22,548 and \$21,841	544,520	565,564
<b>Inventories:</b>		
Raw materials and supplies	150,543	133,774
Work in process	56,896	50,043
Finished goods	188,721	175,575
Deferred tax assets	80,487	79,586
Other current assets	61,072	54,371
	1,280,222	1,353,900
<b>Property, Plant and Equipment, at Cost</b>	<b>541,852</b>	<b>515,385</b>
Less: Accumulated depreciation and amortization	258,610	234,731
	283,242	280,654
Acquisition-related Intangible Assets	405,011	450,740
Other Assets	216,907	200,080
Goodwill	1,990,821	1,966,195
	\$ 4,176,203	\$ 4,251,569

**THERMO ELECTRON CORPORATION**Consolidated Balance Sheet (continued)  
(Unaudited)

## Liabilities and Shareholders' Equity

(In thousands except share amounts)	July 1, 2006	December 31, 2005
<b>Current Liabilities:</b>		
Short-term obligations and current maturities of long-term obligations	\$ 171,540	\$ 130,137
Accounts payable	147,635	153,475
Accrued payroll and employee benefits	98,199	114,707
Accrued income taxes	21,860	55,147
Deferred revenue	101,913	85,592
Customer deposits	39,342	38,229
Accrued warranty costs (Note 10)	36,326	33,453
Other accrued expenses (Notes 2 and 11)	167,139	180,922
	783,954	791,662
Deferred Income Taxes	43,468	65,015
Other Long-term Liabilities	144,313	132,950
<b>Long-term Obligations:</b>		
Senior notes (Note 9)	379,529	380,542
Subordinated convertible obligations	77,234	77,234
Other	10,699	10,854
	467,462	468,630
<b>Shareholders' Equity:</b>		
Preferred stock, \$100 par value, 50,000 shares authorized; none issued		
Common stock, \$1 par value, 350,000,000 shares authorized; 183,154,779 and 181,817,452 shares issued	183,155	181,817
Capital in excess of par value	1,459,872	1,421,382
Retained earnings	1,699,261	1,604,475
Treasury stock at cost, 25,597,876 and 19,335,163 shares	(666,120)	(437,707)
Deferred compensation	—	(3,834)
Accumulated other comprehensive items (Note 6)	60,838	27,179
	2,737,006	2,793,312
	\$ 4,176,203	\$ 4,251,569

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



**THERMO ELECTRON CORPORATION**

Consolidated Statement of Income  
(Unaudited)

(In thousands except per share amounts)	Three Months Ended	
	July 1, 2006	July 2, 2005
Revenues	\$ 713,468	