

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

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FORM 8-K  
CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report  
(Date of earliest event reported):

February 2, 2005

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THERMO ELECTRON CORPORATION  
(Exact name of Registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

1-8002  
(Commission File Number)

04-2209186  
(I.R.S. Employer Identification  
Number)

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

02454-9046  
(Zip Code)

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

This Current Report on Form 8-K contains forward-looking statements that involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth under the heading "Forward Looking Statements" in the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2004. These include risks and uncertainties relating to the need to develop new products and adapt to significant technological change, dependence on customers that operate in cyclical industries, general worldwide economic conditions and related uncertainties, the effect of changes in governmental regulations, dependence on customers' capital spending policies and government funding policies, use and protection of intellectual property, exposure to product liability claims in excess of insurance coverage, retention of contingent liabilities from businesses we sold, realization of potential future savings from new productivity initiatives, implementation of new branding strategy, implementation of strategies for improving internal growth, the effect of exchange rate fluctuations on international operations, identification, completion and integration of new acquisitions and potential impairment of goodwill from previous acquisitions. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change and, therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today.

#### **Item 2.02 Results of Operations and Financial Condition.**

On February 2, 2005, the Registrant announced its financial results for the fiscal quarter and year ended December 31, 2004. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

The information contained in this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

#### **Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits

The following Exhibit relating to Item 2.02 shall be deemed "furnished", and not "filed":

99.1 Press Release dated February 2, 2005.

## **SIGNATURE**

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, on this 2<sup>nd</sup> day of February, 2005.

THERMO ELECTRON CORPORATION

By: /s/ Peter E. Hornstra  
Peter E. Hornstra  
Corporate Controller and Chief Accounting  
Officer

**FOR IMMEDIATE RELEASE**

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**Thermo Electron Reports 16% Revenue Growth and  
Record Operating Income in the Fourth Quarter**

WALTHAM, Mass. (February 2, 2005) – Thermo Electron Corporation (NYSE:TMO) today reported fourth quarter 2004 revenues of \$613 million, a 16 percent increase from \$529 million in the fourth quarter of 2003. GAAP diluted earnings per share (EPS) increased to \$.74 in the 2004 quarter, compared with \$.37 in the year-ago period, primarily due to tax benefits that were recorded following the completion of prior-year tax audits, as well as improved operating performance. GAAP operating income for the quarter rose 25 percent, and GAAP operating margin increased to 10.8 percent from 10.0 percent in 2003.

Adjusted EPS grew 15 percent to \$.38 in the fourth quarter of 2004, compared with \$.33 in the 2003 period. Adjusted operating income increased 7 percent to record fourth quarter levels since the company's reorganization in 2000. Adjusted operating margin in the 2004 quarter was 13.1 percent, versus 14.2 percent in 2003. The margin in 2004 was reduced by 1.1 percent due to up-front costs associated with Sarbanes-Oxley compliance and the initial dilutive effect of acquisitions. Organic revenues, which exclude the effects of currency translation and acquisitions/divestitures, grew 3 percent in the quarter. Currency translation increased revenues by 5 percent, and the net effect of acquisitions/divestitures led to an 8 percent increase for the quarter.

For the full year, Thermo Electron reported a revenue increase of 16 percent in 2004 to \$2.2 billion, up from \$1.9 billion in 2003. GAAP diluted EPS in 2004 rose to \$2.17, versus \$1.20 a year ago, principally driven by tax benefits, large gains from the sale of discontinued operations, and improved operating performance. GAAP operating income grew 27 percent over 2003, and GAAP operating margin for the year increased to 10.8 percent, versus 9.9 percent in 2003.

Full-year adjusted EPS grew 15 percent to \$1.25 in 2004, compared with \$1.09 in 2003. Adjusted operating income was up 16 percent year to year, and adjusted operating margin was 12.7 percent. Organic revenues grew 4 percent. Currency translation increased revenues by 5 percent, and the net effect of acquisitions/divestitures increased revenues by 7 percent for the year.

Adjusted EPS, adjusted operating income, adjusted operating margin and organic revenues are non-GAAP measures that exclude certain items detailed at the end of this press release under the heading, "Use of Non-GAAP Financial Measures."

## Year-End Highlights

- Adjusted EPS grew 15 percent
- Reported revenues rose 16 percent
- Organic revenues increased 4 percent
- Cash flow from continuing operations rose 20 percent to \$240 million
- Manufacturing centers opened in China and Germany
- Agreement announced in January 2005 to acquire Kendro Laboratory Products

“We’re pleased to have achieved \$.38 in adjusted EPS for the quarter, which is at the high end of our earnings guidance,” said Marijn E. Dekkers, president and chief executive officer of Thermo Electron. “We also had an excellent year overall, with a 16 percent increase in revenues, 15 percent growth in adjusted EPS and strong cash flow. Our full-year adjusted EPS of \$1.25 was also at the top of our guidance range, which we raised for continuing operations after the sale of Spectra-Physics.

“We made great strides during 2004 in changing our business mix to better serve our laboratory customers and reinforce our position as the world leader in analytical instruments. We sold Spectra-Physics, our only non-Thermo brand. We made a number of strategic acquisitions – Jouan, USCS, InnaPhase, and the recently announced agreement to acquire Kendro – to augment our offerings of laboratory equipment, software and services. And, we continue to make significant internal investments that allow us to strengthen our competitive position worldwide, such as new state-of-the-art manufacturing centers we recently opened in Shanghai, China, and Bremen, Germany.

“With a clear business focus, the ability to reinvest for growth and continuous efforts to improve productivity, we remain optimistic and expect to begin 2005 with strength. Our goal is to report \$.29 to \$.31 in adjusted EPS for the first quarter of 2005, versus \$.27 in the year-ago quarter. For the full year, we are providing guidance of \$1.40 to \$1.45.” (This guidance excludes approximately \$.03 of expense per quarter from the amortization of acquisition-related intangible assets; results from the pending Kendro acquisition; the effect of new accounting rules relating to the expensing of stock options, which we expect to adopt in the third quarter of 2005; and the other items described in this press release under the heading, “Use of Non-GAAP Financial Measures.”)

## Life and Laboratory Sciences

The Life and Laboratory Sciences segment reported a 21 percent revenue increase in the fourth quarter of 2004 to \$455 million, versus \$377 million in 2003. Organic revenues grew 3 percent. The effects of currency translation and acquisitions increased revenues by 5 percent and 13 percent, respectively. We reported strong sales of mass spectrometry and molecular spectroscopy instruments, laboratory automation systems and laboratory informatics, where we have greatly extended our pharmaceutical offerings through the addition of InnaPhase. Partially offsetting these increases, we reported extremely weak sales of our rapid point-of-care test kits resulting from this year’s light flu season compared with an exceptionally strong quarter in 2003.

GAAP operating income for the segment grew 24 percent in the 2004 quarter, with GAAP operating margin increasing to 15.3 percent from 14.9 percent a year ago. Adjusted operating income increased 19 percent in the 2004 quarter, and adjusted operating margin was 17.8 percent, compared with 18.1 percent in the 2003 quarter. The adjusted operating margin improved by 50 basis points in 2004 before the effect of acquisitions, which lowered the margin by 80 basis points. As we continue to integrate these operations, we expect margins to improve in future quarters.

## Measurement and Control

Fourth quarter revenues in the Measurement and Control segment were \$158 million, up 4 percent compared with \$152 million last year. Organic revenues grew slightly, at 1 percent, due to a difficult year-to-year comparison resulting from large shipments of our food-quality and security instruments in the 2003 quarter. The effect of currency translation increased revenues by 4 percent, while the net effect of acquisitions/divestitures decreased revenues by 1 percent.

GAAP operating income for the segment increased 29 percent from the 2003 quarter, and GAAP operating margin rose to 7.7 percent, versus 6.2 percent last year. Adjusted operating income and adjusted operating margin for the segment were virtually flat compared with 2003.

#### **Use of Non-GAAP Financial Measures**

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures, including adjusted EPS, adjusted operating income and adjusted operating margin, which exclude restructuring and other costs/income and amortization of acquisition-related intangible assets. Adjusted EPS and adjusted operating income also exclude certain other gains and losses, tax provisions/benefits related to the previous items, benefits from tax credit carryforwards and the impact of the resolution of significant tax audits. In addition, our adjusted EPS guidance excludes results of pending acquisitions and the impact of accounting principles not yet adopted, such as stock option expensing. We exclude these items because they are outside of our normal operations and/or, in certain cases, are difficult to forecast accurately for future periods. We also use the concept of organic revenue growth, which excludes the effects of currency translation and acquisitions/divestitures. We believe that the inclusion of such measures helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the company's performance, especially when comparing such results to previous periods or forecasts.

Specifically:

We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities, in connection with the final phase of our overall reorganization, which we substantially completed in 2004. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.

We exclude charges relating to the sale of inventories revalued at the date of acquisition, as we believe these charges are not indicative of our normal operating costs.

We exclude the expense and tax effects associated with the amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives of 5 to 10 years. Exclusion of the amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.

We also exclude certain gains/losses and related tax effects, benefits from tax credit carryforwards and the impact of the resolution of significant tax audits that are either isolated or cannot be expected to occur again with any regularity or predictability and which we believe are not indicative of our normal operating gains and losses. We exclude gains/losses from the sale of our equity interests in Newport Corporation, Thoratec Corporation and FLIR Systems, Inc., as well as other items such as the sale of a business or real estate and the early retirement of debt.

Thermo's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the company's core operating performance and comparing such performance to that of prior periods and to the performance of our competitors. Such measures are also used by management in their financial and operating decision-making and for compensation purposes.

The non-GAAP financial measures of Thermo's results of operations included in this press release are not meant to be considered superior to or a substitute for Thermo's results of operations prepared in accordance with GAAP. Reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the accompanying tables and/or the text of this press release. Thermo's earnings guidance, however, is only provided on an adjusted basis. It is not feasible to provide GAAP EPS guidance because the items excluded, other than the amortization expense, are difficult to predict and estimate and are primarily dependent on future events, such as the timing of completion of and results from pending acquisitions, the impact of accounting principles

not yet adopted (such as stock option expensing), decisions concerning the location and timing of facility consolidations and the timing of and proceeds from the sale of our equity interests in Newport and Thoratec. We no longer own any shares of FLIR Systems.

### **Conference Call**

Thermo Electron will hold its earnings conference call on Thursday, February 3, at 8:30 a.m. Eastern time. To listen, dial 888-872-9028 within the U.S., or 973-633-6740 outside the U.S. You may also listen to the call live on the Web by visiting [www.thermo.com](http://www.thermo.com). Click on "About Thermo," then "Investors." An audio archive of the call will be available in that section of our Website until Friday, March 4, 2005. You will also find this press release, including the accompanying reconciliation of non-GAAP financial measures, under the heading "Press Releases," and related information under the heading "Financial Reports," in the Investors section of our Website.

### **About Thermo Electron**

Thermo Electron Corporation is the world leader in analytical instruments. Our instrument solutions enable our customers to make the world a healthier, cleaner and safer place. Thermo's Life and Laboratory Sciences segment provides analytical instruments, scientific equipment, services and software solutions for life science, drug discovery, clinical, environmental and industrial laboratories. Thermo's Measurement and Control segment is dedicated to providing analytical instruments used in a variety of manufacturing processes and in-the-field applications, including those associated with safety and homeland security. Based near Boston, Massachusetts, Thermo has revenues of more than \$2 billion, and employs approximately 10,000 people in 30 countries. For more information, visit [www.thermo.com](http://www.thermo.com).

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements that involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth under the heading "Forward-Looking Statements" in the company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2004. These include risks and uncertainties relating to: the need to develop new products and adapt to significant technological change, dependence on customers that operate in cyclical industries, general worldwide economic conditions and related uncertainties, the effect of changes in governmental regulations, dependence on customers' capital spending policies and government funding policies, use and protection of intellectual property, exposure to product liability claims in excess of insurance coverage, retention of contingent liabilities from businesses we sold, realization of potential future savings from new productivity initiatives, implementation of new branding strategy, implementation of strategies for improving internal growth, the effect of exchange rate fluctuations on international operations, identification, completion and integration of new acquisitions and potential impairment of goodwill from previous acquisitions. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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## Consolidated Statement of Income (unaudited)

(In thousands except per share amounts)	Three Months Ended			
	December 31, 2004		December 31, 2003	
	Reported (a)	Adjusted (b)	Reported (a)	Adjusted (b)
Revenues	\$ 613,339	\$ 613,339	\$ 528,915	\$ 528,915
Costs and Operating Expenses:				
Cost of revenues (c)	329,560	329,280	285,444	285,373
Selling, general, and administrative expenses	168,664	168,664	136,273	136,273
Amortization of acquisition-related intangible assets	7,302	-	2,331	-
Research and development expenses	34,945	34,945	32,233	32,233
Restructuring and other costs, net (d)	6,821	-	19,743	-
	<u>547,292</u>	<u>532,889</u>	<u>476,024</u>	<u>453,879</u>
Operating Income	66,047	80,450	52,891	75,036
Interest Income	2,976	2,976	2,007	2,007
Interest Expense	(2,879)	(2,879)	(2,653)	(2,653)
Other Income, Net (e)	5,870	5,870	6,737	788
Income from Continuing Operations Before Income Taxes	72,014	86,417	58,982	75,178
Benefit from (Provision for) Income Taxes (f)	13,468	(24,197)	(11,496)	(20,081)
Income from Continuing Operations	85,482	62,220	47,486	55,097
Income from Discontinued Operations (includes income tax benefit of \$91 in 2003)	-	-	1,684	-
Gain on Disposal of Discontinued Operations (includes income tax benefit of \$32,406 in 2004; net of income tax provision of \$7,177 in 2003)	35,617	-	12,758	-
Net Income	<u>\$ 121,099</u>	<u>\$ 62,220</u>	<u>\$ 61,928</u>	<u>\$ 55,097</u>
Earnings per Share from Continuing Operations:				
Basic	<u>\$ .53</u>		<u>\$ .29</u>	
Diluted	<u>\$ .52</u>		<u>\$ .29</u>	
Earnings per Share:				
Basic	<u>\$ .76</u>		<u>\$ .38</u>	
Diluted	<u>\$ .74</u>	<u>\$ .38</u>	<u>\$ .37</u>	<u>\$ .33</u>
Weighted Average Shares:				
Basic	<u>160,239</u>		<u>163,427</u>	
Diluted	<u>164,477</u>	<u>164,477</u>	<u>167,812</u>	<u>167,812</u>

(a) Reported results were determined in accordance with U.S. generally accepted accounting principles (GAAP). Prior period amounts have been adjusted to reflect the treatment of Spectra-Physics as a discontinued operation.

(b) Adjusted results are non-GAAP measures and exclude charges to cost of revenues (note c), amortization of acquisition-related intangible assets, restructuring and other costs/income (note d), certain other income/expense (note e), the tax consequences of these items (note f), and results of discontinued operations.

(c) Reported results in 2004 include \$280,000 of charges for accelerated depreciation on manufacturing equipment being abandoned due to facility consolidations. Reported results in 2003 include \$71,000 of charges primarily for the sale of inventories revalued at the date of acquisition.

(d) Reported results in 2004 include restructuring and other items consisting principally of severance, and abandoned facility and other expenses of real estate consolidation. Reported results in 2003 include restructuring and other items consisting principally of severance; abandoned facility and other expenses of real estate consolidation; and legal/advisory fees associated with a reorganization of the company's non-U.S. subsidiary structure.

(e) Reported results include \$5,949,000 of gains from the sale of shares of Thoratec Corporation in 2003.

(f) Adjusted provision for income taxes excludes \$3,883,000 and \$4,870,000 of incremental tax benefit in 2004 and 2003, respectively, for the items in (b) through (e); \$33,782,000 in 2004 of tax benefits that the company determined were realizable upon completion of tax audits; and \$3,715,000 in 2003 of tax benefit from the sale of a business.



**Segment Data (g)(h)(i)(l)**

(In thousands except percentage amounts)

**Three Months Ended**

December 31, 2004    December 31, 2003

**Life and Laboratory Sciences**

Revenues	\$ 454,994	\$ 377,143
GAAP Operating Income	69,757	56,062
Cost of Revenue Charges (j)	280	-
Restructuring and Other Items (k)	4,285	10,457
Amortization of Acquisition-related Intangible Assets	6,541	1,684
Adjusted Operating Income	<u>\$ 80,863</u>	<u>\$ 68,203</u>
GAAP Operating Margin	15.3%	14.9%
Adjusted Operating Margin	17.8%	18.1%

**Measurement and Control**

Revenues	\$ 158,345	\$ 151,761
GAAP Operating Income	12,245	9,473
Cost of Revenue Charges (j)	-	71
Restructuring and Other Items (k)	1,714	4,099
Amortization of Acquisition-related Intangible Assets	760	647
Adjusted Operating Income	<u>\$ 14,719</u>	<u>\$ 14,290</u>
GAAP Operating Margin	7.7%	6.2%
Adjusted Operating Margin	9.3%	9.4%

**Consolidated (including Corporate Costs)**

Revenues	\$ 613,339	\$ 528,915
GAAP Operating Income	66,047	52,891
Cost of Revenue Charges (j)	280	71
Restructuring and Other Items (k)	6,821	19,743
Amortization of Acquisition-related Intangible Assets	7,302	2,331
Adjusted Operating Income	<u>\$ 80,450</u>	<u>\$ 75,036</u>
GAAP Operating Margin	10.8%	10.0%
Adjusted Operating Margin	13.1%	14.2%

(g) GAAP operating income and GAAP operating margin were determined in accordance with U.S. generally accepted accounting principles.

(h) Adjusted operating income and adjusted operating margin are non-GAAP measures and exclude the items in notes (c) and (d) and amortization of acquisition-related intangible assets.

(i) Depreciation expense in 2004 was \$7,642,000 at Life and Laboratory Sciences, \$2,972,000 at Measurement and Control, and \$11,446,000 Consolidated. Depreciation expense in 2003 was \$5,811,000 at Life and Laboratory Sciences, \$3,018,000 at Measurement and Control, and \$9,652,000 Consolidated.

(j) Includes items described in note (c).

(k) Includes items described in note (d).

(l) Book-to-bill ratio was .99 in the fourth quarter of 2004.

## Consolidated Statement of Income

(In thousands except per share amounts)	Twelve Months Ended			
	December 31, 2004		December 31, 2003	
	Reported (a)	Adjusted (b)	Reported (a)	Adjusted (b)
Revenues	\$ 2,205,995	\$ 2,205,995	\$ 1,899,378	\$ 1,899,378
Costs and Operating Expenses:				
Cost of revenues (c)	1,191,516	1,188,155	1,019,476	1,019,405
Selling, general, and administrative expenses	603,627	603,627	510,284	510,284
Amortization of acquisition-related intangible assets	22,831	-	9,038	-
Research and development expenses	134,680	134,680	127,996	127,996
Restructuring and other costs, net (d)	15,829	-	45,200	-
	<u>1,968,483</u>	<u>1,926,462</u>	<u>1,711,994</u>	<u>1,657,685</u>
Operating Income	237,512	279,533	187,384	241,693
Interest Income	9,021	9,021	19,663	19,663
Interest Expense	(10,979)	(10,979)	(18,197)	(18,197)
Other Income, Net (e)	23,665	14,051	33,781	4,824
Income from Continuing Operations Before Income Taxes	259,219	291,626	222,631	247,983
Provision for Income Taxes (f)	(40,852)	(83,229)	(47,421)	(66,807)
Income from Continuing Operations	218,367	208,397	175,210	181,176
Income (Loss) from Discontinued Operations (includes income tax benefit of \$36,321 in 2004 and \$1,485 in 2003)	43,018	-	(2,513)	-
Gain on Disposal of Discontinued Operations (includes income tax benefit of \$36,728 in 2004; net of income tax provision of \$8,141 in 2003)	100,452	-	27,312	-
Net Income	<u>\$ 361,837</u>	<u>\$ 208,397</u>	<u>\$ 200,009</u>	<u>\$ 181,176</u>
Earnings per Share from Continuing Operations:				
Basic	<u>\$ 1.34</u>		<u>\$ 1.08</u>	
Diluted	<u>\$ 1.31</u>		<u>\$ 1.05</u>	
Earnings per Share:				
Basic	<u>\$ 2.22</u>		<u>\$ 1.23</u>	
Diluted	<u>\$ 2.17</u>	<u>\$ 1.25</u>	<u>\$ 1.20</u>	<u>\$ 1.09</u>
Weighted Average Shares:				
Basic	<u>163,133</u>		<u>162,713</u>	
Diluted	<u>167,641</u>	<u>167,641</u>	<u>170,730</u>	<u>170,730</u>

(a) Reported results were determined in accordance with U.S. generally accepted accounting principles (GAAP). Prior period amounts have been adjusted to reflect the treatment of Spectra-Physics as a discontinued operation.

(b) Adjusted results are non-GAAP measures and exclude charges to cost of revenues (note c), amortization of acquisition-related intangible assets, restructuring and other costs/income (note d), certain other income/expense (note e), the tax consequences of these items (note f), and results of discontinued operations.

(c) Reported results include \$3,361,000 and \$71,000 in 2004 and 2003, respectively, of charges primarily for the sale of inventories revalued at the date of acquisition and accelerated depreciation on manufacturing equipment being abandoned due to facility consolidations.

(d) Reported results in 2004 include restructuring and other items consisting principally of severance; abandoned facility and other expenses of real estate consolidation; gain on the sale of a business; and legal/advisory fees associated with a reorganization of the company's non-U.S. subsidiary structure. Reported results in 2003 include restructuring and other items consisting principally of severance; abandoned facility and other expenses of real estate consolidation; a writedown to disposal value of a product line and a business that were sold in October 2003; net gains on the sale of a product line and property; and legal/advisory fees associated with a reorganization of the company's non-U.S. subsidiary structure.

(e) Reported results include \$9,614,000 and \$16,279,000 of gains from the sale of shares of Thoratec Corporation in 2004 and 2003, respectively, and \$13,654,000 of gains from the sale of shares of FLIR Systems, Inc. in 2003. Reported results also include a loss of \$976,000 in 2003 on the early retirement of debt.

(f) Adjusted provision for income taxes excludes \$7,695,000 and \$6,645,000 of incremental tax benefit in 2004 and 2003, respectively, for the items in (b) through (e); \$33,782,000 in 2004 of tax benefits that the company determined were realizable upon completion of tax audits; \$900,000 in 2004 of tax benefit resulting from a reorganization of the company's subsidiary structure in Europe; \$9,026,000 in 2003 of tax benefit from the reversal of a valuation allowance due to expected utilization of foreign tax credit carryforwards; and \$3,715,000 in 2003 of tax benefit from the sale of a business.

**Segment Data (g)(h)(i)**

(In thousands except percentage amounts)

**Twelve Months Ended**

December 31, 2004    December 31, 2003

**Life and Laboratory Sciences**

Revenues	\$ 1,573,445	\$ 1,293,009
GAAP Operating Income	224,393	183,533
Cost of Revenue Charges (j)	3,177	-
Restructuring and Other Items (k)	7,054	21,808
Amortization of Acquisition-related Intangible Assets	19,830	6,592
Adjusted Operating Income	<u>\$ 254,454</u>	<u>\$ 211,933</u>
GAAP Operating Margin	14.3%	14.2%
Adjusted Operating Margin	16.2%	16.4%

**Measurement and Control**

Revenues	\$ 632,550	\$ 601,104
GAAP Operating Income	53,376	44,549
Cost of Revenue Charges (j)	184	71
Restructuring and Other Items (k)	6,337	10,214
Amortization of Acquisition-related Intangible Assets	2,998	2,446
Adjusted Operating Income	<u>\$ 62,895</u>	<u>\$ 57,280</u>
GAAP Operating Margin	8.4%	7.4%
Adjusted Operating Margin	9.9%	9.5%

**Consolidated (including Corporate Costs)**

Revenues	\$ 2,205,995	\$ 1,899,378
GAAP Operating Income	237,512	187,384
Cost of Revenue Charges (j)	3,361	71
Restructuring and Other Items (k)	15,829	45,200
Amortization of Acquisition-related Intangible Assets	22,831	9,038
Adjusted Operating Income	<u>\$ 279,533</u>	<u>\$ 241,693</u>
GAAP Operating Margin	10.8%	9.9%
Adjusted Operating Margin	12.7%	12.7%

(g) GAAP operating income and GAAP operating margin were determined in accordance with U.S. generally accepted accounting principles.

(h) Adjusted operating income and adjusted operating margin are non-GAAP measures and exclude the items in notes (c) and (d) and amortization of acquisition-related intangible assets.

(i) Depreciation expense in 2004 was \$29,811,000 at Life and Laboratory Sciences, \$10,245,000 at Measurement and Control, and \$43,310,000 Consolidated. Depreciation expense in 2003 was \$23,399,000 at Life and Laboratory Sciences, \$10,698,000 at Measurement and Control, and \$37,678,000 Consolidated.

(j) Includes items described in note (c).

(k) Includes items described in note (d).

## Condensed Consolidated Balance Sheet

(In thousands)	Dec 31, 2004	Dec. 31, 2003
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 430,809	\$ 303,912
Short-term available-for-sale investments	81,446	114,326
Accounts receivable, net	469,553	419,625
Inventories	336,711	302,161
Other current assets	145,857	160,001
Current assets of discontinued operations	5,600	95,231
	<u>1,469,976</u>	<u>1,395,256</u>
Property, Plant, and Equipment, Net	<u>261,041</u>	<u>252,252</u>
Acquisition-related Intangible Assets	<u>158,577</u>	<u>65,542</u>
Other Assets	<u>181,328</u>	<u>47,761</u>
Goodwill	<u>1,513,025</u>	<u>1,441,172</u>
Long-term Assets of Discontinued Operations	<u>-</u>	<u>187,339</u>
	<u>\$ 3,583,947</u>	<u>\$ 3,389,322</u>
<b>Current Liabilities:</b>		
Short-term obligations and current maturities of long-term obligations	\$ 15,017	\$ 45,981
Other current liabilities	528,381	542,993
Current liabilities of discontinued operations	42,552	95,819
	<u>585,950</u>	<u>684,793</u>
Long-term Deferred Income Taxes and Other Long-term Liabilities	<u>106,377</u>	<u>86,561</u>
Long-term Liabilities of Discontinued Operations	<u>-</u>	<u>6,766</u>
<b>Long-term Obligations:</b>		
Senior notes	135,232	137,874
Subordinated convertible obligations	77,234	77,234
Other	13,604	14,401
	<u>226,070</u>	<u>229,509</u>
Total Shareholders' Equity	<u>2,665,550</u>	<u>2,381,693</u>
	<u>\$ 3,583,947</u>	<u>\$ 3,389,322</u>