

October 25, 2006

THERMO ELECTRON CORPORATION

Reconciliation of Financial Information

Q3-2006

1. GAAP P&L (as reported): 2003 to Q3-06
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Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we present certain non-GAAP financial measures herein (identified as "adjusted"), which exclude, to the extent such item would have been included in the most directly comparable GAAP financial measure: certain charges to cost of revenues, principally associated with acquisition accounting; restructuring and other costs/income; amortization of acquisition-related intangible assets; certain other gains and losses that are either isolated or cannot be expected to occur again with any regularity or predictability, such as those arising from the sale of a business or real estate, the sale of our shares in Newport Corporation, Thoratec Corporation and FLIR Systems, Inc. (as of July 2, 2005, we no longer held shares of these companies); the tax provisions/benefits related to the previous items; benefit from tax credit carryforwards and the impact of significant tax audits or events. We exclude these items because they are outside of our normal operations and we believe that the inclusion of such non-GAAP measures helps investors to gain a better understanding of our core operating results. For comparability purposes, prior period consolidated adjusted results reflect the pro forma effect of stock option expense as if it had been required in that period. Stock option expense has been excluded from adjusted segment results because management does not utilize that component of cost in evaluating the performance of the segments.

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. We believe that this allows for comparisons of operating results that are consistent over time. 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 presented herein 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.

Thermo Electron Corporation
GAAP P&L (as reported)
(In thousands except EPS)

	2003	2004	Q1-05	Q2-05	Q3-05	Q4-05	2005	Q1-06	Q2-06	Q3-06	Nine Months Ended	
											Q3-05	Q3-06
Revenues	1,899,378	2,205,995	559,208	653,621	679,411	740,787	2,633,027	684,287	713,468	724,962	1,892,240	2,122,717
Cost of Revenues	1,019,476	1,191,516	299,974	366,166	373,712	398,227	1,438,079	371,663	388,976	388,077	1,039,852	1,148,716
SG&A	510,284	603,627	156,087	173,484	168,754	185,821	684,146	176,887	181,264	191,533	498,325	549,684
Amortization of Acquisition-related Intangible Assets	9,038	22,831	7,414	19,109	25,569	25,548	77,640	25,561	25,655	26,405	52,092	77,621
R&D	127,996	134,680	36,328	39,432	38,784	38,231	152,775	38,737	40,620	38,658	114,544	118,015
Restructuring and Other Costs (Income), Net	45,200	15,829	(271)	2,216	10,482	4,473	16,900	3,594	4,780	5,178	12,427	13,552
Operating Income	187,384	237,512	59,676	53,214	62,110	88,487	263,487	67,845	72,173	75,111	175,000	215,129
Interest Income	19,663	9,021	3,336	2,591	2,198	3,444	11,569	3,532	3,393	2,825	8,125	9,750
Interest Expense	(18,197)	(10,979)	(3,155)	(7,287)	(8,307)	(7,966)	(26,715)	(7,795)	(7,934)	(9,278)	(18,749)	(25,007)
Other Income, Net	33,781	23,665	3,123	30,200	3,358	876	37,557	484	1,158	710	36,681	2,352
Income from Continuing Operations Before Income Taxes	222,631	259,219	62,980	78,718	59,359	84,841	285,898	64,066	68,790	69,368	201,057	202,224
Income Tax (Provision) Benefit	(47,421)	(40,852)	(17,397)	(21,958)	(18,762)	(29,480)	(87,597)	(20,447)	(19,847)	(20,535)	(58,117)	(60,829)
Income from Continuing Operations	175,210	218,367	45,583	56,760	40,597	55,361	198,301	43,619	48,943	48,833	142,940	141,395
Income from Discontinued Operations, Net of Tax	24,799	143,470	3,273	3,463	17,137	1,044	24,917	3,287	(1,063)	-	23,873	2,224
Net Income	200,009	361,837	48,856	60,223	57,734	56,405	223,218	46,906	47,880	48,833	166,813	143,619
Add Back:												
Interest - Convertible Debentures (net of tax)	4,830	1,606	402	402	402	400	1,606	402	402	402	1,205	1,205
Diluted Shares	170,730	167,641	164,730	164,658	165,635	166,312	165,334	166,982	165,523	162,161	165,008	164,889
GAAP Diluted EPS	1.20	2.17	0.30	0.37	0.35	0.34	1.36	0.28	0.29	0.30	1.02	0.88
Gross Margin	46.3%	46.0%	46.4%	44.0%	45.0%	46.2%	45.4%	45.7%	45.5%	46.5%	45.0%	45.9%
SG&A	26.9%	27.4%	27.9%	26.5%	24.8%	25.1%	26.0%	25.8%	25.4%	26.4%	26.3%	25.9%
R&D	6.7%	6.1%	6.5%	6.0%	5.7%	5.2%	5.8%	5.7%	5.7%	5.3%	6.1%	5.6%
Operating Margin	9.9%	10.8%	10.7%	8.1%	9.1%	11.9%	10.0%	9.9%	10.1%	10.4%	9.2%	10.1%
Pre-tax Margin	11.7%	11.8%	11.3%	12.0%	8.7%	11.5%	10.9%	9.4%	9.6%	9.6%	10.6%	9.5%
Tax Rate	21.3%	15.8%	27.6%	27.9%	31.6%	34.7%	30.6%	31.9%	28.9%	29.6%	28.9%	30.1%
Net Margin	10.5%	16.4%	8.7%	9.2%	8.5%	7.6%	8.5%	6.9%	6.7%	6.7%	8.8%	6.8%
Book to Bill Ratio	0.99	1.00	1.01	1.04	1.01	1.02	1.02	1.02	1.01	1.03		
Stock Option Compensation Expense included in GAAP P&L above												
Cost of Revenues								583	745	795		2,123
SG&A								4,456	5,297	5,543		15,296
R&D								304	367	401		1,072
Total								5,343	6,409	6,739		18,491

Thermo Electron Corporation
Reconciliation of GAAP to Adjusted P&L
(In thousands except EPS)

	2003	2004	Q1-05	Q2-05	Q3-05	Q4-05	2005	Q1-06	Q2-06	Q3-06	Nine Months Ended	
											Q3-05	Q3-06
GAAP Operating Income	187,384	237,512	59,676	53,214	62,110	88,487	263,487	67,845	72,173	75,111	175,000	215,129
Cost of Revenues Charges (a)	71	3,361	-	11,465	1,756	166	13,387	-	1,266	1,984	13,221	3,250
Restructuring and Other Costs (Income), Net (b)	45,200	15,829	(271)	2,216	10,482	4,473	16,900	3,594	4,780	5,178	12,427	13,552
Pro Forma Stock Option Compensation Expense	(25,538)	(17,798)	(5,332)	(5,141)	(5,217)	(5,232)	(20,922)	-	-	-	(15,690)	-
Amortization of Acquisition-related Intangible Assets	9,038	22,831	7,414	19,109	25,569	25,548	77,640	25,561	25,655	26,405	52,092	77,621
Adjusted Operating Income	216,155	261,735	61,487	80,863	94,700	113,442	350,492	97,000	103,874	108,678	237,050	309,552
GAAP Operating Income Margin	9.9%	10.8%	10.7%	8.1%	9.1%	11.9%	10.0%	9.9%	10.1%	10.4%	9.2%	10.1%
Cost of Revenues Charges (a)	0.0%	0.2%	0.0%	1.8%	0.3%	0.0%	0.5%	0.0%	0.2%	0.3%	0.7%	0.2%
Restructuring and Other Costs (Income), Net (b)	2.4%	0.7%	0.0%	0.4%	1.5%	0.6%	0.6%	0.5%	0.7%	0.7%	0.7%	0.6%
Pro Forma Stock Option Compensation Expense	-1.3%	-0.8%	-1.0%	-0.8%	-0.8%	-0.7%	-0.8%	0.0%	0.0%	0.0%	-0.8%	0.0%
Amortization of Acquisition-related Intangible Assets	0.4%	1.0%	1.3%	2.9%	3.8%	3.5%	3.0%	3.8%	3.6%	3.6%	2.7%	3.7%
Adjusted Operating Income Margin	11.4%	11.9%	11.0%	12.4%	13.9%	15.3%	13.3%	14.2%	14.6%	15.0%	12.5%	14.6%
GAAP Net Income	200,009	361,837	48,856	60,223	57,734	56,405	223,218	46,906	47,880	48,833	166,813	143,619
Cost of Revenues Charges (a)	71	3,361	-	11,465	1,756	166	13,387	-	1,266	1,984	13,221	3,250
Restructuring and Other Costs (Income), Net (b)	45,200	15,829	(271)	2,216	10,482	4,473	16,900	3,594	4,780	5,178	12,427	13,552
Pro Forma Stock Option Compensation Expense	(25,538)	(17,798)	(5,332)	(5,141)	(5,217)	(5,232)	(20,922)	-	-	-	(15,690)	-
Amortization of Acquisition-related Intangible Assets	9,038	22,831	7,414	19,109	25,569	25,548	77,640	25,561	25,655	26,405	52,092	77,621
Other Income, Net												
Gain on Investments (c)	(28,957)	(9,614)	-	(27,594)	-	-	(27,594)	-	-	-	(27,594)	-
Income Tax (Provision) Benefit (d)	(10,448)	(36,147)	(388)	(1,363)	(11,248)	(3,225)	(16,224)	(7,967)	(10,872)	(10,959)	(12,999)	(29,798)
Income from Discontinued Operations, Net of Tax	(24,799)	(143,470)	(3,273)	(3,463)	(17,137)	(1,044)	(24,917)	(3,287)	1,063	-	(23,873)	(2,224)
Adjusted Net Income	164,576	196,829	47,006	55,452	61,939	77,091	241,488	64,807	69,772	71,441	164,397	206,020
GAAP Diluted EPS	1.20	2.17	0.30	0.37	0.35	0.34	1.36	0.28	0.29	0.30	1.02	0.88
Cost of Revenues Charges, Net of Tax (a)	0.00	0.02	0.00	0.04	0.01	0.00	0.05	0.00	0.00	0.01	0.05	0.01
Restructuring and Other Costs (Income), Net of Tax (b)	0.20	0.07	0.00	0.01	0.04	0.02	0.07	0.03	0.02	0.02	0.05	0.07
Pro Forma Stock Option Compensation Expense	(0.10)	(0.07)	(0.02)	(0.02)	(0.02)	(0.02)	(0.08)	0.00	0.00	0.00	(0.06)	0.00
Amortization of Acquisition-related Intangible Assets, Net of Tax	0.04	0.10	0.03	0.07	0.10	0.11	0.30	0.10	0.10	0.10	0.20	0.30
Other Income, Net												
Gain on Investments, Net of Tax (c)	(0.12)	(0.04)	0.00	(0.11)	0.00	0.00	(0.11)	0.00	0.00	0.00	(0.11)	0.00
Income Tax (Provision) Benefit (d)	(0.07)	(0.21)	0.00	0.00	0.00	0.03	0.03	0.00	0.00	0.01	0.00	0.01
Income from Discontinued Operations, Net of Tax	(0.15)	(0.86)	(0.02)	(0.02)	(0.10)	(0.01)	(0.15)	(0.02)	0.01	0.00	(0.14)	(0.01)
Adjusted Diluted EPS	1.00	1.18	0.29	0.34	0.38	0.47	1.47	0.39	0.42	0.44	1.01	1.26
GAAP Gross Margin	46.3%	46.0%	46.4%	44.0%	45.0%	46.2%	45.4%	45.7%	45.5%	46.5%	45.0%	45.9%
Cost of Revenues Charges (a)	0.0%	0.1%	0.0%	1.7%	0.3%	0.1%	0.5%	0.0%	0.2%	0.3%	0.7%	0.2%
Pro Forma Stock Option Compensation Expense			-0.1%	-0.1%	-0.1%	-0.1%	-0.1%				0.0%	
Adjusted Gross Margin	46.3%	46.1%	46.3%	45.6%	45.2%	46.2%	45.8%	45.7%	45.7%	46.7%	45.7%	46.0%
GAAP Tax Rate	21.3%	15.8%	27.6%	27.9%	31.6%	34.7%	30.6%	31.9%	28.9%	29.6%	28.9%	30.1%
Tax Effect of Adjusted Items	4.7%	12.3%	-0.2%	1.7%	1.0%	-4.9%	-0.5%	-1.4%	1.7%	1.0%	1.3%	0.5%
Adjusted Tax Rate	26.0%	28.1%	27.4%	29.6%	32.6%	29.8%	30.1%	30.5%	30.6%	30.6%	30.2%	30.6%
Pro Forma Stock Option Compensation Expense												
Cost of Revenues			589	569	565	567	2,290				1,723	
SG&A			4,460	4,290	4,366	4,379	17,495				13,116	
R&D			283	282	286	286	1,137				851	
Total			5,332	5,141	5,217	5,232	20,922				15,690	

(a) The excluded items from cost of revenues include inventory charges, principally for the sale of inventories revalued at the date of acquisition and accelerated depreciation on assets to be abandoned as a result of real estate consolidation.

(b) Restructuring and other costs consist principally of severance and retention costs; abandoned facility and other expenses of real estate consolidation; gains and losses on the sale of businesses, product lines and property; writedowns of businesses held for sale; and legal/advisory fees associated with a reorganization of the company's non-U.S. subsidiary structure.

(c) The excluded items from gain on investments represent net gains from the sale of the company's equity interests in Thoratec Corporation and Newport Corporation.

(d) The excluded items from income tax benefit include the tax benefits/provisions related to the above excluded items, benefit from tax credit carryforwards and the impact of the resolution of significant tax audits.

Thermo Electron Corporation
Business Segment Data
(In thousands)

	2003	Margin %	2004	Margin %	Q1-05	Margin %	Q2-05	Margin %	Q3-05	Margin %	Q4-05	Margin %	2005	Margin %	Q1-06	Margin %	Q2-06	Margin %	Q3-06	Margin %	Nine Months Ended	
																					Q3-05	Q3-06
Life and Laboratory Sciences																						
Revenues	1,293,009		1,573,445		393,305		487,462		516,047		563,339		1,960,153		512,355		539,286		543,470		1,396,814	1,595,111
GAAP Operating Income and Operating Margin	183,533	14.2%	224,393	14.3%	51,830	13.2%	49,075	10.1%	56,200	10.9%	80,605	14.3%	237,710	12.1%	56,757	11.1%	62,556	11.6%	69,908	12.9%	157,105	189,221
Cost of Revenues Charges	-	0.0%	3,177	0.2%	-	0.0%	11,232	2.3%	1,142	0.2%	-	0.0%	12,374	0.6%	-	0.0%	1,266	0.2%	1,458	0.2%	12,374	2,724
Restructuring and Other Costs (Income), Net	21,808	1.7%	7,054	0.4%	(1,734)	-0.5%	(160)	0.0%	6,823	1.3%	595	0.1%	5,524	0.3%	3,046	0.6%	2,571	0.5%	969	0.2%	4,929	6,586
Stock Option Compensation Expense	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,252	0.4%	2,808	0.5%	2,863	0.5%	-	7,923
Amortization of Acquisition-related Intangible Assets	6,592	0.5%	19,830	1.3%	6,614	1.7%	17,773	3.6%	24,098	4.7%	24,045	4.3%	72,530	3.7%	24,095	4.7%	24,197	4.5%	24,491	4.5%	48,485	72,783
Adjusted Operating Income and Operating Margin	211,933	16.4%	254,454	16.2%	56,710	14.4%	77,920	16.0%	88,263	17.1%	105,245	18.7%	328,138	16.7%	86,150	16.8%	93,398	17.3%	99,689	18.3%	222,893	279,237
Measurement and Control																						
Revenues	601,104		632,550		165,903		166,159		163,364		177,448		672,874		171,932		174,182		181,492		495,426	527,606
GAAP Operating Income and Operating Margin	44,549	7.4%	53,376	8.4%	18,360	11.1%	12,093	7.3%	14,555	8.9%	19,182	10.8%	64,190	9.5%	21,752	12.7%	20,482	11.8%	19,872	10.9%	45,008	62,106
Cost of Revenues Charges	71	0.0%	184	0.0%	-	0.0%	233	0.1%	614	0.4%	166	0.1%	1,013	0.1%	-	0.0%	526	0.3%	526	0.3%	847	526
Restructuring and Other Costs (Income), Net	10,214	1.7%	6,337	1.0%	1,034	0.6%	2,168	1.3%	3,445	2.1%	3,223	1.8%	9,870	1.5%	540	0.3%	2,094	1.2%	2,612	1.4%	6,647	5,246
Stock Option Compensation Expense	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	643	0.4%	704	0.4%	836	0.5%	-	2,183
Amortization of Acquisition-related Intangible Assets	2,446	0.4%	2,998	0.5%	799	0.5%	1,335	0.8%	1,470	0.9%	1,501	0.9%	5,105	0.8%	1,464	0.8%	1,456	0.8%	1,918	1.1%	3,604	4,838
Adjusted Operating Income and Operating Margin	57,280	9.5%	62,895	9.9%	20,193	12.2%	15,829	9.5%	20,084	12.3%	24,072	13.6%	80,178	11.9%	24,399	14.2%	24,736	14.2%	25,764	14.2%	56,106	74,899
Consolidated (including Corporate Costs)																						
Revenues	1,899,378		2,205,995		559,208		653,621		679,411		740,787		2,633,027		684,287		713,468		724,962		1,892,240	2,122,717
GAAP Operating Income and Operating Margin	187,384	9.9%	237,512	10.8%	59,676	10.7%	53,214	8.1%	62,110	9.1%	88,487	11.9%	263,487	10.0%	67,845	9.9%	72,173	10.1%	75,111	10.4%	175,000	215,129
Cost of Revenues Charges	71	0.0%	3,361	0.2%	-	0.0%	11,465	1.8%	1,756	0.3%	166	0.0%	13,387	0.5%	-	0.0%	1,266	0.2%	1,984	0.3%	13,221	3,250
Restructuring and Other Costs (Income), Net	45,200	2.4%	15,829	0.7%	(271)	0.0%	2,216	0.4%	10,482	1.5%	4,473	0.6%	16,900	0.6%	3,594	0.5%	4,780	0.7%	5,178	0.7%	12,427	13,552
Stock Option Compensation Expense	(25,538)	-1.3%	(17,798)	-0.8%	(5,332)	-1.0%	(5,141)	-0.8%	(5,217)	-0.8%	(5,232)	-0.7%	(20,922)	-0.8%	-	0.0%	-	0.0%	-	0.0%	(15,690)	-
Amortization of Acquisition-related Intangible Assets	9,038	0.4%	22,831	1.0%	7,414	1.3%	19,109	2.9%	25,569	3.8%	25,548	3.5%	77,640	3.0%	25,561	3.8%	25,655	3.6%	26,405	3.6%	52,092	77,621
Adjusted Operating Income and Operating Margin	216,155	11.4%	261,735	11.9%	61,487	11.0%	80,863	12.4%	94,700	13.9%	113,442	15.3%	350,492	13.3%	97,000	14.2%	103,874	14.6%	108,678	15.0%	237,050	309,552
Depreciation																						
Life and Laboratory Sciences	23,399		29,811		6,779		7,764		8,190		8,136		30,869		7,933		9,656		9,450		22,733	27,039
Measurement and Control	10,698		10,245		2,416		2,045		2,803		2,546		9,810		2,125		2,222		2,300		7,264	6,647
Other (including Corporate Costs)	3,581		3,254		957		951		1,347		1,698		4,953		1,701		1,584		1,670		3,255	4,955
Total	37,678		43,310		10,152		10,760		12,340		12,380		45,632		11,759		13,462		13,420		33,252	38,641
Stock Option Compensation Expense																						
Life and Laboratory Sciences															2,252		2,808		2,863			7,923
Measurement and Control														643		704		836				2,183
Corporate														2,448		2,897		3,040				8,385
Total															5,343		6,409		6,739			18,491

Thermo Electron Corporation
Balance Sheet

(In thousands)

	12/31/2003	12/31/2004	4/2/2005	7/3/2005	10/1/2005	12/31/2005	4/1/2006	7/1/2006	9/30/2006
Assets									
Current Assets:									
Cash and cash equivalents	195,773	326,886	351,560	159,744	193,459	214,326	230,792	189,716	157,964
Short-term available-for-sale investments	222,465	185,369	177,043	11,061	8,690	80,661	79,761	8,267	14,679
Accounts receivable, net	409,217	465,217	451,201	505,465	516,120	560,172	534,655	538,963	539,839
Inventories	302,161	336,711	345,605	399,699	395,559	359,392	381,502	396,160	407,472
Deferred tax assets	113,006	92,929	91,558	94,753	55,675	79,586	77,949	80,487	80,121
Other current assets	57,403	56,942	63,025	59,373	92,287	59,727	72,479	66,629	78,501
Current assets of discontinued operations	95,231	5,600	5,626	7,500	36	36	-	-	-
Total Current Assets	1,395,256	1,469,654	1,485,618	1,237,595	1,261,826	1,353,900	1,377,138	1,280,222	1,278,576
Property, Plant and Equipment, Net	252,252	261,041	238,030	294,520	288,212	280,654	283,106	283,242	280,516
Acquisition-related Intangible Assets	65,542	158,577	166,305	490,638	476,867	450,740	425,468	405,011	405,470
Other Assets	47,761	174,428	159,171	164,300	178,543	200,080	203,954	216,907	219,691
Goodwill	1,441,172	1,513,025	1,505,339	1,947,321	1,940,397	1,966,195	1,950,988	1,990,821	2,013,985
Long-term Assets of Discontinued Operations	187,339	-	-	-	-	-	-	-	-
	3,389,322	3,576,725	3,554,463	4,134,374	4,145,845	4,251,569	4,240,654	4,176,203	4,198,238
Liabilities and Shareholders' Equity									
Current Liabilities:									
Short-term obligations and current maturities of long-term obligations	45,981	15,017	15,500	228,259	167,415	130,137	91,247	171,540	68,658
Other current liabilities	542,993	521,159	491,846	521,892	526,539	626,334	590,497	578,506	620,731
Current liabilities of discontinued operations	95,819	42,552	41,173	37,394	36,962	35,191	34,823	33,908	33,434
Total Current Liabilities	684,793	578,728	548,519	787,545	730,916	791,662	716,567	783,954	722,823
Long-term Deferred Income Taxes and Other Long-term Liabilities	86,561	106,377	105,524	180,838	181,621	197,965	180,829	187,781	190,487
Long-term Liabilities of Discontinued Operations	6,766	-	-	-	-	-	-	-	-
Long-term Obligations:									
Senior notes	137,874	135,232	133,681	383,771	383,269	380,542	381,285	379,529	382,175
Subordinated convertible obligations	77,234	77,234	77,234	77,234	77,234	77,234	77,234	77,234	77,234
Other	14,401	13,604	12,812	11,932	11,593	10,854	10,691	10,699	10,477
Total Long-term Obligations	229,509	226,070	223,727	472,937	472,096	468,630	469,210	467,462	469,886
Total Shareholders' Equity	2,381,693	2,665,550	2,676,693	2,693,054	2,761,212	2,793,312	2,874,048	2,737,006	2,815,042
	3,389,322	3,576,725	3,554,463	4,134,374	4,145,845	4,251,569	4,240,654	4,176,203	4,198,238

Accounts Receivable (Days)	71	69	74	71	68	68	70	68	67
Inventory Turnover	3.7	3.9	3.5	3.6	3.8	4.4	3.9	3.9	3.8