

VARIAN MEDICAL SYSTEMS INC  
Form 10-Q  
May 10, 2016

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

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the quarterly period ended April 1, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 1-7598

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VARIAN MEDICAL SYSTEMS, INC.  
(Exact name of registrant as specified in its charter)

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Delaware	94-2359345
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3100 Hansen Way, Palo Alto, California	94304-1038
(Address of principal executive offices)	(Zip Code)
(650) 493-4000	
(Registrant's telephone number, including area code)	

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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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☒ Accelerated filer ☐

Non-Accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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: 95,214,552 shares of common stock, par value \$1 per share, outstanding as of April 29, 2016.

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PART I  
FINANCIAL INFORMATION

Item 1. Financial Statements

VARIAN MEDICAL SYSTEMS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
(Unaudited)

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
(In thousands, except per share amounts)				
Revenues:				
Product	\$495,569	\$513,765	\$996,095	\$989,595
Service	263,198	245,641	519,805	507,665
Total revenues	758,767	759,406	1,515,900	1,497,260
Cost of revenues:				
Product	330,987	330,458	674,443	636,275
Service	110,562	106,410	214,547	211,439
Total cost of revenues	441,549	436,868	888,990	847,714
Gross margin	317,218	322,538	626,910	649,546
Operating expenses:				
Research and development	62,108	59,312	122,089	116,388
Selling, general and administrative	121,127	117,190	254,188	257,672
Total operating expenses	183,235	176,502	376,277	374,060
Operating earnings	133,983	146,036	250,633	275,486
Interest income	4,298	3,044	8,247	6,084
Interest expense	(3,312)	(2,001)	(5,542)	(4,046)
Earnings before taxes	134,969	147,079	253,338	277,524
Taxes on earnings	37,986	41,110	67,313	78,241
Net earnings	96,983	105,969	186,025	199,283
Less: Net earnings attributable to noncontrolling interests	12	—	27	—
Net earnings attributable to Varian	\$96,971	\$105,969	\$185,998	\$199,283
Net earnings per share - basic	\$1.01	\$1.06	\$1.93	\$1.99
Net earnings per share - diluted	\$1.01	\$1.05	\$1.92	\$1.97
Shares used in the calculation of net				