

Tyco Electronics Ltd.
Form 10-Q
January 24, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended December 24, 2010

Or

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

001-33260

(Commission File Number)

TYCO ELECTRONICS LTD.

(Exact name of registrant as specified in its charter)

Switzerland
(Jurisdiction of Incorporation)

98-0518048
(I.R.S. Employer Identification No.)

**Rheinstrasse 20
CH-8200 Schaffhausen, Switzerland**
(Address of principal executive offices)

+41 (0)52 633 66 61

(Registrant's telephone number)

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

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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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a
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

The number of common shares outstanding as of January 18, 2011 was 445,476,062.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TYCO ELECTRONICS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

For the Quarters Ended
December 24, 2010 December 25,
2009

(in millions,

except per share data)

Net sales	\$	3,200	\$	2,892
Cost of sales		2,179		2,051
Gross margin		1,021		841
Selling, general, and administrative expenses		402		368
Research, development, and engineering expenses		163		138
Acquisition and integration costs		17		
Restructuring and other charges, net		39		66
Operating income		400		269
Interest income		5		4
Interest expense		(35)		(39)
Other income, net		12		8
Income from continuing operations before income taxes		382		242
Income tax expense		(113)		(69)
Income from continuing operations		269		173
Loss from discontinued operations, net of income taxes		(3)		
Net income		266		173
Less: net income attributable to noncontrolling interests		(1)		(1)
Net income attributable to Tyco Electronics Ltd.	\$	265	\$	172
Amounts attributable to Tyco Electronics Ltd.:				
Income from continuing operations	\$	268	\$	172
Loss from discontinued operations		(3)		
Net income	\$	265	\$	172

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Basic earnings per share attributable to Tyco Electronics Ltd.:

Income from continuing operations	\$	0.60	\$	0.37
Loss from discontinued operations				
Net income	\$	0.60	\$	0.37

Diluted earnings (loss) per share attributable to Tyco Electronics Ltd.:

Income from continuing operations	\$	0.60	\$	0.37
Loss from discontinued operations		(0.01)		
Net income	\$	0.59	\$	0.37

Cash distributions paid per common share of Tyco Electronics Ltd.

	\$	0.16	\$	0.16
Weighted-average number of shares outstanding:				
Basic		444		459
Diluted		449		462

See Notes to Condensed Consolidated Financial Statements.

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TYCO ELECTRONICS LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	December 24, 2010	September 24, 2010
	(in millions, except share data)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,407	\$ 1,990
Accounts receivable, net of allowance for doubtful accounts of \$37 and \$44, respectively	2,421	2,259
Inventories	1,836	1,583
Prepaid expenses and other current assets	874	651
Deferred income taxes	250	248
 Total current assets	 6,788	 6,731
Property, plant, and equipment, net	3,075	2,867
Goodwill	3,727	3,211
Intangible assets, net	685	392
Deferred income taxes	2,432	2,447
Receivable from Tyco International Ltd. and Covidien plc	1,140	1,127
Other assets	255	217
 Total Assets	 \$ 18,102	 \$ 16,992
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current maturities of long-term debt	\$ 660	\$ 106
Accounts payable	1,485	1,386
Accrued and other current liabilities	1,564	1,804
Deferred revenue	159	164
 Total current liabilities	 3,868	 3,460
Long-term debt	2,555	2,307
Long-term pension and postretirement liabilities	1,351	1,280
Deferred income taxes	311	285
Income taxes	2,187	2,152
Other liabilities	484	452
 Total Liabilities	 10,756	 9,936
Commitments and contingencies (Note 10)		
Shareholders' Equity:		
Common shares, 468,215,574 shares authorized and issued, CHF 1.55 par value and CHF 1.73 par value, respectively	599	599
Contributed surplus	8,045	8,085
Accumulated deficit	(895)	(1,161)
Treasury shares, at cost, 23,045,424 and 24,845,929 shares, respectively	(650)	(721)
Accumulated other comprehensive income	240	246
 Total Tyco Electronics Ltd. shareholders' equity	 7,339	 7,048

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Noncontrolling interests	7	8
Total Shareholders' Equity	7,346	7,056
Total Liabilities and Shareholders' Equity	\$ 18,102	\$ 16,992

See Notes to Condensed Consolidated Financial Statements.

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TYCO ELECTRONICS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

For the Quarters Ended
December 24, December 25,
2010 2009

(in millions)

Cash Flows From Operating Activities:

Net income	\$ 266	\$ 173
Loss from discontinued operations, net of income taxes	3	
Income from continuing operations	269	173
Adjustments to reconcile net cash provided by operating activities:		
Non-cash restructuring and other charges, net		19
Depreciation and amortization	133	138
Deferred income taxes	105	53
Provision for losses on accounts receivable and inventories	6	(5)
Other	10	12
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable, net	7	(76)
Inventories	(106)	(20)
Inventoried costs on long-term contracts	(1)	(20)
Prepaid expenses and other current assets	43	27
Accounts payable	4	162
Accrued and other current liabilities	(345)	(97)
Deferred revenue	(12)	(28)
Long-term pension and postretirement liabilities	22	(6)
Other	19	(2)
Net cash provided by operating activities	154	330

Cash Flows From Investing Activities:

Capital expenditures	(117)	(76)
Proceeds from sale of property, plant, and equipment	8	2
Proceeds from sale of short-term investments		