**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**
**FORM 10-Q**

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarter Ended June 27, 2020 or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-8002

# THERMO FISHER SCIENTIFIC INC.

*(Exact name of Registrant as specified in its charter)*

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

168 Third Avenue
Waltham, Massachusetts 02451
*(Address of principal executive offices) (Zip Code)*

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $1.00 par value | TMO | New York Stock Exchange |
| Floating Rate Notes due 2020 | TMO /20A | New York Stock Exchange |
| 2.150% Notes due 2022 | TMO 22A | New York Stock Exchange |
| 0.750% Notes due 2024 | TMO 24A | New York Stock Exchange |
| 0.125% Notes due 2025 | TMO 25B | New York Stock Exchange |
| 2.000% Notes due 2025 | TMO 25 | New York Stock Exchange |
| 1.400% Notes due 2026 | TMO 26A | New York Stock Exchange |
| 1.450% Notes due 2027 | TMO 27 | New York Stock Exchange |
| 1.750% Notes due 2027 | TMO 27B | New York Stock Exchange |
| 0.500% Notes due 2028 | TMO 28A | New York Stock Exchange |
| 1.375% Notes due 2028 | TMO 28 | New York Stock Exchange |
| 1.950% Notes due 2029 | TMO 29 | New York Stock Exchange |
| 0.875% Notes due 2031 | TMO 31 | New York Stock Exchange |
| 2.375% Notes due 2032 | TMO 32 | New York Stock Exchange |
| 2.875% Notes due 2037 | TMO 37 | New York Stock Exchange |
| 1.500% Notes due 2039 | TMO 39 | New York Stock Exchange |
| 1.875% Notes due 2049 | TMO 49 | New York Stock Exchange |

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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

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

As of June 27, 2020, the Registrant had 395,589,400 shares of Common Stock outstanding.

**THERMO FISHER SCIENTIFIC INC.**
**QUARTERLY REPORT ON FORM 10-Q**
**FOR THE QUARTER ENDED JUNE 27, 2020**

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## PART I FINANCIAL INFORMATION

### Item 1. Financial Statements

**CONSOLIDATED BALANCE SHEET**
**(Unaudited)**

| (In millions except share and per share amounts) | June 27, 2020 | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 5,818 | $ 2,399 |
| Accounts receivable, less allowances of $113 and $102 | 4,478 | 4,349 |
| Inventories | 3,648 | 3,370 |
| Contract assets, net | 686 | 603 |
| Other current assets | 1,145 | 1,172 |
| Total current assets | 15,775 | 11,893 |
| Property, Plant and Equipment, Net | 4,887 | 4,749 |
| Acquisition-related Intangible Assets, Net | 13,170 | 14,014 |
| Other Assets | 2,061 | 2,011 |
| Goodwill | 25,700 | 25,714 |
| **Total Assets** | $ 61,593 | $ 58,381 |
| **Liabilities and Shareholders' Equity** | | |
| Current Liabilities: | | |
| Short-term obligations and current maturities of long-term obligations | $ 675 | $ 676 |
| Accounts payable | 1,385 | 1,920 |
| Accrued payroll and employee benefits | 1,184 | 1,010 |
| Contract liabilities | 975 | 916 |
| Other accrued expenses | 1,794 | 1,675 |
| Total current liabilities | 6,013 | 6,197 |
| Deferred Income Taxes | 1,750 | 2,192 |
| Other Long-term Liabilities | 3,317 | 3,241 |
| Long-term Obligations | 20,638 | 17,076 |
| Shareholders' Equity: | | |
| Preferred stock, $100 par value, 50,000 shares authorized; none issued | | |
| Common stock, $1 par value, 1,200,000,000 shares authorized; 435,885,737 and 434,416,804 shares issued | 436 | 434 |
| Capital in excess of par value | 15,334 | 15,064 |
| Retained earnings | 23,860 | 22,092 |
| Treasury stock at cost, 40,296,337 and 35,676,421 shares | (6,766) | (5,236) |
| Accumulated other comprehensive items | (2,989) | (2,679) |
| Total shareholders' equity | 29,875 | 29,675 |
| **Total Liabilities and Shareholders' Equity** | $ 61,593 | $ 58,381 |

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

**THERMO FISHER SCIENTIFIC INC.**

**CONSOLIDATED STATEMENT OF INCOME**
**(Unaudited)**

| (In millions except per share amounts) | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Revenues** | | | | |
| Product revenues | $ 5,250 | $ 4,827 | $ 9,880 | $ 9,547 |
| Service revenues | 1,667 | 1,489 | 3,267 | 2,894 |
| Total revenues | 6,917 | 6,316 | 13,147 | 12,441 |
| Costs and Operating Expenses: | | | | |
| Cost of product revenues | 2,391 | 2,478 | 4,731 | 4,892 |
| Cost of service revenues | 1,149 | 1,015 | 2,299 | 2,019 |
| Selling, general and administrative expenses | 1,710 | 1,565 | 3,261 | 3,093 |
| Research and development expenses | 264 | 246 | 509 | 494 |
| Restructuring and other costs (income), net | 12 | (484) | 50 | (473) |
| Total costs and operating expenses | 5,526 | 4,820 | 10,850 | 10,025 |
| Operating Income | 1,391 | 1,496 | 2,297 | 2,416 |
| Interest Income | 8 | 60 | 44 | 127 |
| Interest Expense | (137) | (181) | (263) | (370) |
| Other (Expense) Income, Net | (9) | 18 | 3 | 37 |
| Income Before Income Taxes | 1,253 | 1,393 | 2,081 | 2,210 |
| Provision for Income Taxes | (97) | (274) | (137) | (276) |
| **Net Income** | $ 1,156 | $ 1,119 | $ 1,944 | $ 1,934 |
| **Earnings per Share** | | | | |
| Basic | $ 2.92 | $ 2.80 | $ 4.91 | $ 4.84 |
| Diluted | $ 2.90 | $ 2.77 | $ 4.87 | $ 4.80 |
| **Weighted Average Shares** | | | | |
| Basic | 395 | 400 | 396 | 400 |
| Diluted | 398 | 403 | 399 | 403 |

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

**THERMO FISHER SCIENTIFIC INC.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**(Unaudited)**

| (In millions) | Three Months Ended June 27, 2020 | Three Months Ended June 29, 2019 | Six Months Ended June 27, 2020 | Six Months Ended June 29, 2019 |
|---|---|---|---|---|
| **Comprehensive Income** | | | | |
| Net Income | $ 1,156 | $ 1,119 | $ 1,944 | $ 1,934 |
| Other Comprehensive Items: | | | | |
| Currency translation adjustment: | | | | |
| Currency translation adjustment (net of tax (benefit) provision of $(17), $(30), $5 and $15) | 103 | (116) | (254) | (131) |
| Unrealized gains and losses on hedging instruments: | | | | |
| Unrealized losses on hedging instruments (net of tax benefit of $1, $0, $20 and $0) | (3) | — | (65) | — |
| Reclassification adjustment for losses included in net income (net of tax benefit of $1, $1, $2 and $2) | 3 | 3 | 4 | 5 |
| Pension and other postretirement benefit liability adjustments: | | | | |
| Pension and other postretirement benefit liability adjustments arising during the period (net of tax benefit of $6, $4, $1 and $4) | (6) | (12) | (1) | (11) |
| Amortization of net loss included in net periodic pension cost (net of tax benefit of $2, $1, $3 and $2) | 2 | 4 | 6 | 5 |
| Total other comprehensive items | 99 | (121) | (310) | (132) |
| **Comprehensive Income** | $ 1,255 | $ 998 | $ 1,634 | $ 1,802 |

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

**THERMO FISHER SCIENTIFIC INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**(Unaudited)**

| (In millions) | Six Months Ended June 27, 2020 | Six Months Ended June 29, 2019 |
|---|---|---|
| **Operating Activities** | | |
| Net income | $ 1,944 | $ 1,934 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation of property, plant and equipment | 306 | 275 |
| Amortization of acquisition-related intangible assets | 842 | 851 |
| Change in deferred income taxes | (318) | (392) |
| Gain on sales of businesses | — | (505) |
| Stock-based compensation | 93 | 96 |
| Other non-cash expenses, net | 109 | 48 |
| Changes in assets and liabilities, excluding the effects of acquisitions and disposition: | | |
| Accounts receivable | (195) | 5 |
| Inventories | (309) | (273) |
| Accounts payable | (497) | (202) |
| Contributions to retirement plans | (36) | (34) |
| Other | 303 | 140 |
| Net cash provided by operating activities | 2,242 | 1,943 |
| **Investing Activities** | | |
| Acquisitions, net of cash acquired | (3) | (1,686) |
| Proceeds from sale of business, net of cash divested | — | 1,126 |
| Purchase of property, plant and equipment | (522) | (421) |
| Proceeds from sale of property, plant and equipment | 6 | 12 |
| Other investing activities, net | — | 19 |
| Net cash used in investing activities | (519) | (950) |
| **Financing Activities** | | |
| Net proceeds from issuance of debt | 3,464 | — |
| Repayment of debt | (2) | (3) |
| Proceeds from issuance of commercial paper | 383 | 1,895 |
| Repayments of commercial paper | (387) | (1,855) |
| Purchases of company common stock | (1,500) | (750) |
| Dividends paid | (163) | (144) |
| Net proceeds from issuance of company common stock under employee stock plans | 125 | 122 |
| Other financing activities, net | (121) | — |
| Net cash provided by (used in) financing activities | 1,799 | (735) |
| Exchange Rate Effect on Cash | (107) | (61) |
| Increase in Cash, Cash Equivalents and Restricted Cash | 3,415 | 197 |
| Cash, Cash Equivalents and Restricted Cash at Beginning of Period | 2,422 | 2,117 |
| Cash, Cash Equivalents and Restricted Cash at End of Period | $ 5,837 | $ 2,314 |

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

**THERMO FISHER SCIENTIFIC INC.**

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**
**(Unaudited)**

| (In millions) | Common Stock Shares | Common Stock Amount | Capital in Excess of Par Value | Retained Earnings | Treasury Stock Shares | Treasury Stock Amount | Accumulated Other Comprehensive Items | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | | | | **Three Months Ended June 27, 2020** | | | | |
| **Balance at March 28, 2020** | 435 | $ 435 | $ 15,186 | $ 22,791 | 40 | $ (6,765) | $ (3,088) | $ 28,559 |
| Issuance of shares under employees' and directors' stock plans | 1 | 1 | 101 | — | — | (1) | — | 101 |
| Stock-based compensation | — | — | 47 | — | — | — | — | 47 |
| Dividends declared ($0.22 per share) | — | — | — | (87) | — | — | — | (87) |
| Net income | — | — | — | 1,156 | — | — | — | 1,156 |
| Other comprehensive items | — | — | — | — | — | — | 99 | 99 |
| **Balance at June 27, 2020** | 436 | $ 436 | $ 15,334 | $ 23,860 | 40 | $ (6,766) | $ (2,989) | $ 29,875 |
| | | | | **Three Months Ended June 29, 2019** | | | | |
| **Balance at March 30, 2019** | 433 | $ 433 | $ 14,771 | $ 19,439 | 33 | $ (4,441) | $ (2,509) | $ 27,693 |
| Issuance of shares under employees' and directors' stock plans | — | — | 64 | — | — | (2) | — | 62 |
| Stock-based compensation | — | — | 52 | — | — | — | — | 52 |
| Dividends declared ($0.19 per share) | — | — | — | (76) | — | — | — | (76) |
| Net income | — | — | — | 1,119 | — | — | — | 1,119 |
| Other comprehensive items | — | — | — | — | — | — | (121) | (121) |
| **Balance at June 29, 2019** | 433 | $ 433 | $ 14,887 | $ 20,482 | 33 | $ (4,443) | $ (2,630) | $ 28,729 |
| | | | | **Six Months Ended June 27, 2020** | | | | |
| **Balance at December 31, 2019** | 434 | $ 434 | $ 15,064 | $ 22,092 | 36 | $ (5,236) | $ (2,679) | $ 29,675 |
| Cumulative effect of accounting change | — | — | — | (1) | — | — | — | (1) |
| Issuance of shares under employees' and directors' stock plans | 2 | 2 | 177 | — | — | (30) | — | 149 |
| Stock-based compensation | — | — | 93 | — | — | — | — | 93 |
| Purchases of company common stock | — | — | — | — | 4 | (1,500) | — | (1,500) |
| Dividends declared ($0.44 per share) | — | — | — | (175) | — | — | — | (175) |
| Net income | — | — | — | 1,944 | — | — | — | 1,944 |
| Other comprehensive items | — | — | — | — | — | — | (310) | (310) |
| **Balance at June 27, 2020** | 436 | $ 436 | $ 15,334 | $ 23,860 | 40 | $ (6,766) | $ (2,989) | $ 29,875 |
| | | | | **Six Months Ended June 29, 2019** | | | | |
| **Balance at December 31, 2018** | 432 | $ 432 | $ 14,621 | $ 18,696 | 29 | $ (3,665) | $ (2,498) | $ 27,586 |
| Cumulative effect of accounting changes | — | — | — | 4 | — | — | — | 4 |
| Issuance of shares under employees' and directors' stock plans | 1 | 1 | 170 | — | 1 | (28) | — | 143 |
| Stock-based compensation | — | — | 96 | — | — | — | — | 96 |
| Purchases of company common stock | — | — | — | — | 3 | (750) | — | (750) |
| Dividends declared ($0.38 per share) | — | — | — | (152) | — | — | — | (152) |
| Net income | — | — | — | 1,934 | — | — | — | 1,934 |
| Other comprehensive items | — | — | — | — | — | — | (132) | (132) |
| **Balance at June 29, 2019** | 433 | $ 433 | $ 14,887 | $ 20,482 | 33 | $ (4,443) | $ (2,630) | $ 28,729 |

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

**Note 1. Nature of Operations and Summary of Significant Accounting Policies**

*Nature of Operations*

Thermo Fisher Scientific Inc. (the company or Thermo Fisher) enables customers to make the world healthier, cleaner and safer by helping them accelerate life sciences research, solve complex analytical challenges, improve patient diagnostics, deliver medicines to market and increase laboratory productivity. Markets served include pharmaceutical and biotech, academic and government, industrial and applied, as well as healthcare and diagnostics.

*Interim Financial Statements*

The interim consolidated financial statements presented herein have been prepared by the company, are unaudited and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair statement of the financial position at June 27, 2020, the results of operations for the three- and six-month periods ended June 27, 2020 and June 29, 2019, and the cash flows for the six-month periods ended June 27, 2020 and June 29, 2019. Interim results are not necessarily indicative of results for a full year.

The consolidated balance sheet presented as of December 31, 2019, has been derived from the audited consolidated financial statements as of that date. The consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain all information that is included in the annual financial statements and notes thereto of the company. The consolidated financial statements and notes included in this report should be read in conjunction with the 2019 financial statements and notes included in the company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC).

Note 1 to the consolidated financial statements for 2019 describes the significant accounting estimates and policies used in preparation of the consolidated financial statements. There have been no material changes in the company's significant accounting policies during the six months ended June 27, 2020.

*Contract-related Balances*

Accounts receivable include amounts that have been billed and are currently due from customers. They are recorded at the invoiced amount and do not bear interest. The company maintains allowances for doubtful accounts for estimates of expected losses resulting from the inability of its customers to pay amounts due. The allowance for doubtful accounts is the company's best estimate of the amount of probable credit losses in existing accounts receivable. The company determines the allowance based on history of similarly aged receivables, the creditworthiness of the customer, reasons for delinquency, current economic conditions, expectations associated with future events and circumstances where reasonable and supportable forecasts are available and any other information that is relevant to the judgment. Receivables from academic and government customers as well as large, well-capitalized commercial customers have historically experienced less collectability risk. Account balances are charged off against the allowance when the company believes it is probable the receivable will not be recovered. The company does not have any off-balance-sheet credit exposure related to customers.

The changes in the allowance for doubtful accounts are as follows:

| | Six Months Ended | |
|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 |
| **Balance at Beginning of Year** | $ 102 | $ 117 |
| Cumulative effect of accounting change | 1 | — |
| Provision charged to expense | 30 | 8 |
| Accounts written off | (18) | (10) |
| Acquisitions, currency translation and other | (2) | (2) |
| **Balance at End of Period** | $ 113 | $ 113 |

Contract assets include revenues recognized in advance of billings and are recorded net of estimated losses resulting from the inability to invoice customers, which is primarily due to risk associated with the company's performance. Contract assets are classified as current or noncurrent based on the amount of time expected to lapse until the company's right to consideration

becomes unconditional. Noncurrent contract assets are included within other assets in the accompanying balance sheet. Noncurrent contract liabilities are included within other long-term liabilities in the accompanying balance sheet. Contract assets and liabilities are presented on a net basis in the consolidated balance sheet if they arise from different performance obligations in the same contract. Contract asset and liability balances are as follows:

| (In millions) | June 27, 2020 | December 31, 2019 |
|---|---|---|
| Current Contract Assets, Net | $ 686 | $ 603 |
| Noncurrent Contract Assets, Net | 14 | 17 |
| Current Contract Liabilities | 975 | 916 |
| Noncurrent Contract Liabilities | 624 | 594 |

In the three and six months ended June 27, 2020, the company recognized revenue of $226 million and $631 million, respectively, that was included in the contract liabilities balance at December 31, 2019.

*Warranty Obligations*

The liability for warranties is included in other accrued expenses in the accompanying balance sheet. The changes in the carrying amount of standard product warranty obligations are as follows:

| | Six Months Ended | |
|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 |
| **Balance at Beginning of Year** | $ 93 | $ 92 |
| Provision charged to expense | 41 | 53 |
| Usage | (46) | (55) |
| Adjustments to previously provided warranties, net | (1) | (1) |
| Currency translation | (1) | — |
| **Balance at End of Period** | $ 86 | $ 89 |

*Inventories*

The components of inventories are as follows:

| (In millions) | June 27, 2020 | December 31, 2019 |
|---|---|---|
| Raw Materials | $ 1,159 | $ 971 |
| Work in Process | 533 | 517 |
| Finished Goods | 1,956 | 1,882 |
| Inventories | $ 3,648 | $ 3,370 |

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment. Risks and uncertainties associated with the ongoing COVID-19 global pandemic will materially adversely affect certain of the company's businesses, particularly in the Analytical Instruments segment and, to a lesser extent, in the other three segments, through at least the third quarter of 2020. The extent and duration of such impacts are uncertain and may require changes to estimates. Actual results could differ from those estimates.

*Recent Accounting Pronouncements*

In January 2020, the FASB issued new guidance to clarify the interaction of the accounting for certain equity securities, equity method investments, and certain forward contracts and purchased options. Among other things, the new guidance clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying measurement principles for certain equity securities immediately before applying or discontinuing the equity method. The company adopted this guidance in 2020 using a prospective method. The adoption of this guidance did not have a material impact on the company's consolidated financial statements.

In December 2019, the FASB issued new guidance to simplify the accounting for income taxes. Among other things, the new guidance requires the effects of enacted changes in tax laws or rates to be reflected in the annual effective tax rate computation in the interim period that includes the enactment date. The company expects to adopt this guidance when it is effective in 2021 using a prospective method. The adoption of this guidance is not expected to have a material impact on the company's consolidated financial statements; however, the impact in future periods will be dependent on the extent of future events or conditions that would be affected such as enacted changes in tax laws or rates.

In August 2018, the FASB issued new guidance to modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The company adopted the guidance in 2020 using a retrospective method. The adoption of this guidance did not have a material impact on the company's disclosures.

In August 2018, the FASB issued new guidance to modify the disclosure requirements on fair value measurements. The company adopted the guidance in 2020 with some items requiring a prospective method and others requiring a retrospective method. The adoption of this guidance did not have a material impact on the company's disclosures.

In June 2016, the FASB issued new guidance to require a financial asset measured at amortized cost basis, such as accounts receivable, to be presented at the net amount expected to be collected based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During 2018 and 2019, the FASB issued additional guidance and clarification. The company adopted the guidance in 2020 using a modified retrospective method. The adoption of this guidance reduced accounts receivable and retained earnings by $1 million on January 1, 2020.

**Note 2. Acquisitions and Dispositions**

The company's acquisitions have historically been made at prices above the determined fair value of the acquired identifiable net assets, resulting in goodwill, primarily due to expectations of the synergies that will be realized by combining the businesses. These synergies include the elimination of redundant facilities, functions and staffing; use of the company's existing commercial infrastructure to expand sales of the acquired businesses' products; and use of the commercial infrastructure of the acquired businesses to cost-effectively expand sales of company products.

Acquisitions have been accounted for using the acquisition method of accounting, and the acquired companies' results have been included in the accompanying financial statements from their respective dates of acquisition. Acquisition transaction costs are recorded in selling, general and administrative expenses as incurred.

*Pending Acquisition*

On March 3, 2020, the company entered into a purchase agreement to acquire all of the issued and outstanding shares of QIAGEN N.V. at a price of €39 per share. On July 16, 2020, the agreement was amended to, among other things, increase the offer price to €43 per share or approximately $12.7 billion (based on exchange rates at the time of the amendment), which includes the assumption of approximately $1.2 billion of net debt. QIAGEN is a leading provider of life science and molecular diagnostic solutions that will expand the company's capabilities in these fields. QIAGEN reported 2019 revenues of $1.5 billion. The company commenced a tender offer to acquire all of the ordinary shares of QIAGEN. The transaction is expected to close during the first half of 2021, subject to the satisfaction of customary closing conditions including receipt of applicable regulatory approvals, and completion of the tender offer.

The company intends to finance the purchase price, including the repayment of indebtedness of QIAGEN, with cash on hand and the net proceeds from issuances of debt. The company has also entered into a €3.0 billion senior unsecured one-year term loan to be drawn at the closing of the QIAGEN acquisition. The company is currently evaluating other future debt financings and the timing of such transactions is subject to market and other conditions. The company also has available, but does not currently expect to utilize, up to €6.25 billion of committed bridge financing (Note 7).

*Disposition*

On June 28, 2019, the company sold its Anatomical Pathology business to PHC Holdings Corporation for $1.13 billion, net of cash divested. The business was part of the Specialty Diagnostics segment. The sale of this business resulted in a pre-tax gain of approximately $505 million in the second quarter of 2019, included in restructuring and other costs (income), net. Revenues in 2019, through the date of sale, of the business sold were approximately $115 million, net of retained sales through the company's healthcare market channel business.

**Note 3. Revenue**

*Disaggregated Revenue*

Revenue by type is as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Revenues** | | | | |
| Consumables | 3,879 | 3,268 | $ 7,258 | $ 6,498 |
| Instruments | 1,371 | 1,559 | 2,622 | 3,049 |
| Services | 1,667 | 1,489 | 3,267 | 2,894 |
| Consolidated revenues | $ 6,917 | $ 6,316 | $ 13,147 | $ 12,441 |

Revenue by geographic region is as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Revenues (a)** | | | | |
| North America | $ 3,544 | $ 3,230 | $ 6,831 | $ 6,289 |
| Europe | 1,783 | 1,536 | 3,432 | 3,055 |
| Asia-Pacific | 1,329 | 1,368 | 2,447 | 2,731 |
| Other regions | 261 | 182 | 437 | 366 |
| Consolidated revenues | $ 6,917 | $ 6,316 | $ 13,147 | $ 12,441 |

(a) Revenues are attributed to regions based on customer location.

Each reportable segment earns revenues from consumables, instruments and services in North America, Europe, Asia-Pacific and other regions. See Note 4 for revenue by reportable segment and other geographic data.

*Remaining Performance Obligations*

The aggregate amount of the transaction price allocated to the remaining performance obligations for all open customer contracts as of June 27, 2020 was $9.99 billion. The company will recognize revenue for these performance obligations as they are satisfied, approximately 69% of which is expected to occur within the next twelve months.

**Note 4. Business Segment and Geographical Information**

*Business Segment Information*

| (In millions) | Three Months Ended June 27, 2020 | Three Months Ended June 29, 2019 | Six Months Ended June 27, 2020 | Six Months Ended June 29, 2019 |
|---|---|---|---|---|
| Revenues | | | | |
| Life Sciences Solutions | $ 2,602 | $ 1,710 | $ 4,376 | $ 3,317 |
| Analytical Instruments | 1,051 | 1,324 | 2,152 | 2,646 |
| Specialty Diagnostics | 988 | 943 | 1,946 | 1,900 |
| Laboratory Products and Services | 2,787 | 2,633 | 5,517 | 5,146 |
| Eliminations | (511) | (294) | (844) | (568) |
| Consolidated revenues | 6,917 | 6,316 | 13,147 | 12,441 |
| Segment Income (a) | | | | |
| Life Sciences Solutions | 1,234 | 609 | 1,909 | 1,170 |
| Analytical Instruments | 135 | 286 | 306 | 568 |
| Specialty Diagnostics | 214 | 242 | 450 | 484 |
| Laboratory Products and Services | 281 | 345 | 576 | 630 |
| Subtotal reportable segments (a) | 1,864 | 1,482 | 3,241 | 2,852 |
| Cost of revenues charges, net | (2) | (5) | (4) | (11) |
| Selling, general and administrative charges, net | (42) | (36) | (48) | (47) |
| Restructuring and other (costs) income, net | (12) | 484 | (50) | 473 |
| Amortization of acquisition-related intangible assets | (417) | (429) | (842) | (851) |
| Consolidated operating income | 1,391 | 1,496 | 2,297 | 2,416 |
| Interest income (b) | 8 | 60 | 44 | 127 |
| Interest expense (b) | (137) | (181) | (263) | (370) |
| Other (expense) income, net (b) | (9) | 18 | 3 | 37 |
| Income before income taxes | $ 1,253 | $ 1,393 | $ 2,081 | $ 2,210 |

(a) Represents operating income before certain charges to cost of revenues and selling, general and administrative expenses; restructuring and other costs/income, net; and amortization of acquisition-related intangibles.
(b) The company does not allocate interest or other expense/income, net to its segments.

*Geographical Information*

| (In millions) | Three Months Ended June 27, 2020 | Three Months Ended June 29, 2019 | Six Months Ended June 27, 2020 | Six Months Ended June 29, 2019 |
|---|---|---|---|---|
| **Revenues** (c) | | | | |
| United States | $ 3,414 | $ 3,103 | $ 6,553 | $ 6,021 |
| China | 594 | 724 | 1,058 | 1,378 |
| Other | 2,909 | 2,489 | 5,536 | 5,042 |
| Consolidated revenues | $ 6,917 | $ 6,316 | $ 13,147 | $ 12,441 |

(c) Revenues are attributed to countries based on customer location.

**Note 5. Income Taxes**

The provision for income taxes in the accompanying statement of income differs from the provision calculated by applying the statutory federal income tax rate to income before provision for income taxes due to the following:

| | Six Months Ended | |
|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 |
| Statutory Federal Income Tax Rate | 21 % | 21 % |
| Provision for Income Taxes at Statutory Rate | $ 437 | $ 464 |
| Increases (Decreases) Resulting From: | | |
| Foreign rate differential | (110) | (184) |
| Foreign exchange loss on inter-company debt refinancing | — | (62) |
| Income tax credits | (226) | (137) |
| Global intangible low-taxed income | 104 | 134 |
| Foreign-derived intangible income | (29) | (24) |
| Withholding taxes | 9 | 31 |
| Transition tax and other impacts of U.S. tax reform | — | (20) |
| Provision for tax reserves, net | — | 43 |
| Excess tax benefits from stock options and restricted stock units | (50) | (50) |
| Basis difference on disposal of business | — | 64 |
| Other, net | 2 | 17 |
| Provision for Income Taxes | $ 137 | $ 276 |

The company has operations and a taxable presence in approximately 50 countries outside the U.S. The company's effective income tax rate differs from the U.S. federal statutory rate each year due to certain operations that are subject to tax incentives, state and local taxes, and foreign taxes that are different than the U.S. federal statutory rate.

In the second quarter of 2020, the company implemented foreign tax credit planning in Sweden which resulted in $96 million of foreign tax credits, with no related incremental U.S. income tax expense.

*Unrecognized Tax Benefits*

As of June 27, 2020, the company had $1.55 billion of unrecognized tax benefits substantially all of which, if recognized, would reduce the effective tax rate.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

| (In millions) | 2020 |
|---|---|
| **Balance at Beginning of Year** | $ 1,552 |
| Additions for tax positions of current year | 4 |
| Settlements | (7) |
| **Balance at End of Period** | $ 1,549 |

**Note 6. Earnings per Share**

| (In millions except per share amounts) | Three Months Ended June 27, 2020 | Three Months Ended June 29, 2019 | Six Months Ended June 27, 2020 | Six Months Ended June 29, 2019 |
|---|---|---|---|---|
| Net Income | $ 1,156 | $ 1,119 | $ 1,944 | $ 1,934 |
| Basic Weighted Average Shares | 395 | 400 | 396 | 400 |
| Plus Effect of: Stock options and restricted units | 3 | 3 | 3 | 3 |
| Diluted Weighted Average Shares | 398 | 403 | 399 | 403 |
| Basic Earnings per Share | $ 2.92 | $ 2.80 | $ 4.91 | $ 4.84 |
| Diluted Earnings per Share | $ 2.90 | $ 2.77 | $ 4.87 | $ 4.80 |
| Antidilutive Stock Options Excluded from Diluted Weighted Average Shares | 1 | 1 | 1 | 1 |

**Note 7. Debt and Other Financing Arrangements**

| (Dollars in millions) | Effective Interest Rate at June 27, 2020 | June 27, 2020 | December 31, 2019 |
|---|---|---|---|
| Floating Rate 2-Year Senior Notes, Due 8/7/2020 (euro-denominated) | 0.04 % | $ 673 | $ 673 |
| 2.15% 7-Year Senior Notes, Due 7/21/2022 (euro-denominated) | 2.27 % | 561 | 561 |
| 3.00% 7-Year Senior Notes, Due 4/15/2023 | 1.87 % | 1,000 | 1,000 |
| 4.15% 10-Year Senior Notes, Due 2/1/2024 | 4.16 % | 1,000 | 1,000 |
| 0.75% 8-Year Senior Notes, Due 9/12/2024 (euro-denominated) | 0.94 % | 1,122 | 1,121 |
| 0.125% 5.5-Year Senior Notes, Due 3/1/2025 (euro-denominated) | 0.41 % | 898 | 897 |
| 4.133% 5-Year Senior Notes, Due 3/25/2025 | 4.32 % | 1,100 | — |
| 2.00% 10-Year Senior Notes, Due 4/15/2025 (euro-denominated) | 2.10 % | 719 | 717 |
| 3.65% 10-Year Senior Notes, Due 12/15/2025 | 3.77 % | 350 | 350 |
| 1.40% 8.5-Year Senior Notes, Due 1/23/2026 (euro-denominated) | 1.53 % | 785 | 785 |
| 2.95% 10-Year Senior Notes, Due 9/19/2026 | 3.19 % | 1,200 | 1,200 |
| 1.45% 10-Year Senior Notes, Due 3/16/2027 (euro-denominated) | 1.65 % | 561 | 561 |
| 1.75% 7-Year Senior Notes, Due 4/15/2027 (euro-denominated) | 1.97 % | 673 | — |
| 3.20% 10-Year Senior Notes, Due 8/15/2027 | 3.39 % | 750 | 750 |
| 0.50% 8.5-Year Senior Notes, Due 3/1/2028 (euro-denominated) | 0.77 % | 898 | 897 |
| 1.375% 12-Year Senior Notes, Due 9/12/2028 (euro-denominated) | 1.46 % | 673 | 673 |
| 1.95% 12-Year Senior Notes, Due 7/24/2029 (euro-denominated) | 2.08 % | 785 | 785 |
| 2.60% 10-Year Senior Notes, Due 10/1/2029 | 2.74 % | 900 | 900 |
| 4.497% 10-Year Senior Notes, Due 3/25/2030 | 5.31 % | 1,100 | — |
| 0.875% 12-Year Senior Notes, Due 10/1/2031 (euro-denominated) | 1.13 % | 1,009 | 1,009 |
| 2.375% 12-Year Senior Notes, Due 4/15/2032 (euro-denominated) | 2.55 % | 673 | — |
| 2.875% 20-Year Senior Notes, Due 7/24/2037 (euro-denominated) | 2.94 % | 785 | 785 |
| 1.50% 20-Year Senior Notes, Due 10/1/2039 (euro-denominated) | 1.73 % | 1,009 | 1,009 |
| 5.30% 30-Year Senior Notes, Due 2/1/2044 | 5.37 % | 400 | 400 |
| 4.10% 30-Year Senior Notes, Due 8/15/2047 | 4.23 % | 750 | 750 |
| 1.875% 30-Year Senior Notes, Due 10/1/2049 (euro-denominated) | 1.98 % | 1,122 | 1,121 |
| Other | | 9 | 16 |
| Total Borrowings at Par Value | | 21,505 | 17,960 |
| Fair Value Hedge Accounting Adjustments | | 30 | (13) |
| Unamortized Discount, Net | | (101) | (94) |
| Unamortized Debt Issuance Costs | | (121) | (101) |
| Total Borrowings at Carrying Value | | 21,313 | 17,752 |
| Less: Short-term Obligations and Current Maturities | | 675 | 676 |
| Long-term Obligations | | $ 20,638 | $ 17,076 |

The effective interest rates for the fixed-rate debt include the stated interest on the notes, the accretion of any discount or amortization of any premium, the amortization of any debt issuance costs and, if applicable, adjustments related to hedging.

See Note 10 for fair value information pertaining to the company's long-term obligations.

In connection with the agreement to acquire QIAGEN (Note 2), the company has available up to €6.25 billion of committed bridge financing. The company intends to finance the purchase price, including the repayment of indebtedness of QIAGEN, with cash on hand and the net proceeds from issuances of debt. The company issued senior notes in March and April 2020 to partly fund the acquisition and for general corporate purposes. The company has also entered into a €3.0 billion senior unsecured one-year term loan to be drawn at the closing of the QIAGEN acquisition. As of June 27, 2020, no borrowings were outstanding under the term loan. Loans under the term loan facility will be available in euros and/or dollars. The term loan agreement calls for (i) each Eurocurrency Rate Loan at a rate based on the EURIBO rate (for euro loans) or LIBO rate (for dollar loans) for the applicable interest period and (ii) each Base Rate Loan denominated in dollars at a rate based on the Base

Rate. The term loan agreement contains affirmative, negative and financial covenants, and events of default customary for financings of this type. The financial covenants are consistent with those in the revolving credit facility described below. The company is currently evaluating future debt financings and the timing of such transactions is subject to market and other conditions. The company had a cash outlay of $49 million in 2020 associated with obtaining the bridge commitment included in other financing activities, net, in the accompanying statement of cash flows. In 2020, other income, net includes $44 million of costs for the QIAGEN acquisition, primarily for entering into hedging contracts and amortization of bridge loan commitment fees.

*Credit Facilities*

The company has a revolving credit facility, as amended, (the Facility) with a bank group that provides for up to $2.5 billion of unsecured multi-currency revolving credit. The Facility expires in July 2022. The revolving credit agreement calls for interest at either a LIBOR-based rate, a EURIBOR-based rate (for funds drawn in euro) or a rate based on the prime lending rate of the agent bank, at the company's option. The agreement contains affirmative, negative and financial covenants, and events of default customary for facilities of this type. The covenants in the Facility include a Consolidated Leverage Ratio (net debt-to-Consolidated EBITDA) and a Consolidated Interest Coverage Ratio (Consolidated EBITDA to Consolidated Interest Expense), as such terms are defined in the Facility. Specifically, the company has agreed that, so long as any lender has any commitment under the Facility, any letter of credit is outstanding under the Facility, or any loan or other obligation is outstanding under the Facility, it will maintain a maximum Consolidated Leverage Ratio of 5.0:1.0, with such ratio stepping down to 4.0 to 1.0 for the two consecutive fiscal quarters starting on the earlier of (a) the last day of the first fiscal quarter of 2022 and (b) the third full fiscal quarter ending after the QIAGEN acquisition closing date, and then stepping down to 3.5 to 1.0 for each fiscal quarter ending thereafter. The company has also agreed that so long as any lender has any commitment under the Facility or any letter of credit is outstanding under the Facility, or any loan or other obligation is outstanding under the Facility, it will maintain a minimum Consolidated Interest Coverage Ratio of 3.0:1.0 as of the last day of any fiscal quarter. As of June 27, 2020, no borrowings were outstanding under the Facility, although available capacity was reduced by approximately $68 million as a result of outstanding letters of credit.

*Commercial Paper Programs*

The company has commercial paper programs pursuant to which it may issue and sell unsecured, short-term promissory notes (CP Notes). Under the U.S. program, a) maturities may not exceed 397 days from the date of issue and b) the CP Notes are issued on a private placement basis under customary terms in the commercial paper market and are not redeemable prior to maturity nor subject to voluntary prepayment. Under the euro program, maturities may not exceed 183 days and may be denominated in euro, U.S. dollars, Japanese yen, British pounds sterling, Swiss franc, Canadian dollars or other currencies. Under both programs, the CP Notes are issued at a discount from par (or premium to par, in the case of negative interest rates), or, alternatively, are sold at par and bear varying interest rates on a fixed or floating basis. As of June 27, 2020, there were no outstanding borrowings under these programs.

*Senior Notes*

Interest on the floating rate senior notes is payable quarterly. Interest is payable annually on the other euro-denominated senior notes and semi-annually on all other senior notes. Each of the notes may be redeemed at a redemption price of 100% of the principal amount plus a specified make-whole premium and accrued interest. The company is subject to certain affirmative and negative covenants under the indentures governing the senior notes, the most restrictive of which limits the ability of the company to pledge principal properties as security under borrowing arrangements.

In 2018, Thermo Fisher Scientific (Finance I) B.V., a wholly-owned finance subsidiary of the company, issued the Floating Rate Senior Notes due 2020 included in the table above. This subsidiary has no independent function other than financing activities. The Floating Rate Senior Notes due 2020 are fully and unconditionally guaranteed by the company and no other subsidiaries of the company have guaranteed the obligations.

*Interest Rate Swap Arrangements and related Cross-currency Interest Rate Swap Arrangements*

The company has entered into LIBOR-based interest rate swap arrangements with various banks. The aggregate amounts of the swaps are equal to the principal amount of the notes and the payment dates of the swaps coincide with the interest payment dates of the note. The swap contracts provide for the company to pay a variable interest rate and receive a fixed rate. The variable interest rates reset monthly. The swaps have been accounted for as fair value hedges of the notes. See Note 10 for

additional information on the interest rate swap arrangements and related cross-currency interest rate swap arrangements. The following table summarizes the outstanding interest rate swap arrangements on the company's senior notes at June 27, 2020:

| (Dollars in millions) | Aggregate Notional Amount | Pay Rate | Pay Rate as of June 27, 2020 | Receive Rate |
|---|---|---|---|---|
| 3.00% Senior Notes due 2023 (a) | 1,000 | 1-month LIBOR + 1.7640% | 1.9488 % | 3.00 % |

(a) The payments on $900 million notional value of these interest rate swaps are offset in part by cross-currency interest rate swaps which effectively reduced the pay rate as of June 27, 2020 from 1.95% to a weighted average of 1.34%.

The company has entered into $900 million notional value of cross-currency interest rate swaps, which effectively convert a portion of the semi-annual payments related to the variable rate, U.S. dollar denominated, LIBOR-based interest rate swaps to payments on variable rate, euro denominated, EURIBOR-based cross-currency interest rate swaps.

**Note 8. Commitments and Contingencies**

*Environmental Matters*

The company is currently involved in various stages of investigation and remediation related to environmental matters. The company cannot predict all potential costs related to environmental remediation matters and the possible impact on future operations given the uncertainties regarding the extent of the required cleanup, the complexity and interpretation of applicable laws and regulations, the varying costs of alternative cleanup methods and the extent of the company’s responsibility. Expenses for environmental remediation matters related to the costs of installing, operating and maintaining groundwater-treatment systems and other remedial activities related to historical environmental contamination at the company’s domestic and international facilities were not material in any period presented. The company records accruals for environmental remediation liabilities, based on current interpretations of environmental laws and regulations, when it is probable that a liability has been incurred and the amount of such liability can be reasonably estimated. The company calculates estimates based upon several factors, including input from environmental specialists and management’s knowledge of and experience with these environmental matters. The company includes in these estimates potential costs for investigation, remediation and operation and maintenance of cleanup sites. At June 27, 2020, the company’s total environmental liability was approximately $71 million. While management believes the accruals for environmental remediation are adequate based on current estimates of remediation costs, the company may be subject to additional remedial or compliance costs due to future events such as changes in existing laws and regulations, changes in agency direction or enforcement policies, developments in remediation technologies or changes in the conduct of the company’s operations, which could have a material adverse effect on the company’s financial position, results of operations or cash flows.

*Litigation and Related Contingencies*

There are various lawsuits and claims pending against the company including matters involving product liability, intellectual property, employment and commercial issues. The company determines the probability and range of possible loss based on the current status of each of these matters. A liability is recorded in the financial statements if it is believed to be probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The company establishes a liability that is an estimate of amounts expected to be paid in the future for events that have already occurred. The company accrues the most likely amount or at least the minimum of the range of probable loss when a range of probable loss can be estimated. The accrued liabilities are based on management’s judgment as to the probability of losses for asserted and unasserted claims and, where applicable, actuarially determined estimates. Accrual estimates are adjusted as additional information becomes known or payments are made. The amount of ultimate loss may differ from these estimates. Due to the inherent uncertainties associated with pending litigation or claims, the company cannot predict the outcome, nor, with respect to certain pending litigation or claims where no liability has been accrued, make a meaningful estimate of the reasonably possible loss or range of loss that could result from an unfavorable outcome. The company has no material accruals for pending litigation or claims for which accrual amounts are not disclosed below or in the company's 2019 financial statements and notes included in the company's Annual Report on Form 10-K filed with the SEC, nor are material losses deemed probable for such matters. It is reasonably possible, however, that an unfavorable outcome that exceeds the company’s current accrual estimate, if any, for one or more of the matters described below could have a material adverse effect on the company’s results of operations, financial position and cash flows.

*Product Liability, Workers Compensation and Other Personal Injury Matters*

For product liability, workers compensation and other personal injury matters, the company accrues the most likely amount or at least the minimum of the range of possible loss when a range of possible loss can be estimated. The company records estimated amounts due from insurers related to certain product liabilities as an asset. Although the company believes that the amounts accrued and estimated recoveries are probable and appropriate based on available information, including actuarial studies of loss estimates, the process of estimating losses and insurance recoveries involves a considerable degree of judgment by management and the ultimate amounts could vary materially. Insurance contracts do not relieve the company of its primary obligation with respect to any losses incurred. The collectability of amounts due from its insurers is subject to the solvency and willingness of the insurer to pay, as well as the legal sufficiency of the insurance claims. Management monitors the payment history as well as the financial condition and ratings of its insurers on an ongoing basis.

*Intellectual Property Matters*

On June 3, 2013, Unisone Strategic IP filed a complaint against Life Technologies, a subsidiary of the company, in the United States District Court for the Southern District of California alleging patent infringement by Life Technologies' supply chain management system software, which operates with product "supply centers" installed at customer sites. Plaintiff seeks damages for alleged willful infringement, attorneys' fees, costs, and injunctive relief. On August 24, 2017, Unisone filed an appeal from a decision by the Patent Trial and Appeal Board (PTAB) that found the challenged patent claims invalid. The United States Court of Appeals for the Federal Circuit upheld the PTAB's ruling finding the challenged claims in the Unisone patent invalid. Unisone had until March 11, 2019 to file an appeal with the United States Supreme Court. Unisone did not appeal that decision, and consequently the case before the United States District Court, which had been stayed pending the outcome of the PTAB decision, resumed with Unisone filing an amended complaint on September 12, 2019 regarding similar patent claims that were not included in the PTAB proceeding. On November 1, 2019, Life Technologies filed two additional covered business method (CBM) challenges with the PTAB regarding Unisone's new patent claims. On December 16, 2019, the United States District Court granted Life Technologies' motion to stay the case pending the PTAB's decision whether to institute a CBM review of the new patent claims. On April 28, 2020, the PTAB granted Life Technologies' November 1, 2019 CBM petitions and instituted review of all of Unisone's remaining patent claims. The PTAB has set oral argument on the CBMs for January 27, 2021.

*Strategic Partnership and Long-term Lease*

In May 2020, the company entered a strategic partnership with CSL Limited (CSL). Through a long-term lease agreement with CSL, the company will operate a new state-of-the-art biologics manufacturing facility in Lengnau, Switzerland, when construction is completed in mid-2021, to perform pharma services for CSL with capacity to serve other customers as well. The company made an initial lease payment of $50 million in the second quarter of 2020 (included within other assets in the accompanying balance sheet) and expects to make additional fixed lease payments aggregating to $555 million (excluding renewals) from 2021 to 2040, with additional amounts dependent on the extent of revenues from customers of the facility other than CSL.

**Note 9. Comprehensive Income**

Changes in each component of accumulated other comprehensive items, net of tax, are as follows:

| (In millions) | Currency Translation Adjustment | Unrealized Losses on Hedging Instruments | Pension and Other Postretirement Benefit Liability Adjustment | Total |
|---|---|---|---|---|
| **Balance at December 31, 2019** | $ (2,320) | $ (71) | $ (288) | $ (2,679) |
| Other comprehensive items before reclassifications | (254) | (65) | (1) | (320) |
| Amounts reclassified from accumulated other comprehensive items | — | 4 | 6 | 10 |
| Net other comprehensive items | (254) | (61) | 5 | (310) |
| **Balance at June 27, 2020** | $ (2,574) | $ (132) | $ (283) | $ (2,989) |

**Note 10. Fair Value Measurements and Fair Value of Financial Instruments**

*Fair Value Measurements*

The following tables present information about the company's financial assets and liabilities measured at fair value on a recurring basis as of June 27, 2020 and December 31, 2019:

| (In millions) | June 27, 2020 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash equivalents | $ 4,307 | $ 4,307 | $ — | $ — |
| Investments in common stock, mutual funds and other similar instruments | 20 | 20 | — | — |
| Warrants | 8 | — | 8 | — |
| Insurance contracts | 132 | — | 132 | — |
| Derivative contracts | 65 | — | 65 | — |
| Total Assets | $ 4,532 | $ 4,327 | $ 205 | $ — |
| **Liabilities** | | | | |
| Derivative contracts | $ 80 | $ — | $ 80 | $ — |
| Contingent consideration | 53 | — | — | 53 |
| Total Liabilities | $ 133 | $ — | $ 80 | $ 53 |

| (In millions) | December 31, 2019 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash equivalents | $ 1,280 | $ 1,280 | $ — | $ — |
| Investments in common stock, mutual funds and other similar instruments | 19 | 19 | — | — |
| Warrants | 6 | — | 6 | — |
| Insurance contracts | 131 | — | 131 | — |
| Derivative contracts | 37 | — | 37 | — |
| Total Assets | $ 1,473 | $ 1,299 | $ 174 | $ — |
| **Liabilities** | | | | |
| Derivative contracts | $ 24 | $ — | $ 24 | $ — |
| Contingent consideration | 55 | — | — | 55 |
| Total Liabilities | $ 79 | $ — | $ 24 | $ 55 |

The company uses the Black-Scholes model to value its warrants. The company determines the fair value of its insurance contracts by obtaining the cash surrender value of the contracts from the issuer. The fair value of derivative contracts is the estimated amount that the company would receive/pay upon liquidation of the contracts, taking into account the change in interest rates and currency exchange rates. The company determines the fair value of acquisition-related contingent consideration based on the probability-weighted discounted cash flows associated with such future payments. Changes to the fair value of contingent consideration are recorded in selling, general and administrative expense. The following table provides a rollforward of the fair value, as determined by level 3 inputs, of the contingent consideration.

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Contingent Consideration** | | | | |
| Beginning Balance | $ 54 | $ 37 | $ 55 | $ 37 |
| Acquisitions (including assumed balances) | — | 24 | — | 24 |
| Payments | (1) | — | (2) | — |
| Change in fair value included in earnings | — | (3) | — | (3) |
| Ending Balance | $ 53 | $ 58 | $ 53 | $ 58 |

*Derivative Contracts*

The following table provides the aggregate notional value of outstanding derivative contracts.

| (In millions) | June 27, 2020 | December 31, 2019 |
|---|---|---|
| **Notional Amount** | | |
| Interest rate swaps - fair value hedges (described in Note 7) | $ 1,000 | $ 1,000 |
| Interest rate swaps - cash flow hedges | 750 | — |
| Cross-currency interest rate swaps - designated as net investment hedges | 900 | 900 |
| Cross-currency interest rate swaps | 1,000 | — |
| Currency exchange contracts | 10,804 | 2,846 |

While certain derivatives are subject to netting arrangements with counterparties, the company does not offset derivative assets and liabilities within the consolidated balance sheet. The following tables present the fair value of derivative instruments in the consolidated balance sheet and statement of income.

| | Fair Value – Assets | | Fair Value – Liabilities | |
|---|---|---|---|---|
| (In millions) | June 27, 2020 | December 31, 2019 | June 27, 2020 | December 31, 2019 |
| **Derivatives Designated as Hedging Instruments** | | | | |
| Interest rate swaps (a) | $ 30 | $ — | $ 23 | $ 13 |
| Cross-currency interest rate swaps (a) | 34 | 33 | — | — |
| **Derivatives Not Designated as Hedging Instruments** | | | | |
| Currency exchange contracts (b) | 1 | 4 | 47 | 11 |
| Cross-currency interest rate swaps (a) | — | — | 10 | — |
| **Total Derivatives** | $ 65 | $ 37 | $ 80 | $ 24 |

(a) The fair values of the interest rate swaps and cross-currency interest rate swaps are included in the consolidated balance sheet under the caption other assets or other long-term liabilities.

(b) The fair value of the currency exchange contracts is included in the consolidated balance sheet under the captions other current assets or other accrued expenses.

The following amounts related to cumulative basis adjustments for fair value hedges were included in the consolidated balance sheet under the caption long-term obligations:

| | Carrying Amount of the Hedged Liability | | Cumulative Amount of Fair Value Hedging Adjustment - Increase (Decrease) Included in Carrying Amount of Liability | |
|---|---|---|---|---|
| (In millions) | June 27, 2020 | December 31, 2019 | June 27, 2020 | December 31, 2019 |
| Long-term Obligations | $ 1,024 | $ 980 | $ 30 | $ (13) |

| (In millions) | Gain (Loss) Recognized | | | |
|---|---|---|---|---|
| | Three Months Ended | | Six Months Ended | |
| | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Fair Value Hedging Relationships** | | | | |
| Interest rate swaps | | | | |
| Hedged long-term obligations - included in other expense, net | $ (7) | $ (53) | $ (43) | $ (81) |
| Derivatives designated as hedging instruments - included in other expense, net | 7 | 54 | 43 | 83 |
| **Derivatives Designated as Cash Flow Hedges** | | | | |
| Interest rate swaps | | | | |
| Included in unrealized losses on hedging instruments within other comprehensive items | (4) | — | (85) | — |
| Amount reclassified from accumulated other comprehensive items to other expense, net | (4) | (4) | (6) | (7) |
| **Financial Instruments Designated as Net Investment Hedges** | | | | |
| Foreign currency-denominated debt | | | | |
| Included in currency translation adjustment within other comprehensive items | (64) | (97) | 19 | 59 |
| Cross-currency interest rate swaps | | | | |
| Included in currency translation adjustment within other comprehensive items | (9) | (30) | — | 7 |
| Included in other expense, net | 2 | 14 | 7 | 28 |
| **Derivatives Not Designated as Hedging Instruments** | | | | |
| Currency exchange contracts | | | | |
| Included in cost of product revenues | (3) | (3) | — | (1) |
| Included in other expense, net | (84) | (11) | (44) | 6 |
| Cross-currency interest rate swaps | | | | |
| Included in other expense, net | — | — | (10) | — |

Gains and losses recognized on currency exchange contracts and the interest rate swaps designated as fair value hedges are included in the consolidated statement of income together with the corresponding, offsetting losses and gains on the underlying hedged transactions.

The company also uses foreign currency-denominated debt and cross-currency interest rate swaps to partially hedge its net investments in foreign operations against adverse movements in exchange rates. The majority of the company’s euro-denominated senior notes and certain of its cross-currency interest rate swaps have been designated as, and are effective as, economic hedges of part of the net investment in a foreign operation. Accordingly, foreign currency transaction gains or losses due to spot rate fluctuations on the euro-denominated debt instruments and contract fair value changes on the cross-currency interest rate swaps, excluding interest accruals, are included in currency translation adjustment within other comprehensive items and shareholders’ equity.

The company has also entered into $1 billion notional value of cross currency swaps in anticipation of using U.S. dollars to partially finance the euro purchase price of the QIAGEN acquisition (Note 2). Gains and losses associated with these swaps are recorded in other expense, net.

See Note 1 to the consolidated financial statements for 2019 included in the company's Annual Report on Form 10-K and Note 7 herein for additional information on the company's risk management objectives and strategies.

*Cash Flow Hedge Arrangements*

In March 2020, the company entered into interest rate swap arrangements to mitigate the risk of interest rates rising prior to completion of future debt offerings. Based on the company's conclusion that the debt offerings are probable, the swaps hedge the cash flow risk for each of the interest payments on the planned fixed-rate debt issues. The aggregate fair value of these

hedges, net of tax, at June 27, 2020 has been classified within accumulated other comprehensive items. One of these hedges was terminated in March 2020, in connection with the debt offering completed in that month. The aggregate fair value of the terminated hedge at that time, net of tax, has been classified as a reduction to accumulated other comprehensive items and will be amortized to interest expense over the term of the related debt issuance. The company had a cash outlay of $62 million in 2020 associated with termination of the arrangement, included in other financing activities, net, in the accompanying statement of cash flows. Subsequent to June 27, 2020, the company terminated the remaining hedges for an additional cash payment of $24 million.

*Fair Value of Other Financial Instruments*

The carrying value and fair value of the company's debt obligations are as follows:

| | June 27, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| (In millions) | Carrying Value | Fair Value | Carrying Value | Fair Value |
| **Debt Obligations:** | | | | |
| Senior notes | $ 21,304 | $ 23,276 | $ 17,736 | $ 18,650 |
| Other | 9 | 9 | 16 | 16 |
| | $ 21,313 | $ 23,285 | $ 17,752 | $ 18,666 |

The fair value of debt obligations was determined based on quoted market prices and on borrowing rates available to the company at the respective period ends which represent level 2 measurements.

**Note 11. Supplemental Cash Flow Information**

| | Six Months Ended | |
|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 |
| **Non-cash Investing and Financing Activities** | | |
| Declared but unpaid dividends | $ 89 | $ 78 |
| Issuance of stock upon vesting of restricted stock units | 81 | 76 |

Cash, cash equivalents and restricted cash is included in the consolidated balance sheet as follows:

| (In millions) | June 27, 2020 | December 31, 2019 |
|---|---|---|
| Cash and Cash Equivalents | $ 5,818 | $ 2,399 |
| Restricted Cash Included in Other Current Assets | 18 | 21 |
| Restricted Cash Included in Other Assets | 1 | 2 |
| Cash, Cash Equivalents and Restricted Cash | $ 5,837 | $ 2,422 |

Amounts included in restricted cash represent funds held as collateral for bank guarantees and incoming cash in China awaiting government administrative clearance.

**Note 12. Restructuring and Other Costs, Net**

Restructuring and other costs, net, in the first six months of 2020 primarily included transaction/integration costs related to recent and pending acquisitions, continuing charges for headcount reductions and facility consolidations in an effort to streamline operations, and, to a lesser extent, non-cash charges for writedowns of fixed assets to estimated disposal value in connection with the consolidation of commercial production operations in the U.S. In the first six months of 2020, severance actions associated with facility consolidations and cost reduction measures affected less than 1% of the company's workforce.

As of July 31, 2020, the company has identified restructuring actions that will result in additional charges of approximately $60 million, primarily in 2020 and 2021, and expects to identify additional actions during 2020 which will be recorded when specified criteria are met, such as communication of benefit arrangements or when the costs have been incurred.

During the second quarter of 2020, the company recorded net restructuring and other costs by segment as follows:

| (In millions) | Cost of Revenues | Selling, General and Administrative Expenses | Restructuring and Other Costs, Net | Total |
|---|---|---|---|---|
| Life Sciences Solutions | $ — | $ — | $ — | $ — |
| Analytical Instruments | — | — | 5 | 5 |
| Specialty Diagnostics | — | 42 | 4 | 46 |
| Laboratory Products and Services | 2 | — | 1 | 3 |
| Corporate | — | — | 2 | 2 |
| | $ 2 | $ 42 | $ 12 | $ 56 |

During the first six months of 2020, the company recorded net restructuring and other costs by segment as follows:

| (In millions) | Cost of Revenues | Selling, General and Administrative Expenses | Restructuring and Other Costs, Net | Total |
|---|---|---|---|---|
| Life Sciences Solutions | $ — | $ — | $ 1 | $ 1 |
| Analytical Instruments | — | — | 19 | 19 |
| Specialty Diagnostics | — | 46 | 6 | 52 |
| Laboratory Products and Services | 4 | 2 | 19 | 25 |
| Corporate | — | — | 5 | 5 |
| | $ 4 | $ 48 | $ 50 | $ 102 |

The principal components of net restructuring and other costs by segment are as follows:

*Analytical Instruments*

In the first six months of 2020, the Analytical Instruments segment recorded $19 million of net restructuring and other charges, primarily for employee severance associated with headcount reductions in Europe, China, and the U.S., and, to a lesser extent, abandoned facility costs.

*Specialty Diagnostics*

In the first six months of 2020, the Specialty Diagnostics segment recorded $52 million of net restructuring and other charges, principally charges for third-party transaction/acquisition-related costs.

*Laboratory Products and Services*

In the first six months of 2020, the Laboratory Products and Services segment recorded $25 million of net restructuring and other charges, primarily for employee severance at businesses streamlining operations and for writedowns of fixed assets to estimated disposal value in connection with the consolidation of commercial production operations in the U.S.

*Corporate*

In the first six months of 2020, the company recorded $5 million of net restructuring and other costs for severance at its corporate operations and, to a lesser extent, abandoned facility costs.

The following table summarizes the cash components of the company's restructuring plans. The non-cash components and other amounts reported as restructuring and other costs, net, in the accompanying statement of income have been summarized in the notes to the table. Accrued restructuring costs are included in other accrued expenses in the accompanying balance sheet.

| (In millions) | Severance | Abandonment of Excess Facilities | Other (a) | Total |
|---|---|---|---|---|
| **Balance at December 31, 2019** | 18 | $ 10 | $ 6 | $ 34 |
| Costs incurred in 2020 (c) | 29 | 4 | 5 | 38 |
| Reserves reversed (b) | (1) | — | — | (1) |
| Payments | (24) | (4) | (5) | (33) |
| **Balance at June 27, 2020** | $ 22 | $ 10 | $ 6 | $ 38 |

(a) Other includes relocation and moving expenses associated with facility consolidations, as well as employee retention costs which are accrued ratably over the period through which employees must work to qualify for a payment.
(b) Represents reductions in cost of plans.
(c) Excludes $13 million of charges for fixed asset writedowns and costs associated with environmental remediation at abandoned / previously owned facilities.

The company expects to pay accrued restructuring costs primarily through 2020.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934 are made throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements, including without limitation statements regarding: projections of revenue, expenses, earnings, margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position; cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions or divestitures; growth, declines and other trends in markets we sell into; new or modified laws, regulations and accounting pronouncements; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the timing of any of the foregoing; assumptions underlying any of the foregoing; the expected impact of the COVID-19 pandemic on the company's business; and any other statements that address events or developments that Thermo Fisher intends or believes will or may occur in the future. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. While the company may elect to update forward-looking statements in the future, it specifically disclaims any obligation to do so, even if the company's estimates change, and readers should not rely on those forward-looking statements as representing the company's views as of any date subsequent to the date of the filing of this Quarterly Report.

A number of important factors could cause the results of the company to differ materially from those indicated by such forward-looking statements, including those detailed under the heading "Risk Factors" in Part II, Item 1A of this report on Form 10-Q.

**Overview**

The company develops, manufactures and sells a broad range of products that are sold worldwide. The company expands the product lines and services it offers by developing and commercializing its own technologies and by making strategic acquisitions of complementary businesses. The company's operations fall into four segments (Note 4): Life Sciences Solutions, Analytical Instruments, Specialty Diagnostics and Laboratory Products and Services.

The company has mobilized to support the global novel strain of coronavirus (COVID-19) response with products and services that help analyze, diagnose and protect from the virus. However, as the pandemic spread from China to countries worldwide, the company saw a significant reduction in customer activity in several businesses by late March and continuing into the third quarter of 2020 that will materially adversely affect primarily the results of the Analytical Instruments segment and, to a lesser extent, some businesses within the company's other three segments, at least through the third quarter of 2020. The extent and duration of the negative impacts are uncertain and dependent in part on customers returning to work and economic activity ramping up. The company believes the impacted businesses' long-term prospects remain excellent given the company's attractive markets served, its industry-leading position and proven growth strategy. Several of the company's businesses have had an increase in revenue due to sales of product addressing diagnosis and treatment of COVID-19. While these positive impacts are expected to continue into the third quarter of 2020, the duration and extent of future revenues from such sales are uncertain and dependent primarily on customer testing demand.

**Recent and Pending Acquisitions and Divestiture**

The company's strategy is to augment internal growth at existing businesses with complementary acquisitions. The company's principal recent and pending acquisitions and divestitures are described below.

On March 3, 2020, the company entered into a purchase agreement to acquire all of the issued and outstanding shares of QIAGEN N.V. at a price of €39 per share. On July 16, 2020, the agreement was amended to, among other things, increase the offer price to €43 per share or approximately $12.7 billion (based on exchange rates at the time of the amendment), which includes the assumption of approximately $1.2 billion of net debt. QIAGEN is a leading provider of life science and molecular diagnostic solutions that will expand the company's capabilities in these fields. QIAGEN reported 2019 revenues of $1.5 billion. The company commenced a tender offer to acquire all of the ordinary shares of QIAGEN. The transaction is expected to close during the first half of 2021, subject to the satisfaction of customary closing conditions including receipt of applicable regulatory approvals, and completion of the tender offer.

The company intends to finance the purchase price, including the repayment of indebtedness of QIAGEN, with cash on hand and the net proceeds from issuances of debt. The company has also entered into a €3.0 billion senior unsecured one-year term loan to be drawn at the closing of the QIAGEN acquisition. The company is currently evaluating other future debt financings and the timing of such transactions is subject to market and other conditions. The company also has available, but does not currently expect to utilize, up to €6.25 billion of committed bridge financing (Note 7).

On April 30, 2019, the company acquired, within the Laboratory Products and Services segment, Brammer Bio for approximately $1.67 billion in cash. Brammer Bio is a leading viral vector contract development and manufacturing organization for gene and cell therapies. The acquisition expands the segment's contract manufacturing capabilities. Brammer Bio reported revenues of approximately $140 million in 2018.

On June 28, 2019, the company sold its Anatomical Pathology business to PHC Holdings Corporation for $1.13 billion, net of cash divested. The business was part of the Specialty Diagnostics segment. Revenues in 2019, through the date of sale, and the full year 2018 of the business sold were approximately $115 million and $238 million, respectively, net of retained sales through the company's healthcare market and research and safety market channel businesses.

**Overview of Results of Operations and Liquidity**

| | Three Months Ended | | | | Six Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | June 27, 2020 | | June 29, 2019 | | June 27, 2020 | | June 29, 2019 | |
| **Revenues** | | | | | | | | |
| Life Sciences Solutions | $ 2,602 | 37.6 % | $ 1,710 | 27.1 % | $ 4,376 | 33.3 % | $ 3,317 | 26.7 % |
| Analytical Instruments | 1,051 | 15.2 % | 1,324 | 21.0 % | 2,152 | 16.4 % | 2,646 | 21.3 % |
| Specialty Diagnostics | 988 | 14.3 % | 943 | 14.9 % | 1,946 | 14.8 % | 1,900 | 15.3 % |
| Laboratory Products and Services | 2,787 | 40.3 % | 2,633 | 41.7 % | 5,517 | 42.0 % | 5,146 | 41.4 % |
| Eliminations | (511) | (7.4)% | (294) | (4.7)% | (844) | (6.5)% | (568) | (4.7)% |
| | $ 6,917 | 100 % | $ 6,316 | 100 % | $ 13,147 | 100 % | $ 12,441 | 100 % |

Sales in the second quarter of 2020 were $6.92 billion, an increase of $601 million from 2019. Sales increased $5 million due to acquisitions, net of a divestiture. The unfavorable effects of currency translation resulted in a decrease in revenues of $82 million in the second quarter of 2020. Aside from the effects of acquisitions/divestiture and currency translation, revenues increased $678 million (11%) primarily due to increased demand in the quarter compared to the 2019 quarter. Sales were particularly strong in diagnostic and healthcare markets, primarily due to demand for products supporting customers diagnosing and treating the COVID-19 virus, as well as to customers in pharma and biotech end markets. Sales to academic and government customers decreased primarily due to closure of academic labs during the global pandemic. Sales to customers in industrial markets decreased primarily due to lower demand from business slowing and closures related to COVID-19. Sales growth was particularly strong in Europe and North America while sales were flat in the Asia-Pacific region.

In the second quarter of 2020, total company operating income and operating income margin were $1.39 billion and 20.1%, respectively, compared with $1.50 billion and 23.7%, respectively, in 2019. The decrease in operating income was primarily due to the gain on the sale of the Anatomical Pathology business included in the 2019 period and, to a lesser extent, strategic growth investments in 2020, offset in part by profit on higher sales and, to a lesser extent, productivity improvements and sales mix. The company's references to strategic growth investments generally refer to targeted spending for enhancing commercial capabilities, including expansion of geographic sales reach and e-commerce platforms, marketing initiatives, expanded service and operational infrastructure, focused research projects and other expenditures to enhance the customer experience. The company's references throughout this discussion to productivity improvements generally refer to improved cost efficiencies from its Practical Process Improvement (PPI) business system, reduced costs resulting from global sourcing initiatives, a lower cost structure following restructuring actions, including headcount reductions and consolidation of facilities, and low cost region manufacturing. Productivity improvements are calculated net of inflationary cost increases.

The company's effective tax rate was 7.8% for the second quarter of 2020. In the second quarter of 2020, the company implemented foreign tax credit planning in Sweden which resulted in $96 million of foreign tax credits, with no related incremental U.S. income tax expense. The company expects its effective tax rate for all of 2020 will be between 7% and 9%

**Overview of Results of Operations and Liquidity (continued)**

based on currently forecasted rates of profitability in the countries in which the company conducts business and expected generation of foreign tax credits. Due primarily to the non-deductibility of intangible asset amortization for tax purposes, the company's cash payments for income taxes are higher than its income tax expense for financial reporting purposes and are expected to total $550 to $600 million in 2020. In the second quarter of 2019, the company's effective tax rate was 19.7%. The second quarter 2019 provision for income taxes included $187 million related to the gain on the sale of the Anatomical Pathology business and a tax provision of $28 million to adjust the impacts of U.S. tax reform based on final regulations issued by the U.S. Treasury in June 2019. In addition, in the second quarter of 2019, the company implemented foreign tax credit planning in Sweden which resulted in $75 million of foreign tax credits, with no related incremental U.S. income tax expense.

Net income increased to $1.16 billion in the second quarter of 2020 from $1.12 billion in the second quarter of 2019, primarily due to the decrease in income tax provision (discussed above) and a decrease in interest expense, offset in part by the decrease in operating income in the 2020 period (discussed above) and a decrease in interest income.

During the first six months of 2020, the company's cash flow from operations totaled $2.24 billion compared with $1.94 billion for 2019. The increase primarily resulted from higher cash provided by income, offset in part by higher investment in working capital in 2020.

As of June 27, 2020, the company's short-term debt totaled $675 million, consisting principally of senior notes due in August 2020. The company has a revolving credit facility with a bank group that provides up to $2.5 billion of unsecured multi-currency revolving credit. If the company borrows under this facility, it intends to leave undrawn an amount equivalent to outstanding commercial paper to provide a source of funds in the event that commercial paper markets are not available. As of June 27, 2020, no borrowings were outstanding under the company's revolving credit facility, although available capacity was reduced by approximately $68 million as a result of outstanding letters of credit.

The company believes that its existing cash and cash equivalents of $5.82 billion as of June 27, 2020 and its future cash flow from operations together with available borrowing capacity under its revolving credit agreement, term loan agreement and bridge loan agreement will be sufficient to meet the cash requirements of funding of the QIAGEN acquisition and the cash requirements of its existing businesses for the foreseeable future, including at least the next 24 months.

**Critical Accounting Policies and Estimates**

The company's discussion and analysis of its financial condition and results of operations is based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent liabilities. On an on-going basis, management evaluates its estimates, including those related to intangible assets and goodwill, income taxes and contingencies and litigation. Management believes the most complex and sensitive judgments, because of their significance to the consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management bases its estimates on historical experience, current market and economic conditions and other assumptions that management believes are reasonable. The results of these estimates form the basis for judgments about the carrying value of assets and liabilities where the values are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management's Discussion and Analysis and Note 1 to the Consolidated Financial Statements of the company's Form 10-K for 2019, describe the significant accounting estimates and policies used in preparation of the consolidated financial statements. There have been no significant changes in the company's critical accounting policies during the first six months of 2020.

## Results of Operations

***Second Quarter 2020 Compared With Second Quarter 2019***

| (In millions) | Three Months Ended June 27, 2020 | June 29, 2019 | Total Change | Currency Translation | Acquisitions/ Divestitures | Operations |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Life Sciences Solutions | $ 2,602 | $ 1,710 | $ 892 | $ (44) | $ — | $ 936 |
| Analytical Instruments | 1,051 | 1,324 | (273) | (11) | — | (262) |
| Specialty Diagnostics | 988 | 943 | 45 | (7) | (57) | 109 |
| Laboratory Products and Services | 2,787 | 2,633 | 154 | (22) | 55 | 121 |
| Eliminations | (511) | (294) | (217) | 2 | 7 | (226) |
| Consolidated Revenues | $ 6,917 | $ 6,316 | $ 601 | $ (82) | $ 5 | $ 678 |

Sales in the second quarter of 2020 were $6.92 billion, an increase of $601 million from the second quarter of 2019. Sales increased $5 million due to acquisitions, net of a divestiture. The unfavorable effects of currency translation resulted in a decrease in revenues of $82 million in 2020. Aside from the effects of acquisitions, a divestiture and currency translation, revenues increased $678 million (11%) primarily due to increased demand in the quarter compared to the 2019 quarter. Sales were particularly strong in diagnostic and healthcare markets, primarily due to demand for products supporting customers diagnosing and treating the COVID-19 virus, as well as to customers in pharma and biotech end markets. Sales to academic and government customers decreased primarily due to closure of academic labs during the global pandemic. Sales to customers in industrial markets decreased primarily due to lower demand from business slowing and closures related to COVID-19. Sales growth was particularly strong in Europe and North America while sales were flat in the Asia-Pacific region.

In the second quarter of 2020, total company operating income and operating income margin were $1.39 billion and 20.1%, respectively, compared with $1.50 billion and 23.7%, respectively, in 2019. The decrease in operating income was primarily due to the gain on the sale of the Anatomical Pathology business included in the 2019 period and, to a lesser extent, strategic growth investments in 2020, offset in part by profit on higher sales and, to a lesser extent, productivity improvements and sales mix.

In the second quarter of 2020, the company recorded restructuring and other costs, net, of $56 million. The company recorded $2 million of charges to cost of revenues for accelerated depreciation on fixed assets to be disposed of in connection with the consolidation of commercial production operations in the U.S. The company also recorded $42 million of charges to selling, general and administrative expenses, principally third-party transaction and integration-related costs for recent and pending acquisitions. In addition, the company recorded $12 million of restructuring and other charges, net, for employee severance and other costs associated with facility consolidations/abandonments in efforts to streamline operations, and, to a lesser extent, environmental remediation costs at abandoned and previously owned facilities. See Note 12 for restructuring charges expected in future periods.

In the second quarter of 2019, the company recorded restructuring and other income, net, of $443 million, including $505 million of gain on the sale of the Anatomical Pathology business. The company recorded $5 million of charges to cost of revenues primarily for the sale of inventories revalued at the date of acquisition. The company also recorded $36 million of charges to selling, general and administrative expenses, principally transaction costs related to acquisitions. In addition, the company recorded $11 million of cash restructuring charges, primarily for employee severance and abandoned facilities costs associated with the closure and consolidation of facilities in the U.S. and Europe. The company also recorded $6 million of charges for the impairment of acquired technology in development.

*Segment Results*

The company’s management evaluates segment operating performance using operating income before certain charges/credits to cost of revenues and selling, general and administrative expenses, principally associated with acquisition-related activities; restructuring and other costs/income including costs arising from facility consolidations such as severance and abandoned lease expense and gains and losses from the sale of real estate and product lines; and amortization of acquisition-related intangible assets. The company uses this measure because it helps management understand and evaluate the segments’

**Results of Operations (continued)**

core operating results and facilitate comparison of performance for determining compensation (Note 4). Accordingly, the following segment data is reported on this basis.

| (Dollars in millions) | Three Months Ended June 27, 2020 | June 29, 2019 | Change |
|---|---|---|---|
| **Revenues** | | | |
| Life Sciences Solutions | $ 2,602 | $ 1,710 | 52 % |
| Analytical Instruments | 1,051 | 1,324 | (21) % |
| Specialty Diagnostics | 988 | 943 | 5 % |
| Laboratory Products and Services | 2,787 | 2,633 | 6 % |
| Eliminations | (511) | (294) | 74 % |
| Consolidated Revenues | $ 6,917 | $ 6,316 | 10 % |
| **Segment Income** | | | |
| Life Sciences Solutions | $ 1,234 | $ 609 | 103 % |
| Analytical Instruments | 135 | 286 | (53) % |
| Specialty Diagnostics | 214 | 242 | (12) % |
| Laboratory Products and Services | 281 | 345 | (19) % |
| Subtotal Reportable Segments | 1,864 | 1,482 | 26 % |
| Cost of Revenues Charges, Net | (2) | (5) | |
| Selling, General and Administrative Charges, Net | (42) | (36) | |
| Restructuring and Other Costs (Income), Net | (12) | 484 | |
| Amortization of Acquisition-related Intangible Assets | (417) | (429) | |
| Consolidated Operating Income | $ 1,391 | $ 1,496 | (7) % |
| Reportable Segments Income Margin | 27.0 % | 23.5 % | |
| Consolidated Operating Income Margin | 20.1 % | 23.7 % | |

Income from the company's reportable segments increased 26% to $1.86 billion in the second quarter of 2020 due primarily to profit on higher sales and, to a lesser extent, productivity improvements, offset in part by strategic growth investments.

*Life Sciences Solutions*

| (Dollars in millions) | Three Months Ended June 27, 2020 | June 29, 2019 | Change |
|---|---|---|---|
| Revenues | $ 2,602 | $ 1,710 | 52 % |
| Operating Income Margin | 47.4 % | 35.6 % | 11.8 pt |

Sales in the Life Sciences Solutions segment increased $892 million to $2.60 billion in the second quarter of 2020. Sales increased $936 million (55%) due to higher revenues at existing businesses. The unfavorable effects of currency translation resulted in a decrease in revenues of $44 million. The increase in revenue at existing businesses was primarily due to increased sales of genetic sciences products, driven primarily by tests for diagnosis of COVID-19. Sales grew, to a lesser extent, due to higher demand for biosciences and bioproduction products.

**Results of Operations (continued)**

Operating income margin was 47.4% in the second quarter of 2020 compared to 35.6% in the second quarter of 2019. The increase resulted primarily from profit on higher sales and, to a lesser extent, sales mix and productivity improvements offset in part by strategic growth investments.

*Analytical Instruments*

| | Three Months Ended | | |
|---|---|---|---|
| (Dollars in millions) | June 27, 2020 | June 29, 2019 | Change |
| Revenues | $ 1,051 | $ 1,324 | (21) % |
| Operating Income Margin | 12.9 % | 21.6 % | -8.7 pt |

Sales in the Analytical Instruments segment decreased $273 million to $1.05 billion in the second quarter of 2020. Sales decreased $262 million (-20%) due to lower revenues at existing businesses. The unfavorable effects of currency translation resulted in a decrease in revenues of $11 million. The decrease in revenue at existing businesses was primarily the result of reduced demand from industrial customers following business slowing and closures due to COVID-19 and lower sales to academic customers due to pandemic-related closures.

Operating income margin was 12.9% in the second quarter of 2020 compared to 21.6% in the second quarter of 2019. The decrease was primarily due to the decrease in sales and, to a lesser extent, sales mix and strategic growth investments, offset in part by productivity improvements.

*Specialty Diagnostics*

| | Three Months Ended | | |
|---|---|---|---|
| (Dollars in millions) | June 27, 2020 | June 29, 2019 | Change |
| Revenues | $ 988 | $ 943 | 5 % |
| Operating Income Margin | 21.6 % | 25.7 % | -4.1 pt |

Sales in the Specialty Diagnostics segment increased $45 million to $988 million in the second quarter of 2020. Sales increased $109 million (12%) due to higher revenues at existing businesses. The divestiture of the Anatomical Pathology business resulted in a decrease in sales of $57 million. The unfavorable effects of currency translation resulted in a decrease in revenues of $7 million. The increase in revenue at existing businesses was due to higher demand in part driven by products addressing treatment of COVID-19, with particular strength in sales of products sold through the segment's healthcare market channel business, and to a lesser extent, clinical diagnostics and microbiology products.

Operating income margin was 21.6% in the second quarter of 2020 and 25.7% in the second quarter of 2019. The decrease was primarily due to sales mix and, to a lesser extent, strategic growth investments, offset in part by profit on higher sales and productivity improvements.

*Laboratory Products and Services*

| | Three Months Ended | | |
|---|---|---|---|
| (Dollars in millions) | June 27, 2020 | June 29, 2019 | Change |
| Revenues | $ 2,787 | $ 2,633 | 6 % |
| Operating Income Margin | 10.1 % | 13.1 % | -3.0 pt |

Sales in the Laboratory Products and Services segment increased $154 million to $2.79 billion in the second quarter of 2020. Sales increased $121 million (5%) due to higher revenues at existing businesses and $55 million due to acquisitions. The

**Results of Operations (continued)**

unfavorable effects of currency translation resulted in a decrease in revenues of $22 million. The increase in revenue at existing businesses was primarily due to increased demand for service offerings of the segment's pharma services business.

Operating income margin was 10.1% in the second quarter of 2020 and 13.1% in the second quarter of 2019. The decrease was primarily due to sales mix and, to a lesser extent, strategic growth investments, offset in part by profit on higher sales and productivity improvements.

*Other Income/Expense, Net*

The company reported other expense of $9 million in the second quarter of 2020 compared to other income of $18 million in the second quarter of 2019. In 2020, other expense, net includes $27 million of costs for the QIAGEN acquisition, primarily for amortization of bridge loan commitment fees and entering into currency hedging contracts.

*Provision for Income Taxes*

The company's effective tax rate was 7.8% for the second quarter of 2020. In the second quarter of 2020, the company implemented foreign tax credit planning in Sweden which resulted in $96 million of foreign tax credits, with no related incremental U.S. income tax expense. The company expects its effective tax rate for all of 2020 will be between 7% and 9% based on currently forecasted rates of profitability in the countries in which the company conducts business and expected generation of foreign tax credits. Due primarily to the non-deductibility of intangible asset amortization for tax purposes, the company's cash payments for income taxes are higher than its income tax expense for financial reporting purposes and are expected to total $550 to $600 million in 2020. In the second quarter of 2019, the company's effective tax rate was 19.7%. The second quarter 2019 provision for income taxes included $187 million related to the gain on the sale of the Anatomical Pathology business and a tax provision of $28 million to adjust the impacts of U.S. tax reform based on final regulations issued by the U.S. Treasury in June 2019. In addition, in the second quarter of 2019, the company implemented foreign tax credit planning in Sweden which resulted in $75 million of foreign tax credits, with no related incremental U.S. income tax expense.

The company has operations and a taxable presence in approximately 50 countries outside the U.S. Some of these countries have lower tax rates than the U.S. The company's ability to obtain a benefit from lower tax rates outside the U.S. is dependent on its relative levels of income in countries outside the U.S. and on the statutory tax rates in those countries. Based on the dispersion of the company's non-U.S. income tax provision among many countries, the company believes that a change in the statutory tax rate in any individual country is not likely to materially affect the company's income tax provision or net income, aside from any resulting one-time adjustment to the company's deferred tax balances to reflect a new rate.

***First Six Months of 2020 Compared With First Six Months of 2019***

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| (In millions) | June 27, 2020 | June 29, 2019 | Total Change | Currency Translation | Acquisitions/ Divestitures | Operations |
| **Revenues** | | | | | | |
| Life Sciences Solutions | $ 4,376 | $ 3,317 | $ 1,059 | $ (64) | $ — | $ 1,123 |
| Analytical Instruments | 2,152 | 2,646 | (494) | (24) | — | (470) |
| Specialty Diagnostics | 1,946 | 1,900 | 46 | (16) | (121) | 183 |
| Laboratory Products and Services | 5,517 | 5,146 | 371 | (47) | 147 | 271 |
| Eliminations | (844) | (568) | (276) | 4 | 15 | (295) |
| Consolidated Revenues | $ 13,147 | $ 12,441 | $ 706 | $ (147) | $ 41 | $ 812 |

Sales in the first six months of 2020 were $13.15 billion, an increase of $706 million from the first six months of 2019. Sales increased $41 million due to acquisitions, net of a divestiture. The unfavorable effects of currency translation resulted in a decrease in revenues of $147 million in 2020. Aside from the effects of currency translation and acquisitions/divestiture, revenues increased $812 million (7%) primarily due to increased demand. Sales were particularly strong in diagnostic and healthcare markets, primarily due to demand for products supporting customers diagnosing and treating the COVID-19 virus, as well as to customers in pharma and biotech end markets. Sales to academic and government customers decreased due primarily

**Results of Operations (continued)**

to closure of academic labs during the global pandemic. Sales to customers in industrial markets decreased primarily due to lower demand from business slowing and closures related to COVID-19. Sales growth was particularly strong in Europe and North America while sales decreased in the Asia-Pacific region.

In the first six months of 2020, total company operating income and operating income margin were $2.30 billion and 17.5%, respectively, compared with $2.42 billion and 19.4%, respectively, in the first six months of 2019. The decrease in operating income was primarily due to the gain on the sale of the Anatomical Pathology business included in the 2019 period and, to a lesser extent, strategic growth investments in 2020, offset in part by profit on higher sales and, to a lesser extent, productivity improvements.

In the first six months of 2020, the company recorded restructuring and other costs, net, of $102 million. The company recorded $4 million of charges to cost of revenues to conform the accounting policies of a recently acquired business with the company's accounting policies, as well as accelerated depreciation on fixed assets to be disposed of in connection with the consolidation of commercial production operations in the U.S. The company recorded $48 million of charges to selling, general and administrative expenses, principally transaction and integration-related costs for recent and pending acquisitions. In addition, the company recorded $37 million of cash restructuring charges, net, primarily for employee severance and abandoned facilities costs associated with the closure and consolidation of facilities in Europe, and the U.S. The company also recorded $13 million of charges for writedowns of fixed assets to estimated disposal value in connection with the consolidation of commercial production operations in the U.S. and, to a lesser extent, environmental remediation charges for abandoned and previously owned facilities (Note 12).

In the first six months of 2019, the company recorded restructuring and other income, net, of $415 million, including $505 million of gain on the sale of the Anatomical Pathology business. The company also recorded $11 million of charges to cost of revenues primarily for the sale of inventories revalued at the date of acquisition, and $47 million of net charges to selling, general and administrative expenses, principally transaction costs related to acquisitions and a divestiture. In addition, the company recorded $21 million of cash restructuring charges, net, primarily for employee severance and abandoned facilities costs associated with the closure and consolidation of facilities in the U.S. and Europe.

**Results of Operations (continued)**

*Segment Results*

| (Dollars in millions) | Six Months Ended June 27, 2020 | Six Months Ended June 29, 2019 | Change |
|---|---|---|---|
| **Revenues** | | | |
| Life Sciences Solutions | $ 4,376 | $ 3,317 | 32 % |
| Analytical Instruments | 2,152 | 2,646 | (19) % |
| Specialty Diagnostics | 1,946 | 1,900 | 2 % |
| Laboratory Products and Services | 5,517 | 5,146 | 7 % |
| Eliminations | (844) | (568) | 49 % |
| Consolidated Revenues | $ 13,147 | $ 12,441 | 6 % |
| **Segment Income** | | | |
| Life Sciences Solutions | $ 1,909 | $ 1,170 | 63 % |
| Analytical Instruments | 306 | 568 | (46) % |
| Specialty Diagnostics | 450 | 484 | (7) % |
| Laboratory Products and Services | 576 | 630 | (9) % |
| Subtotal Reportable Segments | 3,241 | 2,852 | 14 % |
| Cost of Revenues Charges | (4) | (11) | |
| Selling, General and Administrative Charges, Net | (48) | (47) | |
| Restructuring and Other Income (Costs), Net | (50) | 473 | |
| Amortization of Acquisition-related Intangible Assets | (842) | (851) | |
| Consolidated Operating Income | $ 2,297 | $ 2,416 | (5) % |
| Reportable Segments Income Margin | 24.7 % | 22.9 % | |
| Consolidated Operating Income Margin | 17.5 % | 19.4 % | |

Income from the company's reportable segments increased 14% to $3.24 billion in the first six months of 2020 due primarily to profit on higher sales and, to a lesser extent, productivity improvements, offset in part by strategic growth investments.

*Life Sciences Solutions*

| (Dollars in millions) | Six Months Ended June 27, 2020 | Six Months Ended June 29, 2019 | Change |
|---|---|---|---|
| Revenues | $ 4,376 | $ 3,317 | 32 % |
| Operating Income Margin | 43.6 % | 35.3 % | 8.3 pt |

Sales in the Life Sciences Solutions segment increased $1.06 billion to $4.38 billion in the first six months of 2020. Sales increased $1.12 billion (34%) due to higher revenues at existing businesses. The unfavorable effects of currency translation resulted in a decrease in revenues of $64 million. The increase in revenue at existing businesses was primarily due to increased

**Results of Operations (continued)**

sales of genetic sciences products, driven primarily by tests for diagnosis of COVID-19 and, to a lesser extent, higher demand for bioproduction and biosciences products.

Operating income margin was 43.6% in the first six months of 2020 compared to 35.3% in the first six months of 2019. The increase resulted primarily from profit on higher sales.

*Analytical Instruments*

| | Six Months Ended | | |
|---|---|---|---|
| (Dollars in millions) | June 27, 2020 | June 29, 2019 | Change |
| Revenues | $ 2,152 | $ 2,646 | (19) % |
| Operating Income Margin | 14.2 % | 21.4 % | -7.2 pt |

Sales in the Analytical Instruments segment decreased $494 million to $2.15 billion in the first six months of 2020. Sales decreased $470 million (-18%) due to lower revenues at existing businesses. The unfavorable effects of currency translation resulted in a decrease in revenues of $24 million. The decrease in revenue at existing businesses was primarily the result of reduced demand from industrial customers following business slowing and closures due to COVID-19 and lower sales to academic customers due to pandemic-related closures.

Operating income margin was 14.2% in the first six months of 2020 compared to 21.4% in the first six months of 2019. The decrease was primarily due to the decrease in sales and, to a lesser extent, sales mix, offset in part by productivity improvements.

*Specialty Diagnostics*

| | Six Months Ended | | |
|---|---|---|---|
| (Dollars in millions) | June 27, 2020 | June 29, 2019 | Change |
| Revenues | $ 1,946 | $ 1,900 | 2 % |
| Operating Income Margin | 23.1 % | 25.5 % | -2.4 pt |

Sales in the Specialty Diagnostics segment increased $46 million to $1.95 billion in the first six months of 2020. Sales increased $183 million (10%) due to higher revenues at existing businesses. The unfavorable effects of currency translation resulted in a decrease in revenues of $16 million and the divestiture of the Anatomical Pathology business decreased revenue by $121 million. The increase in revenue at existing businesses was due to higher demand in part driven by products addressing treatment of COVID-19, with particular strength in sales of products sold through the segment's healthcare market channel business, and to a lesser extent, clinical diagnostics products.

Operating income margin was 23.1% in the first six months of 2020 compared to 25.5% in the first six months of 2019. The decrease was primarily due to sales mix offset in part by profit on higher sales and productivity improvements.

*Laboratory Products and Services*

| | Six Months Ended | | |
|---|---|---|---|
| (Dollars in millions) | June 27, 2020 | June 29, 2019 | Change |
| Revenues | $ 5,517 | $ 5,146 | 7 % |
| Operating Income Margin | 10.4 % | 12.2 % | -1.8 pt |

**Results of Operations (continued)**

Sales in the Laboratory Products and Services segment increased $371 million to $5.52 billion in 2020. Sales increased $271 million (5%) due to higher revenues at existing businesses and $147 million due to acquisitions. The unfavorable effects of currency translation resulted in a decrease in revenues of $47 million. The increase in revenue at existing businesses was primarily due to increased demand for service offerings of the segment's pharma services business and to a lesser extent, products sold through its research and safety market channel business.

Operating income margin was 10.4% in the first six months of 2020 compared to 12.2% in the first six months of 2019. The decrease was primarily due to sales mix and, to a lesser extent, strategic growth investments, offset in part by profit on higher sales and productivity improvements.

*Other Income, Net*

The company reported other income, net of $3 million and $37 million in the first six months of 2020 and 2019, respectively. In 2020, other income, net includes $44 million of costs for the QIAGEN acquisition, primarily for entering into currency hedging contracts and amortization of bridge loan commitment fees.

*Provision for Income Taxes*

The company recorded a $137 million provision for income taxes in the first six months of 2020. In the second quarter of 2020, the company implemented foreign tax credit planning in Sweden which resulted in $96 million of foreign tax credits, with no related incremental U.S. income tax expense. The company recorded a $276 million provision for income taxes in the first six months of 2019 including $187 million related to the gain on the sale of the Anatomical Pathology business. In addition, in 2019, the company recorded a $62 million income tax benefit related to a foreign exchange loss for tax purposes on certain intercompany financing arrangements and implemented foreign tax credit planning in Sweden which resulted in $75 million of foreign tax credits, with no related incremental U.S. income tax expense.

***Recent Accounting Pronouncements***

A description of recently issued accounting standards is included under the heading "*Recent Accounting Pronouncements*" in Note 1.

***Contingent Liabilities***

The company is contingently liable with respect to certain legal proceedings and related matters. An unfavorable outcome that differs materially from current accrual estimates, if any, for one or more of the matters described under the headings "*Product Liability, Workers Compensation and Other Personal Injury Matters*" and "*Intellectual Property Matters*" in Note 8 could have a material adverse effect on the company's financial position as well as its results of operations and cash flows.

**Liquidity and Capital Resources**

Consolidated working capital (current assets less current liabilities) was $9.76 billion at June 27, 2020, compared with $5.70 billion at December 31, 2019. Included in working capital were cash and cash equivalents of $5.82 billion at June 27, 2020 and $2.40 billion at December 31, 2019. The increase in cash was due in part to the issuance of long-term senior notes in March and April 2020 to partially fund the QIAGEN acquisition and for general corporate purposes (see Note 7).

*First Six Months of 2020*

Cash provided by operating activities was $2.24 billion during the first six months of 2020. Cash provided by income was offset in part by investments in working capital. Increases in accounts receivable and inventories used cash of $195 million and $309 million, respectively, primarily to support growth in sales. Changes in other assets and other liabilities provided cash of $303 million primarily due to the timing of payments for compensation and income taxes. Cash payments for income taxes decreased to $320 million during the first six months of 2020, compared with $417 million in the first six months of 2019. The company made cash contributions to its pension and postretirement benefit plans totaling $36 million during the first six months of 2020. Payments for restructuring actions, principally severance costs and expenses of real estate consolidation, used cash of $33 million during the first six months of 2020.

During the first six months of 2020, the company's investing activities used $519 million of cash, principally for the purchase of property, plant and equipment.

**Liquidity and Capital Resources (continued)**

The company's financing activities provided $1.80 billion of cash during the first six months of 2020. Issuance of senior notes provided cash of $3.46 billion. The company's financing activities also included the repurchase of $1.50 billion of the company's common stock and the payment of $163 million in cash dividends, offset in part by $125 million of net proceeds from employee stock option exercises. On November 8, 2019, the Board of Directors authorized the repurchase of up to $2.50 billion of the company's common stock. At July 31, 2020, authorization remained for $1.00 billion of future repurchases of the company's common stock.

The company's commitments for purchases of property, plant and equipment, contractual obligations and other commercial commitments did not change materially between December 31, 2019 and June 27, 2020 except for the agreement to acquire QIAGEN, discussed in Note 2 and the long-term lease with CSL Limited discussed in Note 8. The company expects that for all of 2020, expenditures for property, plant and equipment, net of disposals, will be between $1.3 billion and $1.4 billion.

In July 2020, in connection with the amended offer to acquire QIAGEN, the company transferred $1.75 billion of cash to a restricted cash account where it will be held pending use of it for payment of the acquisition consideration.

As of June 27, 2020, the company's short-term debt totaled $675 million, consisting principally of senior notes due in August 2020. The company has a revolving credit facility with a bank group that provides up to $2.5 billion of unsecured multi-currency revolving credit. If the company borrows under this facility, it intends to leave undrawn an amount equivalent to outstanding commercial paper to provide a source of funds in the event that commercial paper markets are not available. As of June 27, 2020, no borrowings were outstanding under the company's revolving credit facility, although available capacity was reduced by approximately $68 million as a result of outstanding letters of credit.

Approximately half of the company's cash balances and cash flows from operations are from outside the U.S. The company uses its non-U.S. cash for needs outside of the U.S. including acquisitions and repayment of acquisition-related intercompany debt to the U.S. In addition, the company also transfers cash to the U.S. using non-taxable returns of capital as well as dividends where the related U.S. dividend received deduction or foreign tax credit equals any tax cost arising from the dividends. As a result of using such means of transferring cash to the U.S., the company does not expect any material adverse liquidity effects from its significant non-U.S. cash balances for the foreseeable future.

The company believes that its existing cash and cash equivalents of $5.82 billion as of June 27, 2020 and its future cash flow from operations together with available borrowing capacity under its revolving credit agreement, term loan agreement and bridge loan agreement will be sufficient to meet the cash requirements of funding of the QIAGEN acquisition and the cash requirements of its existing businesses for the foreseeable future, including at least the next 24 months.

*First Six Months of 2019*

Cash provided by operating activities was $1.94 billion during the first six months of 2019. Cash provided by income was offset in part by investments in working capital. Increases in inventories used cash of $273 million primarily to support growth in sales. Changes in other assets and other liabilities provided cash of $140 million primarily due to the timing of customer billings. Cash payments for income taxes totaled $417 million. The company made cash contributions to its pension and postretirement benefit plans totaling $34 million during the first six months of 2019. Payments for restructuring actions, principally severance costs and expenses of real estate consolidation, used cash of $34 million during the first six months of 2019.

During the first six months of 2019, the company's investing activities used $950 million of cash. Acquisitions used cash of $1.69 billion. Proceeds from the sale of the Anatomical Pathology business provided $1.13 billion. The company's investing activities also included the purchase of $421 million of property, plant and equipment.

The company's financing activities used $735 million of cash during the first six months of 2019. The company's financing activities included the repurchase of $750 million of the company's common stock and the payment of $144 million in cash dividends, offset in part by $122 million of net proceeds from employee stock option exercises. A net increase in commercial paper obligations provided cash of $40 million.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The company's exposure to market risk from changes in interest rates and currency exchange rates has not changed materially from its exposure at year-end 2019.

**Item 4. Controls and Procedures**

*Management's Evaluation of Disclosure Controls and Procedures*

The company's management, with the participation of the company's chief executive officer and chief financial officer, has evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the company's chief executive officer and chief financial officer concluded that, as of the end of such period, the company's disclosure controls and procedures were effective at the reasonable assurance level.

*Changes in Internal Control over Financial Reporting*

There have been no changes in the company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended June 27, 2020, that have materially affected or are reasonably likely to materially affect the company's internal control over financial reporting.

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

There are various lawsuits and claims against the company involving product liability, intellectual property, employment and commercial issues. See "Note 8 to our Consolidated Financial Statements – Commitments and Contingencies."

**Item 1A. Risk Factors**

Set forth below are the risks that we believe are material to our investors. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 26.

**We are subject to risks associated with public health crises and epidemics/pandemics, such as the COVID-19 pandemic.** Our global operations expose us to risks associated with public health crises and epidemics/pandemics, such as the novel strain of coronavirus (COVID-19) that has spread globally. The global spread of COVID-19 has created significant volatility, uncertainty and worldwide economic disruption. It is likely that the pandemic will cause an economic slowdown of potentially extended duration, and it is possible that it could cause a global recession.

COVID-19 is having, and will continue to have, an adverse impact on certain of our operations, supply chains and distribution systems, including as a result of impacts associated with preventive and precautionary measures that we, other businesses and governments are taking. Due to these impacts and measures, we have experienced, and will continue to experience, significant and unpredictable reductions or increases in demand for certain of our products. Many employers in the United States and Europe are continuing to require their employees to work from home or not go into their offices. If the pandemic continues and conditions worsen, we will continue to experience a decline in sales activities and customer orders in certain of our businesses, and it remains uncertain what impact these declines will have on future sales and customer orders once conditions begin to improve. In addition to existing travel restrictions, countries may continue to close or decline to reopen borders, impose prolonged quarantines, and further restrict travel, which would significantly impact our ability to support our sites and customers in those locations and the ability of our employees to get to their places of work to produce products, or significantly hamper our products from moving through the supply chain. As a result, COVID-19 will materially adversely affect revenue growth in certain of our businesses, and it is uncertain how materially COVID-19 will affect our global operations generally if these impacts persist or worsen over an extended period of time. The extent and duration of the impacts are uncertain and dependent in part on customers returning to work and economic activity ramping up.

The company has mobilized to support the COVID-19 response with products and services that help diagnose the virus as well as assisting customers to develop potential therapeutics and vaccines used to protect from the virus. Our ability to continue to manufacture products is highly dependent on our ability to maintain the safety and health of our factory employees. The ability of our employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19. While we are following the requirements of governmental authorities and taking preventative and protective measures to prioritize the safety of our employees, these measures may not be successful, and we may be required to temporarily close facilities or take other measures. While we are staying in close communication with our sites, employees, customers and suppliers and acting to mitigate the impact of this dynamic and evolving situation, the duration and extent of the effect of COVID-19 on the company is not determinable.

In addition, several of the company's businesses have had an increase in revenue due to sales of products addressing diagnosis and treatment of COVID-19. While these positive impacts are expected to continue into the third quarter of 2020, the duration and extent of future revenues from such sales are uncertain and dependent primarily on customer testing demand.

**We must develop new products, adapt to rapid and significant technological change and respond to introductions of new products by competitors to remain competitive.** Our growth strategy includes significant investment in and expenditures for product development. We sell our products in several industries that are characterized by rapid and significant technological changes, frequent new product and service introductions and enhancements and evolving industry standards. Competitive factors include technological innovation, price, service and delivery, breadth of product line, customer support, e-business capabilities and the ability to meet the special requirements of customers. Our competitors may adapt more quickly to new technologies and changes in customers' requirements than we can. Without the timely introduction of new products, services and enhancements, our products and services will likely become technologically obsolete over time, in which case our revenue and operating results would suffer.

Many of our existing products and those under development are technologically innovative and require significant planning, design, development and testing at the technological, product and manufacturing-process levels. Our customers use many of our products to develop, test and manufacture their own products. As a result, we must anticipate industry trends and develop products in advance of the commercialization of our customers' products. If we fail to adequately predict our customers' needs and future activities, we may invest heavily in research and development of products and services that do not lead to significant revenue.

**It may be difficult for us to implement our strategies for improving internal growth.** Our growth depends in part on the growth of the markets which we serve. Any decline or lower than expected growth in our served markets could diminish demand for our products and services, which would adversely affect our results of operations and financial condition. To address this issue, we are pursuing a number of strategies to improve our internal growth, including:

- strengthening our presence in selected geographic markets;
- allocating research and development funding to products with higher growth prospects;
- developing new applications for our technologies;
- expanding our service offerings;
- continuing key customer initiatives;
- combining sales and marketing operations in appropriate markets to compete more effectively;
- finding new markets for our products; and
- continuing the development of commercial tools and infrastructure to increase and support cross-selling opportunities of products and services to take advantage of our depth in product offerings.

We may not be able to successfully implement these strategies, and these strategies may not result in the expected growth of our business.

**Our business is affected by general economic conditions and related uncertainties affecting markets in which we operate.** Our business is affected by general economic conditions, both inside and outside the U.S. If the global economy and financial markets, or economic conditions in Europe, the U.S. or other key markets, continue to be unstable (including as a result of the COVID-19 pandemic), it could adversely affect the business, results of operations and financial condition of the company and its customers, distributors, and suppliers, having the effect of

- reducing demand for some of our products;
- increasing the rate of order cancellations or delays;
- increasing the risk of excess and obsolete inventories;
- increasing pressure on the prices for our products and services;
- causing supply interruptions which could disrupt our ability to produce our products; and
- creating longer sales cycles and greater difficulty in collecting sales proceeds.

**Our growth would suffer if the markets into which we sell our products and services decline, do not grow as anticipated or experience cyclicality.** Our growth depends in part on the growth of the markets which we serve. Any decline

or lower than expected growth in our served markets would diminish demand for our products and services, which would adversely affect our financial statements. Certain of our businesses operate in industries that may experience periodic, cyclical downturns.

**Demand for some of our products depends on capital spending policies of our customers and on government funding policies.** Our customers include pharmaceutical and chemical companies, laboratories, universities, healthcare providers, government agencies and public and private research institutions. Many factors, including public policy spending priorities, available resources and product and economic cycles, have a significant effect on the capital spending policies of these entities.

Spending by some of these customers fluctuates based on budget allocations and the timely passage of the annual federal budget. An impasse in federal government budget decisions could lead to substantial delays or reductions in federal spending.

**Economic, political, foreign currency and other risks associated with international sales and operations could adversely affect our results of operations.** International markets contribute a substantial portion of our revenues, and we intend to continue expanding our presence in these regions. The exposure to fluctuations in currency exchange rates takes on different forms. International revenues and costs are subject to the risk that fluctuations in exchange rates could adversely affect our reported revenues and profitability when translated into U.S. dollars for financial reporting purposes. These fluctuations could also adversely affect the demand for products and services provided by us. As a multinational corporation, our businesses occasionally invoice third-party customers in currencies other than the one in which they primarily do business (the “functional currency”). Movements in the invoiced currency relative to the functional currency could adversely impact our cash flows and our results of operations. As our international sales grow, exposure to fluctuations in currency exchange rates could have a larger effect on our financial results. In the first six months of 2020, currency translation had an unfavorable effect of $147 million on revenues due to the strengthening of the U.S. dollar relative to other currencies in which the company sells products and services.

In addition, many of our employees, contract manufacturers, suppliers, job functions, outsourcing activities and manufacturing facilities are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- interruption to transportation flows for delivery of parts to us and finished goods to our customers;
- changes in a specific country's or region's political, economic or other conditions;
- changes in diplomatic and trade relationships, including new tariffs, trade protection measures, import or export licensing requirements, trade embargoes and sanctions and other trade barriers;
- tariffs imposed by the U.S. on goods from other countries and tariffs imposed by other countries on U.S. goods, including the tariffs recently adopted by the U.S. government on various imports from China and by the Chinese government on certain U.S. goods;
- the impact of public health epidemics/pandemics on the global economy, such as COVID-19 that has spread globally;
- negative consequences from changes in tax laws;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- differing protection of intellectual property;
- unexpected changes in regulatory requirements; and
- geopolitical uncertainty or turmoil, including terrorism and war.

For example, on January 31, 2020, the United Kingdom formally withdrew from the European Union, or EU and entered a transition period during which it will negotiate a trade deal with the EU. This withdrawal has created political and economic uncertainty, particularly in the United Kingdom and the EU, and this uncertainty may last for years. Our business could be affected during this period of uncertainty, and perhaps longer, by the impact of the United Kingdom’s withdrawal from the EU. In addition, our business could be negatively affected by new trade agreements between the United Kingdom and other countries, including the United States, and by the possible imposition of trade or other regulatory barriers in the United Kingdom. These possible negative impacts, and others resulting from the United Kingdom’s withdrawal from the EU, may adversely affect our operating results and our customers’ businesses.

**Risk Factors (continued)**

**Our inability to protect our intellectual property could have a material adverse effect on our business. In addition, third parties may claim that we infringe their intellectual property, and we could suffer significant litigation or licensing expense as a result.** We place considerable emphasis on obtaining patent and trade secret protection for significant new technologies, products and processes because of the length of time and expense associated with bringing new products through the development process and into the marketplace. Our success depends in part on our ability to develop patentable products and obtain and enforce patent protection for our products both in the United States and in other countries. We own numerous U.S. and foreign patents, and we intend to file additional applications, as appropriate, for patents covering our products. Patents may not be issued for any pending or future patent applications owned by or licensed to us, and the claims allowed under any issued patents may not be sufficiently broad to protect our technology. Any issued patents owned by or licensed to us may be challenged, invalidated or circumvented, and the rights under these patents may not provide us with competitive advantages. In addition, competitors may design around our technology or develop competing technologies. Intellectual property rights may also be unavailable or limited in some foreign countries, which could make it easier for competitors to capture increased market position. We could incur substantial costs to defend ourselves in suits brought against us or in suits in which we may assert our patent rights against others. An unfavorable outcome of any such litigation could materially adversely affect our business and results of operations.

We also rely on trade secrets and proprietary know-how with which we seek to protect our products, in part, by confidentiality agreements with our collaborators, employees and consultants. These agreements may be breached and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently developed by our competitors.

Third parties may assert claims against us to the effect that we are infringing on their intellectual property rights. In the event that a claim relating to intellectual property is asserted against us, or third parties not affiliated with us hold pending or issued patents that relate to our products or technology, we may seek licenses to such intellectual property or challenge those patents. However, we may be unable to obtain these licenses on commercially reasonable terms, if at all, and our challenge of the patents may be unsuccessful. Our failure to obtain the necessary licenses or other rights could prevent the sale, manufacture, or distribution of our products and, therefore, could have a material adverse effect on our business, financial condition and results of operations.

**Changes in governmental regulations may reduce demand for our products or increase our expenses.** We compete in many markets in which we and our customers must comply with federal, state, local and international regulations, such as environmental, health and safety and food and drug regulations. We develop, configure and market our products to meet customer needs created by those regulations. Any significant change in regulations could reduce demand for our products or increase our expenses. For example, we manufacture pharmaceuticals and many of our instruments are marketed to the pharmaceutical industry for use in discovering and developing drugs. Changes in the U.S. Food and Drug Administration's regulation of the drug discovery and development process could have an adverse effect on the demand for these products.

**Our pharma services offerings are highly complex, and if we are unable to provide quality and timely offerings to our customers, our business could suffer.** Our pharma services offerings are highly exacting and complex, due in part to strict quality and regulatory requirements. Our operating results in this business depend on our ability to execute and, when necessary, improve our quality management strategy and systems, and our ability to effectively train and maintain our employee base with respect to quality management. A failure of our quality control systems could result in problems with facility operations or preparation or provision of products. In each case, such problems could arise for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials or environmental factors and damage to, or loss of, manufacturing operations. Such problems could affect production of a particular batch or series of batches of products, requiring the destruction of such products or a halt of facility production altogether.

In addition, our failure to meet required quality standards may result in our failure to timely deliver products to our customers, which in turn could damage our reputation for quality and service. Any such failure could, among other things, lead to increased costs, lost revenue, reimbursement to customers for lost drug product, registered intermediates, registered starting materials, and active pharmaceutical ingredients, other customer claims, damage to and possibly termination of existing customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. Production problems in our drug and biologic manufacturing operations could be particularly significant because the cost of raw materials for such manufacturing is often high. If problems in preparation or manufacture of a product or failures to meet required quality standards for that product are not discovered before such product is released to the market, we may be subject to adverse regulatory actions, including product recalls, product seizures, injunctions to halt manufacture and distribution, restrictions on our operations, civil sanctions, including monetary sanctions, and criminal actions. In addition, such problems or failures could subject us to litigation claims, including claims from our customers for reimbursement for the cost of lost or damaged active pharmaceutical ingredients, the cost of which could be significant.

**Risk Factors (continued)**

**We are subject to product and other liability risks for which we may not have adequate insurance coverage.** We may be named as a defendant in product liability lawsuits, which may allege that products or services we have provided from our pharma services offerings have resulted or could result in an unsafe condition or injury to consumers. Additionally, products currently or previously sold by our environmental and process instruments and radiation measurement and security instruments businesses include fixed and portable instruments used for chemical, radiation and trace explosives detection. These products are used in airports, embassies, cargo facilities, border crossings and other high-threat facilities for the detection and prevention of terrorist acts. If any of these products were to malfunction, it is possible that explosive or radioactive material could fail to be detected by our product, which could lead to product liability claims. There are also many other factors beyond our control that could lead to liability claims, such as the reliability and competence of the customers' operators and the training of such operators.

Any such product liability claims brought against us could be significant and any adverse determination may result in liabilities in excess of our insurance coverage. Although we carry product liability insurance, we cannot be certain that our current insurance will be sufficient to cover these claims or that it can be maintained on acceptable terms, if at all.

**Our inability to complete any pending acquisitions or to successfully integrate any new or previous acquisitions could have a material adverse effect on our business.** Our business strategy includes the acquisition of technologies and businesses that complement or augment our existing products and services. Certain acquisitions, including the QIAGEN acquisition (Note 2), may be difficult to complete for a number of reasons, including the need for antitrust and/or other regulatory approvals. Any acquisition we may complete may be made at a substantial premium over the fair value of the net identifiable assets of the acquired company. Further, we may not be able to integrate acquired businesses successfully into our existing businesses, make such businesses profitable, or realize anticipated cost savings or synergies, if any, from these acquisitions, which could adversely affect our business.

Moreover, we have acquired many companies and businesses. As a result of these acquisitions, we recorded significant goodwill and indefinite-lived intangible assets (primarily tradenames) on our balance sheet, which amount to approximately $25.70 billion and $1.25 billion, respectively, as of June 27, 2020. In addition, we have definite-lived intangible assets totaling $11.92 billion as of June 27, 2020. We assess the realizability of goodwill and indefinite-lived intangible assets annually as well as whenever events or changes in circumstances indicate that these assets may be impaired. We assess the realizability of definite-lived intangible assets whenever events or changes in circumstances indicate that these assets may be impaired. These events or circumstances would generally include operating losses or a significant decline in earnings associated with the acquired business or asset. Our ability to realize the value of the goodwill and intangible assets will depend on the future cash flows of these businesses. These cash flows in turn depend in part on how well we have integrated these businesses. If we are not able to realize the value of the goodwill and intangible assets, we may be required to incur material charges relating to the impairment of those assets.

**We are subject to laws and regulations governing government contracts, and failure to address these laws and regulations or comply with government contracts could harm our business by leading to a reduction in revenue associated with these customers.** We have agreements relating to the sale of our products to government entities and, as a result, we are subject to various statutes and regulations that apply to companies doing business with the government. The laws governing government contracts differ from the laws governing private contracts and government contracts may contain pricing terms and conditions that are not applicable to private contracts. We are also subject to investigation for compliance with the regulations governing government contracts. A failure to comply with these regulations could result in suspension of these contracts, criminal, civil and administrative penalties or debarment.

**Because we compete directly with certain of our larger customers and product suppliers, our results of operations could be adversely affected in the short term if these customers or suppliers abruptly discontinue or significantly modify their relationship with us.** Our largest customer in the laboratory products business is also a significant competitor. Our business may be harmed in the short term if our competitive relationship in the marketplace with certain of our large customers results in a discontinuation of their purchases from us. In addition, we manufacture products that compete directly with products that we source from third-party suppliers. We also source competitive products from multiple suppliers. Our business could be adversely affected in the short term if any of our large third-party suppliers abruptly discontinues selling products to us.

**Because we rely heavily on third-party package-delivery services, a significant disruption in these services or significant increases in prices may disrupt our ability to ship products, increase our costs and lower our profitability.** We ship a significant portion of our products to our customers through independent package delivery companies, such as Federal Express in the U.S. and DHL in Europe. We also maintain a small fleet of vehicles dedicated to the delivery of our products and ship our products through other carriers, including national and regional trucking firms, overnight carrier services and the U.S. Postal Service. If one or more of these third-party package-delivery providers were to experience a major work

stoppage, preventing our products from being delivered in a timely fashion or causing us to incur additional shipping costs we could not pass on to our customers, our costs could increase and our relationships with certain of our customers could be adversely affected. In addition, if one or more of these third-party package-delivery providers were to increase prices, and we were not able to find comparable alternatives or make adjustments in our delivery network, our profitability could be adversely affected.

**We are required to comply with a wide variety of laws and regulations, and are subject to regulation by various federal, state and foreign agencies.** We are subject to various local, state, federal, foreign and transnational laws and regulations, which include the operating and security standards of the U.S. Federal Drug Administration (the FDA), the U.S. Drug Enforcement Agency (the DEA), various state boards of pharmacy, state health departments, the U.S. Department of Health and Human Services (the DHHS), the European Medicines Agency (the EMA), in Europe, the EU member states and other comparable agencies and, in the future, any changes to such laws and regulations could adversely affect us. In particular, we are subject to laws and regulations concerning current good manufacturing practices and drug safety. Our subsidiaries may be required to register for permits and/or licenses with, and may be required to comply with the laws and regulations of the DEA, the FDA, the DHHS, foreign agencies including the EMA, and other various state boards of pharmacy, state health departments and/or comparable state agencies as well as certain accrediting bodies depending upon the type of operations and location of product distribution, manufacturing and sale.

The manufacture, distribution and marketing of many of our products and services, including medical devices and pharma services, are subject to extensive ongoing regulation by the FDA, the DEA, the EMA, and other equivalent local, state, federal and non-U.S. regulatory authorities. In addition, we are subject to inspections by these regulatory authorities. Failure by us or by our customers to comply with the requirements of these regulatory authorities, including without limitation, remediating any inspectional observations to the satisfaction of these regulatory authorities, could result in warning letters, product recalls or seizures, monetary sanctions, injunctions to halt manufacture and distribution, restrictions on our operations, civil or criminal sanctions, or withdrawal of existing or denial of pending approvals, including those relating to products or facilities. In addition, such a failure could expose us to contractual or product liability claims, contractual claims from our customers, including claims for reimbursement for lost or damaged active pharmaceutical ingredients, as well as ongoing remediation and increased compliance costs, any or all of which could be significant. We are the sole manufacturer of a number of pharmaceuticals for many of our customers and a negative regulatory event could impact our customers' ability to provide products to their customers.

We are also subject to a variety of federal, state, local and international laws and regulations that govern, among other things, the handling, transportation and manufacture of substances that could be classified as hazardous, and we are required to comply with various import laws and export control and economic sanctions laws, which may affect our transactions with certain customers. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services and technologies. In other circumstances, we may be required to obtain an export license before exporting the controlled item. Compliance with the various import laws that apply to our businesses can restrict our access to, and increase the cost of obtaining, certain products and at times can interrupt our supply of imported inventory. Any noncompliance by us with applicable laws and regulations or the failure to maintain, renew or obtain necessary permits and licenses could result in criminal, civil and administrative penalties and could have an adverse effect on our results of operations.

**Our reputation, ability to do business and financial statements may be impaired by improper conduct by any of our employees, agents or business partners.** We have internal controls and compliance systems to protect the company against acts committed by employees, agents or businesses that we acquire that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, kickbacks and false claims, pricing, sales and marketing practices, conflicts of interest, competition, employment practices and workplace behavior, export and import compliance, money laundering and data privacy, but we cannot provide assurance that these controls and systems will prevent every such wrongful act. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental corruption to some degree. Any such improper actions or allegations of such acts could damage our reputation and subject us to civil or criminal investigations in the United States and in other jurisdictions and related shareholder lawsuits, could lead to substantial civil and criminal, monetary and nonmonetary penalties and could cause us to incur significant legal and investigatory fees. In addition, the government may seek to hold us liable for violations committed by companies which we acquire. We also rely on our suppliers to adhere to our supplier standards of conduct, and material violations of such standards of conduct could occur that could have a material effect on our business, reputation and financial statements.

**Natural disasters, public health crises, political crises, and other catastrophic events or other events outside of our control may disrupt our facilities or the facilities of third parties on which we depend, and could impact customer**

**spending.** We have significant operations in California, near major earthquake faults, which make us susceptible to earthquake risk. An earthquake or other natural disaster such as a fire or hurricane or power shortages or outages could disrupt our operations or impair our critical systems. Any of these disruptions or other events outside of our control, such as strikes or other labor unrest, could have an adverse effect on our results of operations. In addition, if any of our facilities, including our manufacturing or warehouse facilities, or the facilities of our suppliers, third-party service providers, or customers, is affected by natural disasters, such as earthquakes, tsunamis, power shortages or outages, floods or monsoons, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war, political instability or other conflict, or other events outside of our control, such as strikes or other labor unrest, our results of operations could be adversely affected. Moreover, these types of events could negatively impact customer spending in the impacted regions or depending upon the severity, globally, which could also adversely impact our operating results. For example, as described above, the COVID-19 pandemic has impacted and could have a material adverse effect on our business and results of operations.

**Fluctuations in our effective tax rate may adversely affect our results of operations and cash flows.** As a global company, we are subject to taxation in numerous countries, states and other jurisdictions. In preparing our financial statements, we record the amount of tax that is payable in each of the countries, states and other jurisdictions in which we operate. Our future effective tax rate, however, may be lower or higher than experienced in the past due to numerous factors, including a change in the mix of our profitability from country to country, changes in accounting for income taxes and recently enacted and future changes in tax laws in jurisdictions in which we operate. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations, which could have an adverse effect on our business, results of operations and cash flows.

**We may incur unexpected costs from increases in fuel and raw material prices, which could reduce our earnings and cash flows.** Our primary commodity exposures are for fuel, petroleum-based resins and steel. While we may seek to minimize the impact of price increases through higher prices to customers and various cost-saving measures, our earnings and cash flows could be adversely affected in the event these measures are insufficient to cover our costs.

**Our reliance upon sole or limited sources of supply for certain materials or components could cause production interruptions, delays and inefficiencies.** Some of our businesses purchase certain materials from sole or limited source suppliers for reasons of quality assurance, regulatory requirements, cost effectiveness, availability or uniqueness of design. If these or other suppliers encounter financial, operating or other difficulties or if our relationship with them changes, we might not be able to quickly establish or qualify replacement sources of supply. The supply chains for our businesses could also be disrupted by supplier capacity constraints, bankruptcy or exiting of the business for other reasons, decreased availability of key raw materials or commodities and external events such as natural disasters, pandemic health issues such as COVID-19, war, terrorist actions, governmental actions and legislative or regulatory changes. Any of these factors could result in production interruptions, delays, extended lead times and inefficiencies.

**A significant disruption in, or breach in security of, our information technology systems or violation of data privacy laws could adversely affect our business.** As a part of our ongoing effort to upgrade our current information systems, we periodically implement new enterprise resource planning software and other software applications to manage certain of our business operations. As we implement and add functionality, problems could arise that we have not foreseen. Such problems could disrupt our ability to provide quotes, take customer orders and otherwise run our business in a timely manner. When we upgrade or change systems, we may suffer interruptions in service, loss of data or reduced functionality. In addition, if our new systems fail to provide accurate pricing and cost data our results of operations and cash flows could be adversely affected.

We also rely on our information technology systems to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers and other business partners) and to manage or support a variety of critical business processes and activities (such as interacting with suppliers, selling our products and services, fulfilling orders and billing, collecting and making payments, shipping products, providing services and support to customers, tracking customer activity, fulfilling contractual obligations and otherwise conducting business). Our systems may be vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, computer hackers, computer viruses, ransomware, phishing, computer denial-of-service attacks, unauthorized access to customer or employee data or company trade secrets, and other attempts to harm our systems. Certain of our systems are not redundant, and our disaster recovery planning is not sufficient for every eventuality. Despite any precautions we may take, such problems could result in, among other consequences, interruptions in our services, which could harm our reputation and financial results. Any of the cyber-attacks, breaches or other disruptions or damage described above, if significant, could materially interrupt our operations, delay production and shipments, result in theft of our and our customers' intellectual property and trade secrets, damage customer, business partner and employee relationships and our reputation or result in defective products or services, legal claims and proceedings, liability and penalties under privacy laws and increased cost for security and remediation, each of which could adversely affect our business and financial results.

**Risk Factors (continued)**

If we are unable to maintain reliable information technology systems and appropriate controls with respect to global data privacy and security requirements and prevent data breaches, we may suffer regulatory consequences in addition to business consequences. As a global organization, we are subject to data privacy and security laws, regulations, and customer-imposed controls in numerous jurisdictions as a result of having access to and processing confidential, personal and/or sensitive data in the course of our business. For example, in the United States, individual states regulate data breach and security requirements and multiple governmental bodies assert authority over aspects of the protection of personal privacy. European laws require us to have an approved legal mechanism to transfer personal data out of Europe, and the EU General Data Protection Regulation imposes significantly stricter requirements in how we collect and process personal data. Several countries, such as China and Russia, have passed laws that require personal data relating to their citizens to be maintained on local servers and impose additional data transfer restrictions. Government enforcement actions can be costly and interrupt the regular operation of our business, and data breaches or violations of data privacy laws can result in fines, reputational damage and civil lawsuits, any of which may adversely affect our business, reputation and financial statements.

**We have outstanding debt, and our debt will increase as a result of additional debt we expect to incur to finance the QIAGEN acquisition. Our existing and future indebtedness may restrict our investment opportunities or limit our activities and negatively impact our credit ratings.** As of June 27, 2020, we had approximately $21.31 billion in outstanding indebtedness. In addition, we have availability to borrow under a revolving credit facility that provides for up to $2.5 billion of unsecured multi-currency revolving credit. We expect to incur additional indebtedness to fund a portion of the purchase price of the QIAGEN acquisition. We may also obtain additional long-term debt and lines of credit to meet future financing needs, which would have the effect of increasing our total leverage.

Our leverage could have negative consequences, including increasing our vulnerability to adverse economic and industry conditions, limiting our ability to obtain additional financing and limiting our ability to acquire new products and technologies through strategic acquisitions.

Our ability to make scheduled payments, refinance our obligations or obtain additional financing will depend on our future operating performance and on economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flow to meet our obligations. If we are unable to service our debt, refinance our existing debt or obtain additional financing, we may be forced to delay strategic acquisitions, capital expenditures or research and development expenditures.

Additionally, the agreements governing our debt require that we maintain certain financial ratios, and contain affirmative and negative covenants that restrict our activities by, among other limitations, limiting our ability to incur additional indebtedness, merge or consolidate with other entities, make investments, create liens, sell assets and enter into transactions with affiliates. The covenants in the Facility include a Consolidated Leverage Ratio (net debt-to-Consolidated EBITDA) and a Consolidated Interest Coverage Ratio (Consolidated EBITDA to Consolidated Interest Expense), as such terms are defined in the Facility. Specifically, the company has agreed that, so long as any lender has any commitment under the Facility, any letter of credit is outstanding under the Facility, or any loan or other obligation is outstanding under the Facility, it will maintain a maximum Consolidated Leverage Ratio of 5.0:1.0, with such ratio stepping down to 4.0 to 1.0 for the two consecutive fiscal quarters starting on the earlier of (a) the last day of the first fiscal quarter of 2022 and (b) the third full fiscal quarter ending after the QIAGEN acquisition closing date, and then stepping down to 3.5 to 1.0 for each fiscal quarter ending thereafter. The company has also agreed that so long as any lender has any commitment under the Facility or any letter of credit is outstanding under the Facility, or any loan or other obligation is outstanding under the Facility, it will maintain a minimum Consolidated Interest Coverage Ratio of 3.0:1.0 as of the last day of any fiscal quarter.

Our ability to comply with these financial restrictions and covenants is dependent on our future performance, which is subject to prevailing economic conditions and other factors, including factors that are beyond our control such as the impact of public health epidemics/pandemics like COVID-19, foreign exchange rates and interest rates. Our failure to comply with any of these restrictions or covenants may result in an event of default under the applicable debt instrument, which could permit acceleration of the debt under that instrument and require us to prepay that debt before its scheduled due date. Also, an acceleration of the debt under certain of our debt instruments would trigger an event of default under other of our debt instruments.

**Regulatory approvals necessary for our acquisition of QIAGEN may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the QIAGEN acquisition**. Before the QIAGEN acquisition may be completed, we must obtain certain required regulatory approvals, waivers or consents. These regulators may impose conditions on the completion of the transaction. Such conditions could have the effect of delaying or preventing completion of the transaction, causing us to incur

additional costs or limiting the revenues of the combined company following the transaction, any of which might have an adverse effect on the combined company following the transaction.

**Combining QIAGEN with us may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the transaction may not be fully realized.** The success of the QIAGEN acquisition, including the realization of anticipated benefits and cost savings, will depend, in part, on our ability to successfully combine our and QIAGEN's businesses. The integration may be more difficult, costly or time consuming than expected. It is possible that the integration process could result in the loss of key employees or the disruption of each company's ongoing businesses or that the alignment of standards, controls, procedures and policies may adversely affect the combined company's ability to maintain relationships with clients, customers, suppliers and employees or to fully achieve the anticipated benefits and cost savings of the transaction. The loss of key employees could adversely affect our ability to successfully conduct our business in the markets in which QIAGEN now operates, which could have an adverse effect on our financial results and the price of the notes. Other potential difficulties of combining our and QIAGEN's businesses include unanticipated issues in integrating manufacturing, logistics, information communications and other systems.

If we experience difficulties with the integration process, the anticipated benefits of the QIAGEN acquisition may not be realized fully or at all, or may take longer to realize than expected. Integration efforts between the two companies may also divert management attention and resources. These integration matters could have an adverse effect on each of us and QIAGEN during this transition period and for an undetermined period after completion of the QIAGEN acquisition on the combined company.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

*Issuer Purchases of Equity Securities*

There was no share repurchase activity for the company's second quarter of 2020. On November 8, 2019, the Board of Directors authorized the repurchase of up to $2.50 billion of the company's common stock. At June 27, 2020, $1.00 billion was available for future repurchases of the company's common stock under this authorization.

## Item 6. Exhibits

See Exhibit Index on page 48.

**SIGNATURES**

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.

Date: July 31, 2020

THERMO FISHER SCIENTIFIC INC.

/s/ Stephen Williamson

Stephen Williamson

Senior Vice President and Chief Financial Officer

/s/ Peter E. Hornstra

Peter E. Hornstra

Vice President and Chief Accounting Officer

**THERMO FISHER SCIENTIFIC INC.**
**EXHIBIT INDEX**

| Exhibit Number | Description of Exhibit |
|---|---|
| 2.1 | Amendment No. 1 to the Business Combination Agreement, dated as of July 16, 2020, by and between Thermo Fisher Scientific, Inc. and QIAGEN N.V. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed July 16, 2020 [File No. 1-8002] and incorporated in this document by reference). |
| 10.1 | Thermo Fisher Scientific Inc. Amended and Restated 2005 Deferred Compensation Plan, effective January 1, 2020.* |
| 10.2 | Term Loan Credit Agreement, dated as of June 5, 2020, among Thermo Fisher Scientific Inc., each lender from time to time party thereto, and JPMorgan Chase Bank, N.A. (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed June 11, 2020 [File No. 1-8002] and incorporated in this document by reference). |
| 10.3 | First Amendment to Bridge Credit Agreement, dated as of June 5, 2020, among Thermo Fisher Scientific Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed June 11, 2020 [File No. 1-8002] and incorporated in this document by reference). |
| 10.4 | Amendment No. 2 to Credit Agreement and Extension, dated as of June 5, 2020, among Thermo Fisher Scientific Inc., the lenders party thereto, and Bank of America, N.A. (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed June 11, 2020 [File No. 1-8002] and incorporated in this document by reference). |
| 31.1 | Certification of Chief Executive Officer required by Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer required by Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer required by Exchange Act Rules 13a-14(b) and 15d-14(b), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.** |
| 32.2 | Certification of Chief Financial Officer required by Exchange Act Rules 13a-14(b) and 15d-14(b), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.** |
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | XBRL Taxonomy Extension Schema Document. |
| 101.CAL | XBRL Taxonomy Calculation Linkbase Document. |
| 101.DEF | XBRL Taxonomy Definition Linkbase Document. |
| 101.LAB | XBRL Taxonomy Label Linkbase Document. |
| 101.PRE | XBRL Taxonomy Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |
| | *The Registrant agrees, pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, to furnish to the Commission, upon request, a copy of each instrument with respect to long-term debt of the Registrant or its consolidated subsidiaries.* |

* Indicates management contract or compensatory plan, contract or arrangement.
** Certification is not deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. Such certification is not deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act except to the extent that the registrant specifically incorporates it by reference.

# THERMO FISHER SCIENTIFIC INC.

# AMENDED AND RESTATED
# 2005 DEFERRED COMPENSATION PLAN

**Restated Effective January 1, 2020**

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## ARTICLE I

*Establishment And Purpose*

Thermo Fisher Scientific Inc. (the "**Company**") hereby amends and restates the Thermo Fisher Scientific Inc. 2005 Deferred Compensation Plan (the "**Plan**" or the "**2005 Plan**") that was last restated effective January 1, 2009 and executed on January 27, 2009. Except as expressly provided, the provisions of this amendment and restatement apply to Compensation credited as Deferrals effective on or after January 1, 2020, pursuant to Compensation Deferral Agreements that became irrevocable on or after October 1, 2019. Amounts deferred under the Plan prior to January 1, 2005 that were vested as of December 31, 2004 (the "**Grandfathered Accounts**") shall be subject to the provisions of the Plan as in effect on October 3, 2004, as the same may be amended from time to time by the Company without material modification, it being expressly intended that such Grandfathered Accounts are to remain exempt from the requirements of Code Section 409A. The provisions of the Plan applicable to Grandfathered Accounts are reflected in this document for ease of reference.

The purpose of the Plan is to attract and retain key employees by providing Participants with an opportunity to defer receipt of a portion of their salary, bonus, and other specified compensation. The Plan is not intended to meet the qualification requirements of Code Section 401(a), but is intended to meet the requirements of Code Section 409A, and shall be operated and interpreted consistent with that intent.

The Plan constitutes an unsecured promise by the Company to pay benefits in the future. Participants in the Plan shall have the status of general unsecured creditors of the Company. The Plan is unfunded for Federal tax purposes and is intended to be an unfunded arrangement for eligible employees who are part of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Any amounts set aside to defray the liabilities assumed by the Company will remain the general assets of the Company and shall remain subject to the claims of the Company's creditors until such amounts are distributed to the Participants.

## ARTICLE II

*Definitions*

2.1 **Account.** Account means a bookkeeping account maintained by the Company to record the payment obligation to a Participant as determined under the terms of the Plan. The Company may maintain an Account to record the total obligation to a Participant and component Accounts to reflect amounts payable at different times and in different forms. Component Accounts may also be maintained for some or all portions of the Plan that is/are treated as a separate plan under Code Section 409A. Reference to an Account means any such Account established by the Company, as the context requires. Accounts are intended to constitute unfunded obligations within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.2 **Account Balance.** Account Balance means, with respect to any Account, the total payment obligation owed to a Participant from such Account as of the most recent Valuation Date.

2.3 **Affiliate.** Affiliate means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).

2.4 **Beneficiary.** Beneficiary means a natural person, estate, or trust designated by a Participant to receive payments to which a Beneficiary is entitled in accordance with provisions of the Plan. The Participant's spouse, if living, otherwise the Participant's estate, shall be the Beneficiary if: (i) the Participant has failed to properly designate a Beneficiary, or (ii) all designated Beneficiaries have predeceased the Participant. A former spouse shall have no interest under the Plan, as Beneficiary or otherwise, unless the Participant designates such person as a Beneficiary after dissolution of the marriage, except to the extent provided under the terms of a domestic relations order as described in Code Section 414(p)(1)(B).

2.5 **Business Day.** Business Day means each day on which the New York Stock Exchange is open for business.

2.6 **Change in Control.** Change in Control means, with respect to the Company, any of the following events: (i) a change in the ownership of the Company, (ii) a change in the effective control of the Company, or (iii) a change in the ownership of a substantial portion of the assets of the Company.

For purposes of this Section, a change in the ownership of the Company occurs on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. A change in the effective control of the Company occurs on the date on which either: (i) a person, or more than one person acting as a group, acquires ownership of stock of the Company possessing 40% or more of the total voting power of the stock of the Company, taking into account all such stock acquired during the 12-month period ending on the date of the most recent acquisition, or (ii) a majority of the members of the Company's Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder of the Company. A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group, other than a person or group of persons that is related to the Company, acquires assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition.

An event constitutes a Change in Control with respect to a Participant only if the

Participant performs services for the Company at the time of the Change in Control, or the Participant's relationship to the Company otherwise satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(ii).

The determination as to the occurrence of a Change in Control shall be based on objective facts and in accordance with the requirements of Code Section 409A.

2.7 **Change in Control Benefit.** Change in Control Benefit means the benefit payable to a Participant under the Plan in accordance with Section 6.1(e).

2.8 **Claimant.** Claimant means a Participant or Beneficiary filing a claim under Article XII of this Plan.

2.9 **Code.** Code means the Internal Revenue Code of 1986, as amended from time to time.

2.10 **Code Section 409A.** Code Section 409A means section 409A of the Code, and regulations and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

2.11 **Committee.** Committee means the Compensation Committee of the board of directors of the Company or such other committee as the board of directors of the Company may appoint from time to time.

2.12 **Company.** Company means Thermo Fisher Scientific Inc., a Delaware corporation, and any successor to all or substantially all of the Company's assets or business.

2.13 **Company Contribution.** Company Contribution means a credit by the Company to a Participant's Account(s) in accordance with the provisions of Article V of the Plan. Company Contributions are credited at the sole discretion of the Company and the fact that a Company Contribution is credited in one year shall not obligate the Company to continue to make such Company Contribution in subsequent years. Unless the context clearly indicates otherwise, a reference to Company Contribution shall include Earnings attributable to such contribution.

2.14 **Compensation.** Compensation means the amount paid in the year of the Deferral as the Participant's base salary, bonus, and such other remuneration for services rendered as an Employee (if any) approved by the Company as Compensation that may be deferred under this Plan. Compensation shall not include any Compensation that has been previously deferred under this Plan or any other arrangement subject to Code Section 409A. The Company has the authority to determine the payroll practices under which Compensation subject to a Compensation Deferral Agreement will be deducted from a Participant’s Compensation.

2.15 **Compensation Deferral Agreement.** Compensation Deferral Agreement means an agreement between a Participant and the Company that specifies: (i) the amount of each component of Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV, and (ii) the Payment Schedule applicable to one or more Accounts. The Company may permit different deferral amounts for each

component of Compensation and may establish a minimum or maximum deferral amount for each such component. Unless otherwise specified by the Company in the Compensation Deferral Agreement, Participants may defer up to 50% of their base salary and up to 50% of other types of Compensation for a Plan Year. A Compensation Deferral Agreement may also specify the investment allocation described in Section 8.4.

2.16 **Death Benefit.** Death Benefit means the benefit payable under the Plan to a Participant's Beneficiary(ies) upon the Participant's death as provided in Section 6.1(d) of the Plan.

2.17 **Deferral.** Deferral means a credit to a Participant's Account(s) that records that portion of the Participant's Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV. Unless the context of the Plan clearly indicates otherwise, a reference to Deferrals includes Earnings attributable to such Deferrals. Deferrals shall be calculated with respect to the gross cash Compensation payable to the Participant prior to any deductions or withholdings. The foregoing notwithstanding, Deferrals shall be further limited as of the date the Compensation Deferral Agreement becomes irrevocable so that they do not exceed 100% of the cash Compensation of the Participant remaining after deduction of all required income and employment taxes, employee welfare benefit plan deductions, and other deductions required by law. Changes to payroll withholdings that affect the amount of Compensation being deferred to the Plan shall be allowed only to the extent permissible under Code Section 409A.

2.18 **Disability Benefit.** Disability Benefit means the benefit payable under the Plan to a Participant in the event such Participant is determined to be Disabled.

2.19 **Disabled.** Disabled means that a Participant is, by reason of any medically-determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months: (i) unable to engage in any substantial gainful activity, or (ii) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company. The Company shall determine whether a Participant is Disabled in accordance with Code Section 409A provided, however, that a Participant shall be deemed to be Disabled if determined to be totally disabled by the Social Security Administration.

2.20 **Earnings.** Earnings means an adjustment to the value of an Account in accordance with Section 8.2.

2.21 **Effective Date.** Effective Date of this amendment and restatement means January 1, 2020, except as expressly provided otherwise.

2.22 **Eligible Employee.** Eligible Employee means a member of a "select group of management or highly compensated employees" of the Company within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, as determined by the Committee from time to time in its sole discretion. Employees become Eligible Employees upon notification by the Company of their eligibility to become Participants in the Plan.

2.23 **Employee.** Employee means a common-law employee of an Employer.

2.24 **Employer.** Employer means, with respect to Employees it employs, the Company and each Affiliate.

2.25 **ERISA.** ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.26 **Grandfathered Account.** Grandfathered Account means amounts deferred under the Plan prior to January 1, 2005 that were vested as of December 31, 2004.

2.27 **Match-Eligible Compensation.** Match-Eligible Compensation for a given Plan Year means a Participant's Compensation that is in excess of the amount of Compensation treated as "compensation" for the applicable plan year under the Thermo Fisher Scientific Inc. 401(k) Retirement Plan. Match-Eligible Compensation includes a Participant's Compensation that is in excess of the IRS limit on covered compensation for qualified plans established in Code Section 401(a)(17) in effect for that Plan Year and also includes any amount of a Participant's Compensation that was reduced below the Code Section 401(a)(17) limit for purposes of applying the Company match in the Company sponsored 401(k) plan due to Deferrals in this Plan.

2.28 **Participant.** Participant means an Eligible Employee who has met the requirements under Section 3.1. A Participant's continued participation in the Plan shall be governed by Section 3.2 of the Plan.

2.29 **Payment Schedule.** Payment Schedule means the date as of which payment of an Account under the Plan will commence and the form in which payment of such Account will be made.

2.30 **Performance-Based Compensation.** Performance-Based Compensation means Compensation where the amount of, or entitlement to, the Compensation is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months. Organizational or individual performance criteria are considered pre-established if established in writing by not later than 90 days after the commencement of the period of service to which the criteria relate, provided that the outcome is substantially uncertain at the time the criteria are established. The determination of whether Compensation qualifies as "Performance Based Compensation" will be made in accordance with Treas. Reg. Section 1.409A-1(e) and subsequent guidance.

2.31 **Plan.** Generally, the term Plan means this "Thermo Fisher Scientific Inc. Amended and Restated 2005 Deferred Compensation Plan" as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Plan may in the appropriate context also mean a portion of the Plan that is treated as a single plan under Treas. Reg. Section 1.409A-1(c), or the Plan or portion of the Plan and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.

2.32 **Plan Year.** Plan Year means January 1 through December 31.

2.33 **Retirement/Termination Account.** Retirement/Termination Account means an Account established by the Company to record the amounts payable to a Participant upon Separation from Service. Unless the Participant has established a Specified Date Account, all Deferrals and Company Contributions shall be allocated to a Retirement/Termination Account on behalf of the Participant.

2.34 **Separation from Service.** Separation from Service means an Employee's termination of employment with the Employer. Whether a Separation from Service has occurred shall be determined by the Company in accordance with Code Section 409A. Except in the case of an Employee on a bona fide leave of absence as provided below, an Employee is deemed to have incurred a Separation from Service if the Employer and the Employee reasonably anticipated that the level of services to be performed by the Employee after a date certain would be reduced to 20% or less of the average services rendered by the Employee during the immediately preceding 36-month period (or the total period of employment, if less than 36 months) disregarding periods during which the Employee was on a bona fide leave of absence.

An Employee who is absent from work due to military leave, sick leave, or other bona fide leave of absence shall incur a Separation from Service on the first date immediately following the later of: (i) the six-month anniversary of the commencement of the leave, or the expiration of the Employee's right, if any, to reemployment under statute or contract.

For purposes of determining whether a Separation from Service has occurred, the Employer means the Employer as defined in Section 2.24 of the Plan, except that in applying Code Sections 1563(a)(1), (2) and (3) for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(b), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(c), "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in those sections. The Company specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Separation from Service with respect to a Participant providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Code Section 409A.

2.35 **Specified Date Account.** Specified Date Account means an Account established by the Company to record the amounts payable at a future date as specified in the Participant's Compensation Deferral Agreement. Unless otherwise determined by the Company, a Participant may maintain no more than five Specified Date Accounts. A Specified Date Account may be identified in enrollment materials as an "In-Service Account" or such other name as established by the Company without affecting the meaning thereof.

2.36 **Specified Date Benefit.** Specified Date Benefit means the benefit payable to a Participant under the Plan in accordance with Section 6.1(b).

2.37 **Termination Benefit.** Termination Benefit means the benefit payable to a Participant under the Plan following the Participant's Separation from Service.

2.38 **Unforeseeable Emergency.** Unforeseeable Emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code Section 152, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)), or a Beneficiary; loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The types of events which may qualify as an Unforeseeable Emergency may be limited by the Company.

2.39 **Valuation Date.** Valuation Date means each Business Day.

## ARTICLE III
*Eligibility and Participation*

3.1 Eligibility and Participation. An Eligible Employee becomes a Participant upon the earlier to occur of: (i) the notification of eligibility to participate and the timely submission of a Compensation Deferral Agreement on which an election to make a Deferral is made; or (ii) a credit of a Company Contribution in accordance with Article V.

3.2 Duration. A Participant shall be eligible to defer Compensation and receive allocations of Company Contributions, subject to the terms of the Plan, for as long as such Participant remains an Eligible Employee. A Participant who is no longer an Eligible Employee but has not Separated from Service may not defer Compensation under the Plan beyond the Plan Year in which he or she became ineligible but may otherwise exercise all of the rights of a Participant under the Plan with respect to his or her Account(s). On and after a Separation from Service, a Participant shall remain a Participant as long as his or her Account Balance is greater than zero (0), and during such time may continue to make investment elections as provided in Section 8.4. An individual shall cease being a Participant in the Plan when all benefits under the Plan to which he or she is entitled have been paid.

## ARTICLE IV
*Deferrals*

4.1 Deferral Elections, Generally.

(a) A Participant may elect to defer Compensation by submitting a Compensation Deferral Agreement during the enrollment periods established by the Company and in the manner specified by the Company, but in any event, in accordance with Section 4.2. A Compensation Deferral Agreement that is not timely filed with

respect to a service period or component of Compensation shall be considered void and shall have no effect with respect to such service period or Compensation. The Company may modify any Compensation Deferral Agreement prior to the date the election becomes irrevocable under the rules of Section 4.2.

(b) The Participant shall specify on his or her Compensation Deferral Agreement the amount of Deferrals and whether to allocate Deferrals to a Retirement Termination Account or to a Specified Date Account. If no designation is made, Deferrals shall be allocated to the Retirement Termination Account. A Participant may also specify in his or her Compensation Deferral Agreement the Payment Schedule applicable to his or her Plan Accounts. If the Payment Schedule is not specified in a Compensation Deferral Agreement, the Payment Schedule shall be the Payment Schedule specified in Section 6.2.

(c) Upon first becoming a Participant in the Plan and prior to October 1, 2019 (the date on or after which Compensation Deferral Agreements become irrevocable with respect to Compensation deferred on or after the Effective Date), a Participant may elect to receive a Change in Control Benefit and, if applicable, a Payment Schedule for such Benefit as specified in Section 6.2(e). An election to receive a Change in Control Benefit shall be irrevocable once the deadline for a timely election has passed, as specified in Section 4.2 hereof.

4.2 Timing Requirements for Compensation Deferral Agreements.

(a) *First Year of Eligibility*. In the case of the first year in which an Eligible Employee becomes eligible to participate in the Plan, he or she has up to 30 days following his or her initial eligibility to submit a Compensation Deferral Agreement with respect to Compensation to be earned during such year. The Compensation Deferral Agreement described in this paragraph becomes irrevocable upon the end of such 30-day period. The determination of whether an Eligible Employee may file a Compensation Deferral Agreement under this paragraph shall be determined in accordance with the rules of Code Section 409A, including the provisions of Treas. Reg. Section 1.409A-2(a)(7).

A Compensation Deferral Agreement filed under this paragraph applies to Compensation earned on and after the date the Compensation Deferral Agreement becomes irrevocable.

(b) *Prior Year Election*. Except as otherwise provided in this Section 4.2, Participants may defer Compensation by filing a Compensation Deferral Agreement no later than December 31 of the year prior to the year in which the Compensation to be deferred is earned. A Compensation Deferral Agreement described in this paragraph shall become irrevocable with respect to such Compensation as of January 1 of the year in which such Compensation is earned.

(c) *Performance-Based Compensation*. With the approval of the Company, Participants may file a Compensation Deferral Agreement with respect to Performance-Based Compensation no later than the date that is six months before

the end of the performance period, provided that:

(i) The Participant performs services continuously from the later of the beginning of the performance period or the date the criteria are established through the date the Compensation Deferral Agreement is submitted; and

(ii) The Compensation is not readily ascertainable as of the date the Compensation Deferral Agreement is filed.

A Compensation Deferral Agreement becomes irrevocable with respect to Performance-Based Compensation as of the day immediately following the latest date for filing such election. Any election to defer Performance-Based Compensation that is made in accordance with this paragraph and that becomes payable as a result of the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-1(e)) or upon a change in control (as defined in Treas. Reg. Section 1.409A-3(i)(5)) prior to the satisfaction of the performance criteria, will be void.

(d) *Short-Term Deferrals*. Compensation that meets the definition of a "short-term deferral" described in Treas. Reg. Section 1.409A-1(b)(4) may be deferred in accordance with the rules of Article VII, applied as if the date the substantial risk of forfeiture lapses is the date payments were originally scheduled to commence, provided, however, that the provisions of Section 7.3 shall not apply to payments attributable to a change in control (as defined in Treas. Reg. Section 1.409A- 3(i)(5)).

4.3 Allocation of Deferrals. A Compensation Deferral Agreement may allocate Deferrals to one or more Specified Date Accounts and/or to the Retirement/Termination Account. The Company may, in its discretion, establish a minimum deferral period for the establishment of a Specified Date Account (for example, the third Plan Year following the year Compensation is allocated to such accounts).

4.4 Deductions from Pay. The Company has the authority to determine the payroll practices under which any component of Compensation subject to a Compensation Deferral Agreement will be deducted from a Participant's Compensation.

4.5 Vesting. Participant Deferrals shall be 100% vested at all times.

4.6 Cancellation of Deferrals. The Company may cancel a Participant's Deferrals: (i) for the balance of the Plan Year in which an Unforeseeable Emergency occurs and (ii) during periods in which the Participant is unable to perform the duties of his or her position or any substantially similar position due to a mental or physical impairment that can be expected to result in death or last for a continuous period of at least six months, provided cancellation occurs by the later of the end of the taxable year of the Participant or the 15th day of the third month following the date the Participant incurs the disability (as defined in this clause 4.6(ii)).

## ARTICLE V
*Company Contributions*

5.1 Company Matching Contributions. Beginning January 1, 2009, in each Plan Year, the Company shall make a Company Contribution to the Retirement/Termination Account of each Participant equal to 100% of the first six percent (6%) of Match-Eligible Compensation that such Participant elected to defer for that Plan Year (each such contribution, a "Matching Contribution").

5.2 Company Discretionary Contributions. In addition to Matching Contributions, the Company may, from time to time in its sole and absolute discretion, credit Company Contributions to any Participant in any amount determined by the Company (each such contribution, a "Discretionary Contribution"). Such contributions will be credited to a Participant's Retirement/Termination Account.

5.3 Vesting. Company Matching Contributions described in Section 5.1, above, and the Earnings thereon, shall be 100% vested. Company Discretionary Contributions described in Section 5.2, above, and the Earnings thereon, shall vest in accordance with the vesting schedule(s) established by the Company at the time that the Company Discretionary Contribution is made. The Company may, at any time, in its sole discretion, increase a Participant's vested interest in a Company Discretionary Contribution. The portion of a Participant's Accounts that remains unvested upon his or her Separation from Service after the application of the terms of this Section 5.3 shall be forfeited.

## ARTICLE VI
*Benefits*

6.1 Benefits, Generally. A Participant shall be entitled to the following benefits under the Plan:

(a) *Termination Benefit*. Upon the Participant's Separation from Service for reasons other than death or Disability, he or she shall be entitled to a Termination Benefit. The Termination Benefit shall be equal to the vested portion of the Retirement/Termination Account and the unpaid balances of any Specified Date Accounts. The foregoing notwithstanding, in the event that one or more Specified Date Benefits have, at the time of Separation from Service, commenced to be paid in installments (i.e., where at least one installment payment has been made prior to Separation from Service and at least one installment payment remains to be paid) and the Payment Schedule for the Termination Benefit is other than a single lump sum, the Specified Date Accounts in "pay status" shall not be paid as part of the Termination Benefit but shall continue to be paid separately. The Termination Benefit shall be based on the value of that Account(s) as of the end of the month in which Separation from Service occurs or such later date as the Company, in its sole discretion, shall determine. Payment of the Termination Benefit will be

made or begin the first day of the seventh (7th) month following the end of the month in which Separation from Service occurs.

(b) *Specified Date Benefit*. If the Participant has established one or more Specified Date Accounts, he or she shall be entitled to a Specified Date Benefit with respect to each such Specified Date Account. The Specified Date Benefit shall be equal to the vested portion of the Specified Date Account, based on the value of that Account as of the end of the month designated by the Participant at the time the Account was established. Payment of the Specified Date Benefit will be made or begin the first day of the month following the designated month.

(c) *Disability Benefit*. Upon a determination by the Company that a Participant is Disabled, he or she shall be entitled to a Disability Benefit. The Disability Benefit shall be equal to the vested portion of the Retirement/Termination Account and the unpaid balances of any Specified Date Accounts. The Disability Benefit shall be based on the value of the Accounts as of the last day of the month in which Disability occurs and will be paid the first day of the following month.

(d) *Death Benefit*. In the event of the Participant's death, his or her designated Beneficiary(ies) shall be entitled to a Death Benefit. The Death Benefit shall be equal to the vested portion of the Retirement/Termination Account and the unpaid balances of any Specified Date Accounts. The Death Benefit shall be based on the value of the Accounts as of the end of the month in which death occurred, with payment made in the first day of the following month.

(e) *Change in Control Benefit*. If, and only if, a Participant has elected to receive a Change in Control Benefit pursuant to Section 4.1(c), upon a Change in Control he or she shall be entitled to a Change in Control Benefit. The Change in Control Benefit shall be equal to the vested portion of the Retirement/Termination Account and the unpaid balances of any Specified Date Accounts. The foregoing notwithstanding, in the event that one or more Specified Date Benefits have, at the time of the Change in Control, commenced to be paid in installments (i.e., where at least one installment payment has been made prior to the Change in Control and at least one installment payment remains to be paid) and the Payment Schedule applicable to the Change in Control Benefit is other than a single lump sum, the Specified Date Accounts in "pay status" shall not be paid as part of the Change in Control Benefit but shall continue to be paid separately. The Change in Control Benefit shall be based on the value of that Account(s) as of the end of the month in which a Change in Control occurs or such later date as the Company, in its sole discretion, shall determine and shall be paid within ninety (90) days following the date upon which the Change in Control occurred. A Change in Control Benefit shall be applicable only to amounts deferred under Compensation Deferral Agreements that became irrevocable prior to October 1, 2019 for those Participants who have elected prior to October 1, 2019 to receive a Change in Control Benefit. Effective for Compensation Deferral Agreements submitted on or after October 1, 2019 with respect to Compensation deferred on or after the Effective Date, no Participant may elect to receive a Change in Control Benefit.

(f) *Unforeseeable Emergency Payments*. A Participant who experiences an Unforeseeable Emergency may submit a written request to the Company to receive payment of all or any portion of his or her vested Accounts. Whether a Participant or Beneficiary is faced with an Unforeseeable Emergency permitting an emergency payment shall be determined by the Company based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of Unforeseeable Emergency may not be made to the extent that such emergency is or may be reimbursed through insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of Deferrals under this Plan. If an emergency payment is approved by the Company, the amount of the payment shall not exceed the amount reasonably necessary to satisfy the need, taking into account the additional compensation that is available to the Participant as the result of cancellation of deferrals to the Plan, including amounts necessary to pay any taxes or penalties that the Participant reasonably anticipates will result from the payment. The amount of the emergency payment shall be subtracted first from the vested portion of the Participant's Retirement/Termination Account until depleted and then from the vested Specified Date Accounts, beginning with the Specified Date Account with the latest payment commencement date. Emergency payments shall be paid in a single lump sum within the 90-day period following the date the payment is approved by the Company.

6.2 Form of Payment.

(a) *Termination Benefit*. A Participant who is entitled to receive a Termination Benefit shall receive payment of such benefit in a single lump sum, unless the Participant elects on his or her initial Compensation Deferral Agreement or in accordance with procedures established by the Company pursuant to Section 7.6 to have such benefit paid in one of the following alternative forms of payment: (i) substantially equal annual or quarterly installments over a period of two (2) to twenty-five (25) years, as elected by the Participant, or (ii) a lump sum payment of a percentage of the balance in the Retirement/Termination Account, with the balance paid in substantially equal annual or quarterly installments over a period of two (2) to twenty-five (25) years, as elected by the Participant. In the event that Specified Date Benefits continue to be paid separately as provided in Section 6.1(a), such Specified Date Benefits shall continue to be paid in accordance with the Payment Schedule in effect upon the Specified Date Benefit payment date. Notwithstanding the foregoing in this Section 6.2 (a), a Participant will receive his or her Termination Benefit in a single lump sum payment equal to the unpaid balance of all of his or her Accounts if Separation from Service occurs within 24 months following a Change in Control.

(b) *Specified Date Benefit*. The Specified Date Benefit shall be paid in a single lump sum, unless the Participant elects on the Compensation Deferral Agreement with which the account was established or in accordance with procedures established by the Company pursuant to Section 7.6 to have the Specified Date Account paid

in substantially equal annual installments over a period of two (2) to five (5) years, as elected by the Participant.

Notwithstanding any election of a form of payment by the Participant, upon a Separation from Service or, with respect to any Participant who has elected (prior to October 1, 2019) a Change in Control Benefit pursuant to Section 4.1(c), upon a Change in Control, the unpaid balance of a Specified Date Account with respect to which payments have not commenced shall be paid in accordance with the form of payment applicable to the Termination or Change in Control Benefit, as applicable. If such benefit is payable in a single lump sum, the unpaid balance of all Specified Date Accounts (including those in pay status) will be paid in a lump sum.

(c) *Disability Benefit*. A Participant who is entitled to receive a Disability Benefit shall receive payment of such benefit in a single lump sum.

(d) *Death Benefit*. A designated Beneficiary who is entitled to receive a Death Benefit shall receive payment of such benefit in a single lump sum.

(e) *Change in Control*. A Participant who is entitled to receive a Change in Control Benefit shall receive payment of such benefit in a single lump sum, unless the Participant elects on his or her initial Compensation Deferral Agreement or in accordance with procedures established by the Company pursuant to Section 7.6 to have such benefit paid in one of the following alternative forms of payment: (i) substantially equal annual installments over a period of two (2) to fifteen (15) years, as elected by the Participant, or (ii) a lump sum payment of a percentage of the balance in the Retirement/Termination Account, with the balance paid in substantially equal annual installments over a period of two (2) to fifteen (15) years, as elected by the Participant. In the event that Specified Date Benefits continue to be paid separately as provided in Section 6.1(e), such Specified Date Benefits shall continue to be paid in accordance with the Payment Schedule in effect upon the Specified Date Benefit payment date.

(f) *Small Account Balances*. The Company shall pay the value of the Participant's Accounts upon a Separation from Service in a single lump sum if the balance of such Accounts is not greater than the applicable dollar amount under Code Section 402(g)(1)(B), provided the payment represents the complete liquidation of the Participant's interest in the Plan.

(g) *Rules Applicable to Installment Payments*. If a Payment Schedule specifies installment payments, payments will be made beginning as of the payment commencement date for such installments and shall continue on each annual or quarterly anniversary thereof, as applicable, until the number of installment payments specified in the Payment Schedule has been paid. The amount of each installment payment shall be determined by dividing (a) by (b), where (a) equals the Account Balance as of the Valuation Date immediately preceding the

installment payment, either quarterly or annual, and (b) equals the remaining number of installment payments, either quarterly or annual.

For purposes of Article VII, installment payments will be treated as a single form of payment. If a lump sum equal to less than 100% of the Retirement/Termination Account is paid, the payment commencement date for the installment form of payment will be the first anniversary of the payment of the lump sum.

6.3 Acceleration of or Delay in Payments.

(a) The Company, in its sole and absolute discretion, may elect to accelerate the time or form of payment of a benefit owed to the Participant hereunder, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4). The Company may also, in its sole and absolute discretion, delay the time for payment of a benefit owed to the Participant hereunder, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7). If the Plan receives a domestic relations order (within the meaning of Code Section 414(p)(1)(B)) directing that all or a portion of a Participant's Accounts be paid to an "alternate payee," any amounts to be paid to the alternate payee(s) shall be paid in a single lump sum.

(b) *Payments Treated as Made on the Designated Payment Date*. Payments made on the payment date specified in the Plan, or on a later date within the same taxable year of the Participant or Beneficiary, or, if later, by the fifteenth ($15^{th}$) day of the third calendar month following the payment date specified in the Plan shall be treated as having been made on the payment date; provided, however, that the Participant or Beneficiary is not permitted, directly or indirectly, to designate the taxable year of the payment. In addition, payments made no earlier than 30 days before the designated payment date will likewise be treated as having been made on the payment date so long as the Participant or Beneficiary is not permitted, directly or indirectly, to designate the taxable year of the payment. The foregoing shall be administered in compliance with the provisions of Regulation l.409A- 3(d), which Regulation may authorize other instances in which payments made after the payment date shall be treated as having been made on the payment date.

## ARTICLE VII

*Modifications to Payment Schedules*

7.1 Participant's Right to Modify. A Participant may modify any or all of the alternative Payment Schedules with respect to an Account, consistent with the permissible Payment Schedules available under the Plan, provided such modification complies with the requirements of this Article VII.

7.2 Time of Election. The date on which a modification election is submitted to the Company must be at least 12 months prior to the date on which payment is scheduled to commence under the Payment Schedule in effect prior to the modification.

7.3 Date of Payment under Modified Payment Schedule. Except with respect to modifications that relate to the payment of a Death Benefit or a Disability Benefit, the date payments are to commence under the modified Payment Schedule must be no earlier than five (5) years after the date payment would have commenced under the original Payment Schedule. Under no circumstances may a modification election result in an acceleration of payments in violation of Code Section 409A.

7.4 Effective Date. A modification election submitted in accordance with this Article VII is irrevocable upon receipt by the Company and becomes effective 12 months after such date.

7.5 Effect on Accounts. An election to modify a Payment Schedule is specific to the Account or payment event to which it applies, and shall not be construed to affect the Payment Schedules of any other Accounts.

7.6 Limited Transition Relief. Notwithstanding anything to the contrary in the Plan, the Company may, to the extent permitted by Notice 2006-79 and as further provided in Notice 2007-78 and Notice 2007-86, provide a limited period during which Participants may: (i) modify Payment Schedules for a Termination Benefit, Specified Date Benefit, or Change in Control Benefit; (ii) reallocate Deferrals to or from Specified Date Accounts to other Specified Date Accounts or the Retirement/Termination Account; and/or (iii) create new Specified Date Accounts and reallocate Deferrals and/or current Account Balances to such new Specified Date Accounts, all in accordance with Code Section 409A, provisions of this Plan, and the aforesaid Notices from the IRS. Such limited period shall end no later than December 31, 2008. Any election(s) made by a Participant, and accepted by the Company in accordance with this Section 7.6 shall not be subject to requirements imposed by Sections 7.2, 7.3 or 7.4 hereof. The foregoing notwithstanding, no election made by a Participant in accordance with this Section 7.6 may relate to an amount or benefit that would otherwise be paid or to begin to be paid to a Participant during 2008 and, further, no election made by a Participant in accordance with this Section 7.6 may cause an amount or benefit to be paid or begin to be paid to a Participant during 2008.

## ARTICLE VIII

*Valuation of Account Balances; Investments*

8.1 Valuation. Deferrals shall be credited to appropriate Accounts on the date such Compensation would have been paid to the Participant absent the Compensation Deferral Agreement. Company Contributions shall be credited to the Retirement/Termination Account at the times determined by the Company. Valuation of Accounts shall be performed under procedures approved by the Company.

8.2 Earnings Credit. Each Account will be credited with Earnings on each Business Day, based upon the Participant's investment allocation among a menu of investment options selected in advance by the Company, in accordance with the provisions of this Article VIII ("**investment allocation**").

8.3 Investment Options. Investment options will be determined by the Company. The Company, in its sole discretion, shall be permitted to add or remove investment options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.

8.4 Investment Allocations. A Participant's investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu. At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Company or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant's investment allocation. A Participant's investment allocation shall be used solely for purposes of adjusting the value of a Participant's Account Balances.

A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Company. Allocation among the investment options must be designated in increments of one percent (1%). The Participant's investment allocation will become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Company, the next Business Day.

A Participant may change an investment allocation on any Business Day, both with respect to future credits to the Plan and with respect to existing Account Balances, in accordance with procedures adopted by the Company. Changes shall become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Company, the next Business Day, and shall be applied prospectively.

8.5 Unallocated Deferrals and Accounts. If the Participant fails to make an investment allocation with respect to an Account, such Account shall be invested in an investment option, the primary objective of which is the preservation of capital, as determined by the Company.

## ARTICLE IX
*Administration*

9.1 Plan Administration. This Plan shall be administered by the Company which shall act as the "**plan administrator**" and shall have discretionary authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and to utilize its discretion to decide or resolve any and all questions, including but not limited to eligibility for benefits and interpretations of this Plan and its terms, as may arise in connection with the Plan. Claims for benefits shall be filed with the Company and resolved in accordance with the claims procedures in Article XII.

9.2 Administration Upon Change in Control. Within 120 days following a Change in Control, the individuals who comprised the Committee immediately prior to the Change in Control (whether or not such individuals are members of the Committee following the

Change in Control) may, by written consent of the majority of such individuals, appoint an independent third party administrator (the "**Administrator**") to perform any or all of the Company's duties as plan administrator as described in Section 9.1 including, without limitation, the power to determine any questions arising in connection with the administration or interpretation of the Plan, and the power to make benefit entitlement determinations. Upon and after the effective date of such appointment, (a) the Company must pay all reasonable administrative expenses and fees of the Administrator, and (b) the Administrator may only be terminated with the written consent of the majority of Participants with an Account Balance in the Plan as of the date of such proposed termination.

9.3 Withholding. The Company shall have the right to withhold from any payment due under the Plan (or with respect to any amounts credited to the Plan) any taxes required by law to be withheld in respect of such payment (or credit). Withholdings with respect to amounts credited to the Plan shall be deducted from Compensation that has not been deferred to the Plan.

9.4 Indemnification. The Company shall indemnify and hold harmless each employee, officer, director, agent or organization, to whom or to which are delegated duties, responsibilities, and authority under the Plan or otherwise with respect to administration of the Plan, against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him or it (including but not limited to reasonable attorney fees) which arise as a result of his or its actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Company. Notwithstanding the foregoing, the Company shall not indemnify any person or organization if his or its actions or failure to act are due to gross negligence or willful misconduct or for any such amount incurred through any settlement or compromise of any action unless the Company consents in writing to such settlement or compromise.

9.5 Delegation of Authority. In the administration of this Plan, the Company may, from time to time) employ agents and delegate to them such administrative duties as it sees fit and may from time to time consult with legal counsel who shall be legal counsel to the Company.

9.6 Binding Decisions or Actions. The decision or action of the Company, or in the event of a Change in Control and actions pursuant to Section 9.2 the new plan administrator, in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations thereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

## ARTICLE X

*Amendment and Termination*

10.1 Amendment and Termination. The Committee may at any time and from time to time amend the Plan or may terminate the Plan as provided in this Article X.

10.2 Amendments. The Committee may amend the Plan at any time and for any reason, provided that any such amendment shall not reduce the vested Account Balances of any Participant accrued as of the date of any such amendment or restatement (as if the Participant had incurred a voluntary Separation from Service on such date) or reduce any rights of a Participant under the Plan or other Plan features with respect to Deferrals made prior to the date of any such amendment or restatement without the consent of the Participant. The Committee may delegate to the Company the authority to amend the Plan without the consent of the Committee for the purpose of: (i) conforming the Plan to the requirements of law; (ii) facilitating the administration of the Plan; (iii) clarifying provisions based on the Company's interpretation of the document; and (iv) making such other amendments as the Committee may authorize.

10.3 Termination. The Committee may terminate the Plan and pay Participants and Beneficiaries their Account Balances in a single lump sum at any time, to the extent and in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).

10.4 Accounts Taxable Under Code Section 409A. The Plan is intended to constitute a plan of deferred compensation that meets the requirements for deferral of income taxation under Code Section 409A. The Company, pursuant to its authority to interpret the Plan, may sever from the Plan or any Compensation Deferral Agreement any provision or exercise of a right that otherwise would result in a violation of Code Section 409A.

## ARTICLE XI
*Informal Funding*

11.1 General Assets. Obligations established under the terms of the Plan may be satisfied from the general funds of the Company, or a trust described in this Article XI. No Participant, spouse or Beneficiary shall have any right, title or interest whatever in assets of the Company. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and any Employee, spouse, or Beneficiary. To the extent that any person acquires a right to receive payments hereunder, such rights are no greater than the right of an unsecured general creditor of the Company.

11.2 Rabbi Trust. The Company may, in its sole discretion, establish a grantor trust, commonly known as a rabbi trust, as a vehicle for accumulating assets to pay benefits under the Plan. Payments under the Plan may be paid from the general assets of the Company or from the assets of any such rabbi trust. Payment from any such source shall reduce the obligation owed to the Participant or Beneficiary under the Plan.

## ARTICLE XII
*Claims*

12.1 Filing a Claim. Any controversy or claim arising out of or relating to the Plan shall be filed in writing with the Company which shall make all determinations concerning such claim. Any claim filed with the Company and any decision by the Company denying such claim shall be in writing and shall be delivered to the Participant or Beneficiary filing the claim (the "**Claimant**"). Notice of a claim for payments shall be delivered to the Company within 90 days of the latest date upon which the payment could have been timely made in accordance with the terms of the Plan and Code Section 409A, and if not paid, the Participant or Beneficiary must file a claim under this Article XII not later than 180 days after such latest date.

(a) *In General*. Notice of a denial of benefits (other than Disability Benefits) will be provided within 90 days of the Company's receipt of the Claimant's claim for benefits. If the Company determines that it needs additional time to review the claim, the Company will provide the Claimant with a notice of the extension before the end of the initial 90-day period. The extension will not be more than 90 days from the end of the initial 90-day period and the notice of extension will explain the special circumstances that require the extension and the date by which the Company expects to make a decision.

(b) *Disability Benefits*. Notice of denial of Disability Benefits will be provided within forty-five (45) days of the Company's receipt of the Claimant's claim for Disability Benefits. If the Company determines that it needs additional time to review the Disability Benefit claim, the Company will provide the Claimant with a notice of the extension before the end of the initial 45-day period. If the Company determines that a decision cannot be made within the first extension period due to matters beyond the control of the Company, the time period for making a determination may be further extended for an additional 30 days. If such an additional extension is necessary, the Company shall notify the Claimant prior to the expiration of the initial 30-day extension. Any notice of extension shall indicate the circumstances necessitating the extension of time, the date by which the Company expects to furnish a notice of decision, the specific standards on which such entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and any additional information needed to resolve those issues. A Claimant will be provided a minimum of 45 days to submit any necessary additional information to the Company. In the event that a 30-day extension is necessary due to a Claimant's failure to submit information necessary to decide a claim, the period for furnishing a notice of decision shall be tolled from the date on which the notice of the extension is sent to the Claimant until the earlier of the date the Claimant responds to the request for additional information or the response deadline.

(c) *Contents of Notice*. If a claim for benefits is completely or partially denied, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language. The notice shall: (i) cite the pertinent provisions of the Plan document, and (ii) explain, where appropriate, how the Claimant can perfect the claim, including a description of any additional material or information necessary to complete the claim and why such material or information is necessary. The claim

denial also shall include an explanation of the claims review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on review. In the case of a complete or partial denial of a Disability Benefit claim, the notice shall provide: (i) a statement that the Company will provide to the Claimant, upon request and free of charge, a copy of any internal rule, guideline, protocol, or other similar criterion that was relied upon in making the decision and (ii) a discussion of the decision, including an explanation of the basis for disagreeing with or not following (A) the views of health care professionals treating the Claimant, or vocational professionals who evaluated the Claimant, that were presented by the Claimant to the Plan, (B) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the adverse benefit determination, regardless of whether the advice was relied upon in making the determination or (C) a disability determination regarding the Claimant made by the Social Security Administration that was presented by the Claimant to the Plan.

12.2 Appeal of Denied Claims. A Claimant whose claim has been completely or partially denied shall be entitled to appeal the claim denial by filing a written appeal with a special committee appointed by the Company and designated to hear such appeals (the "**Appeals Committee**"). A Claimant who timely requests a review of the denied claim (or his or her authorized representative) may review, upon request and free of charge, copies of all documents, records and other information relevant to the denial and may submit written comments, documents, records and other information relevant to the c1aim to the Appeals Committee. All written comments, documents, records, and other information shall be considered "**relevant**" if the information: (i) was relied upon in making a benefits determination, (ii) was submitted, considered or generated in the course of making a benefits decision regardless of whether it was relied upon to make the decision, or (iii) demonstrates compliance with administrative processes and safeguards established for making benefit decisions. The Appeals Committee may, in its sole discretion and if it deems appropriate or necessary, decide to hold a hearing with respect to the claim appeal.

(a) *In General*. Appeal of a denied benefits claim (other than a Disability Benefits claim) must be filed in writing with the Appeals Committee no later than 60 days after receipt of the written notification of such claim denial. The Appeals Committee shall make its decision regarding the merits of the denied claim within 60 days following receipt of the appeal (or within 120 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. The review will take into account comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

(b) *Disability Benefits*. Appeal of a denied Disability Benefits claim must be filed in writing with the Appeals Committee no later than 180 days after receipt of the written notification of such claim denial. The review shall be conducted by the Appeals Committee (exclusive of the person who made the initial adverse decision or such person's subordinate). In reviewing the appeal, the Appeals Committee shall: (i) not afford deference to the initial denial of the claim, (ii) consult a medical professional who has appropriate training and experience in the field of medicine relating to the Claimant's Disability and who was neither consulted as part of the initial denial nor is the subordinate of such individual, and identify the medical or vocational experts whose advice was obtained with respect to the initial benefit denial, without regard to whether the advice was relied upon in making the decision. The Appeals Committee shall make its decision regarding the merits of the denied claim within 45 days following receipt of the appeal (or within 90 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. Following its review of any additional information submitted by the Claimant, the Appeals Committee shall render a decision on its review of the denied claim.

(c) *Contents of Notice*. If a benefits claim is completely or partially denied on review, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language. The decision on review shall set forth: (i) the specific reason or reasons for the denial, (ii) specific references to the pertinent Plan provisions on which the denial is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, or other information relevant (as defined above) to the Claimant's claim, and (iv) a statement describing any voluntary appeal procedures offered by the plan and a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

(d) For the denial of a Disability Benefit, the notice will also include a statement that the Appeals Committee will provide, upon request and free of charge: (i) any internal rule, guideline, protocol or other similar criterion relied upon in making the decision, (ii) any medical opinion relied upon to make the decision, (iii) the required statement under Section 2560.503-1(i)(5)(iii) of the Department of Labor regulations, (iv) a discussion of the decision, including an explanation of the basis for disagreeing with or not following (A) the views of health care professionals treating the Claimant, or vocational professionals who evaluated the Claimant, that were presented by the Claimant to the Plan, (B) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the appeal of the adverse benefit determination, regardless of whether the advice was relied upon in making the determination, or (C) a disability determination regarding the Claimant made by the Social Security Administration

that was presented by the Claimant to the Plan. Before issuing any adverse determination for a Disability Benefit on appeal, the Claimant must be provided, free of charge, any new or additional (i) evidence considered, relied upon, or generated by the Appeals Committee in connection with the claim, or (ii) rationale for deciding the claim. Any such evidence or rationale must be provided sufficiently in advance of the date on which a response is required, to give the Claimant a reasonable opportunity to respond prior to that date.

12.3 Claims Appeals Upon Change in Control. Upon a Change in Control, the Appeals Committee, as constituted immediately prior to such Change in Control, shall continue to act as the Appeals Committee. Upon such Change in Control, the Company may not remove any member of the Appeals Committee, but may replace resigning members if 2/3rds of the members of the Committee, as constituted immediately prior to such Change in Control, and a majority of Participants and Beneficiaries with Account Balances consent to the replacement. The Appeals Committee shall have the exclusive authority at the appeals stage to interpret the terms of the Plan and resolve appeals under the Claims Procedure.

12.4 Legal Action. A Claimant may not bring any legal action, including commencement of any arbitration, relating to a claim for benefits under the Plan unless and until the Claimant has followed the claims procedures under the Plan and exhausted his or her administrative remedies under such claims procedures. No such legal action may be brought more than 12 months following the notice of denial of benefits under Section 12.2, or if no appeal is filed, by the applicable appeals deadline, 12 months following the appeals deadline.

If a Participant or Beneficiary prevails in a legal proceeding brought under the Plan to enforce the rights of such Participant or any other similarly situated Participant or Beneficiary, in whole or in part, the Company shall reimburse such Participant or Beneficiary for all reasonable legal costs, expenses, attorneys' fees and such other reasonable liabilities incurred as a result of such proceedings. If the legal proceeding is brought in connection with a Change in Control, or a "change in control" as defined in a rabbi trust described in Section 11.2 (if applicable), the Participant or Beneficiary may file a claim directly with the trustee for reimbursement of such costs, expenses and fees. For purposes of the preceding sentence, the amount of the claim shall be treated as if it were an addition to the Participant's or Beneficiary's Account Balance.

12.5 Discretion of Appeals Committee. All interpretations, determinations and decisions of the Appeals Committee with respect to any claim shall be made in its sole discretion, and shall be final and conclusive.

12.6 Arbitration.

(a) *Prior to Change in Control*. If, prior to a Change in Control, any claim or controversy between the Company and a Participant or Beneficiary is not resolved through the claims procedure set forth in Article XII, such claim shall be submitted to and resolved exclusively by expedited binding arbitration by a single

arbitrator. Arbitration shall be conducted in accordance with the following procedures:

The complaining party shall promptly send written notice to the other party identifying the matter in dispute and the proposed remedy. Following the giving of such notice, the parties shall meet and attempt in good faith to resolve the matter. In the event the parties are unable to resolve the matter within 21 days, the parties shall meet and attempt in good faith to select a single arbitrator acceptable to both parties. If a single arbitrator is not selected by mutual consent within ten Business Days following the giving of the written notice of dispute, an arbitrator shall be selected from a list of nine persons each of whom shall be an attorney who is either engaged in the active practice of law or a recognized arbitrator and who, in either event, is experienced in serving as an arbitrator in disputes between employers and employees, which list shall be provided by the main office of either JAMS, the American Arbitration Association ("**AAA**") or the Federal Mediation and Conciliation Service. If, within three Business Days of the parties' receipt of such list, the parties are unable to agree on an arbitrator from the list, then the parties shall each strike names alternatively from the list, with the first to strike being determined by the flip of a coin. After each party has had four strikes, the remaining name on the list shall be the arbitrator. If such person is unable to serve for any reason, the parties shall repeat this process until an arbitrator is selected.

Unless the parties agree otherwise, within 60 days of the selection of the arbitrator, a hearing shall be conducted before such arbitrator at a time and a place agreed upon by the parties. In the event the parties are unable to agree upon the time or place of the arbitration, the time and place shall be designated by the arbitrator after consultation with the parties. Within 30 days of the conclusion of the arbitration hearing, the arbitrator shall issue an award, accompanied by a written decision explaining the basis for the arbitrator's award.

In any arbitration hereunder, the Company shall pay all administrative fees of the arbitration and all fees of the arbitrator. Each party shall pay its own attorneys' fees, costs, and expenses, unless the arbitrator orders otherwise. The prevailing party in such arbitration, as determined by the arbitrator, and in any enforcement or other court proceedings, shall be entitled, to the extent permitted by law, to reimbursement from the other party for all of the prevailing party's costs (including but not limited to the arbitrator's compensation), expenses, and attorneys' fees. The arbitrator shall have no authority to add to or to modify this Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall, upon an appropriate motion, dismiss any claim without an evidentiary hearing if the party bringing the motion establishes that it would be entitled to summary judgment if the matter had been pursued in court litigation.

The parties shall be entitled to discovery as follows: Each party may take no more

than three depositions. The Company may depose the Participant or Beneficiary plus two other witnesses, and the Participant or Beneficiary may depose the Company, pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, plus two other witnesses. Each party may make such reasonable document discovery requests as are allowed in the discretion of the arbitrator.

The decision of the arbitrator shall be final, binding, and non-appealable, and may be enforced as a final judgment in any court of competent jurisdiction.

This arbitration provision of the Plan shall extend to claims against any parent, subsidiary, or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, Participant, Beneficiary, or agent of any party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law or under this Plan.

Notwithstanding the foregoing, and unless otherwise agreed between the parties, either party may apply to a court for provisional relief, including a temporary restraining order or preliminary injunction, on the grounds that the arbitration award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

Any arbitration hereunder shall be conducted in accordance with the Federal Arbitration Act; provided, however, that, in the event of any inconsistency between the rules and procedures of the Act and the terms of this Plan, the terms of this Plan shall prevail.

If any of the provisions of this Section 12.6(a) are determined to be unlawful or otherwise unenforceable, in the whole part, such determination shall not affect the validity of the remainder of this section and this section shall be reformed to the extent necessary to carry out its provisions to the greatest extent possible and to insure that the resolution of all conflicts between the parties, including those arising out of statutory claims, shall be resolved by neutral, binding arbitration. If a court should find that the provisions of this Section 12.6(a) are not absolutely binding, then the parties intend any arbitration decision and award to be fully admissible in evidence in any subsequent action, given great weight by any finder of fact and treated as determinative to the maximum extent permitted by law.

The parties do not agree to arbitrate any putative class action or any other representative action. The parties agree to arbitrate only the claims(s) of a single Participant or Beneficiary.

(b) *Upon Change in Control*. If, upon the occurrence of a Change in Control, any dispute, controversy or claim arises between a Participant or Beneficiary and the Company out of or relating to or concerning the provisions of the Plan, such dispute, controversy or claim shall be finally settled by a court of competent jurisdiction which, notwithstanding any other provision of the Plan, shall apply a

de novo standard of review to any determination made by the Company, the Committee, or the Appeals Committee.

## ARTICLE XIII
*General Provisions*

13.1. Assignment. No interest of any Participant, spouse or Beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through any Participant, spouse or Beneficiary. Notwithstanding anything to the contrary herein, however, the Company has the discretion to make payments to an alternate payee in accordance with the terms of a domestic relations order (as defined in Code Section 414(p)(1)(B)).

The Company may assign any or all of its liabilities under this Plan in connection with any restructuring, recapitalization, sale of assets or other similar transactions affecting the Company without the consent of the Participant.

13.2. No Legal or Equitable Rights or Interest. No Participant or other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the service of the Company. The right and power of the Company to dismiss or discharge an Employee is expressly reserved. The Company makes no representations or warranties as to the tax consequences to a Participant or a Participant's beneficiaries resulting from a deferral of income pursuant to the Plan.

13.3. No Employment Contract. Nothing contained herein shall be construed to constitute a contract of employment between an Employee and the Company.

13.4. Notice. Any notice or filing required or permitted to be delivered to the Company under this Plan shall be delivered in writing, in person, or through such electronic means as is established by the Company. Notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Written transmission shall be sent by certified mail to:

**THERMO FISHER SCIENTIFIC INC.**
**ATTN: DIRECTOR OF BENEFITS**
**168 THIRD AVENUE**
**WALTHAM, MA 02451**

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing or hand-delivered or sent by mail to the last known address of the Participant.

13.5. Headings. The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

13.6. Invalid or Unenforceable Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Company may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.

13.7. Lost Participants or Beneficiaries. Any Participant or Beneficiary who is entitled to a benefit from the Plan has the duty to keep the Company advised of his or her current mailing address. If benefit payments are returned to the Plan or are not presented for payment after a reasonable amount of time, the Company shall presume that the payee is missing. The Company, after making such efforts as in its discretion it deems reasonable and appropriate to locate the payee, shall stop payment on any uncashed checks and may discontinue making future payments until contact with the payee is restored.

13.8. Facility of Payment to a Minor. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Company may, in its discretion, make such distribution: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Company and the Plan from further liability on account thereof.

13.9. Governing Law. To the extent not preempted by ERISA or the Code, the laws of the Commonwealth of Massachusetts shall govern the construction and administration of the Plan.

**IN WITNESS WHEREOF, the undersigned executed this Plan as of the 2nd day of June, 2020, to be effective as of the Effective Date except as otherwise provided herein.**

**THERMO FISHER SCIENTIFIC INC.**

/s/ Lisa P. Britt

By: Lisa P. Britt

Its: Senior Vice President and Chief Human Resources Officer

**Exhibit 31.1**

**THERMO FISHER SCIENTIFIC INC.**

CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc N. Casper, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Thermo Fisher Scientific Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2020

/s/ Marc N. Casper

Marc N. Casper
Chairman, President and Chief Executive Officer

**Exhibit 31.2**

**THERMO FISHER SCIENTIFIC INC.**

CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen Williamson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Thermo Fisher Scientific Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2020

/s/ Stephen Williamson

Stephen Williamson
Senior Vice President and Chief Financial Officer

**Exhibit 32.1**

**THERMO FISHER SCIENTIFIC INC.**

CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(b) and 15d-14(b),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Thermo Fisher Scientific Inc. (the "Company") for the period ended June 27, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Marc N. Casper, Chairman, President and Chief Executive Officer of the Company, hereby certifies, pursuant to Securities Exchange Act of 1934 Rules 13a-14(b) and 15d-14(b), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 31, 2020

/s/ Marc N. Casper

Marc N. Casper
Chairman, President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Thermo Fisher Scientific Inc. and will be retained by Thermo Fisher Scientific Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**THERMO FISHER SCIENTIFIC INC.**

CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(b) and 15d-14(b),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Thermo Fisher Scientific Inc. (the "Company") for the period ended June 27, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Stephen Williamson, Senior Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to Securities Exchange Act of 1934 Rules 13a-14(b) and 15d-14(b), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 31, 2020

/s/ Stephen Williamson

Stephen Williamson
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Thermo Fisher Scientific Inc. and will be retained by Thermo Fisher Scientific Inc. and furnished to the Securities and Exchange Commission or its staff upon request.