THERMO FISHER SCIENTIFIC INC.
Form 10-K
February 24, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2010 or

o 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 or organization)	(I.R.S. Employer Identification No.)
81 Wyman Street 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	Name of each exchange on which registered
Common Stock, $1.00 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No x

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 x No o

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer x Accelerated filer o

Non-accelerated filer o Smaller reporting company o

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

As of July 3, 2010, the aggregate market value of the voting stock held by nonaffiliates of the Registrant was approximately $19,341,481,000 (based on the last reported sale of common stock on the New York Stock Exchange Composite Tape reporting system on July 3, 2010).

As of February 5, 2011, the Registrant had 390,607,016 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Sections of Thermo Fisher's definitive Proxy Statement for the 2011 Annual Meeting of Shareholders are incorporated by reference into Parts II and III of this report.

THERMO FISHER SCIENTIFIC INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

Table of Contents

THERMO FISHER SCIENTIFIC INC.

PART I

Item 1. Business

General Development of Business

Thermo Fisher Scientific Inc. (also referred to in this document as “Thermo Fisher,” “we,” the “company,” or the “registrant”) is the world leader in serving science. We enable our customers to make the world healthier, cleaner and safer by providing analytical instruments, equipment, reagents and consumables, software and services for research, manufacturing, analysis, discovery and diagnostics.

In November 2006, Thermo Electron Corporation (also referred to in this document as “Thermo,” which is the predecessor to Thermo Fisher) merged with Fisher Scientific International Inc. (also referred to in this document as “Fisher”) to create Thermo Fisher. Thermo Fisher has approximately 37,200 employees and serves more than 350,000 customers within pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions and government agencies, as well as environmental, industrial quality and process control settings.

We serve our customers through two principal brands, Thermo Scientific and Fisher Scientific:

- Thermo Scientific is our technology brand, offering customers a complete range of high-end analytical instruments as well as laboratory equipment, software, services, consumables and reagents to enable integrated laboratory workflow solutions. Our portfolio of products includes innovative technologies for mass spectrometry, elemental analysis, molecular spectroscopy, sample preparation, informatics, fine- and high-purity chemistry production, cell culture, protein analysis, RNA-interference techniques, immunodiagnostic testing, microbiology, anatomical pathology, as well as environmental monitoring and process control.

- Our Fisher Scientific brand offers choice and convenience, providing a complete portfolio of laboratory equipment, chemicals, supplies and services used in scientific research, healthcare, safety and education markets. These products are offered through an extensive network of direct sales professionals, industry-specific catalogs, e-commerce capabilities and supply-chain management services. We also offer a range of biopharma services for clinical trials management, biospecimen storage and analytical testing.

In addition to the two principal brands, we offer a number of specialty brands that cover a range of consumable products.

We are continuously advancing the capabilities of our technologies, software and services, and leveraging our 10,500 sales and service personnel around the world to address our customers’ emerging needs. Our goal is to make our customers more productive, and to allow them to solve their analytical challenges, from complex research and discovery to routine testing.

Thermo Fisher is a Delaware corporation and was incorporated in 1956. The company completed its initial public offering in 1967 and was listed on the New York Stock Exchange in 1980.

Forward-looking Statements

Forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934 (the Exchange Act), are made throughout this Annual Report on Form 10-K. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “seeks,” “estimates,” and similar expressions are intended to identify forward-looking statements. 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 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 I, Item 1A.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Business Segments and Products

We report our business in two segments: Analytical Technologies and Laboratory Products and Services. For financial information about segments, including domestic and international operations and export sales, see Note 3 to our Consolidated Financial Statements, which begin on page F-1 of this report.

Analytical Technologies Segment

Through our Analytical Technologies segment, we serve the pharmaceutical, biotechnology, academic, government and other research and industrial markets, as well as the clinical laboratory and healthcare industries. This segment has three primary growth platforms – Analytical Instruments, Specialty Diagnostics and Biosciences – and provides a broad range of instruments, software and services, bioscience reagents and diagnostic assays to address various scientific, healthcare, environmental, and process optimization challenges in laboratories, manufacturing and the field.

Analytical Instruments include scientific instruments used in the laboratory to analyze prepared samples, software interpretation tools and laboratory information management systems, environmental instruments, integrated systems, and services used in industrial environments, in the lab, and in the field for continuous environmental monitoring, safety and security applications; and process instruments, integrated systems, measurement solutions, and services used in process environments and in the field to enable real-time process control and optimization and materials analysis.

Specialty Diagnostics products and services are used by healthcare and other laboratories to prepare and analyze patient samples to detect and diagnose diseases. Microbiology products include high-quality reagents and diagnostic kits used in the diagnosis of infectious disease or for testing for bacterial contamination to assure the safety and quality of consumer products such as food and pharmaceuticals.

Biosciences products include leading reagents and consumables used in life science research, drug discovery and biopharmaceutical production.

Analytical Instruments

Scientific Instruments

Our scientific instrumentation and integrated software solutions are used primarily in laboratory and industrial settings and incorporate a broad range of capabilities for organic and inorganic sample analysis. We offer a portfolio of scientific instruments based on a range of techniques, including mass spectrometry (MS), chromatography and optical spectroscopy, which can be combined with a range of accessories, consumables, software, spectral reference databases, services and support to provide a complete solution to the customer. Mass spectrometry is a technique for analyzing chemical compounds, individually or in complex mixtures, by forming gas phase charged ions that are then analyzed according to mass-to-charge ratios. In addition to molecular information, each discrete chemical compound generates a fragmentation pattern that provides structurally identifiable information. Chromatography is a technique

for separating, identifying and quantifying individual chemical components of substances based on physical and chemical characteristics specific to each component. Optical spectroscopy is a technique for analyzing individual chemical components of substances based on the absorption or emission of electromagnetic radiation of a specific wavelength of light, for example, visible (light), ultraviolet or infra-red. We complement our product technologies with laboratory information management systems (LIMS), chromatography data systems (CDS), database analytical tools, automation systems, and a broad portfolio of reagents and consumables from the rest of the company to deliver integrated work flow solutions that improve the quality and productivity of research.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Our instruments, software, and workflow solutions are used in a variety of regulated and unregulated industries in life sciences applications such as pharmaceuticals, biotechnology, clinical and food safety, in chemical and materials analysis applications such as environmental, petrochemicals, chemicals, semiconductor, steel and basic materials, and geology, as well as in academic and government research. To support our global installations, we provide implementation, validation, training, maintenance and support from our large global services network.

Life Science Mass Spectrometry (LSMS). The company's Life Sciences Mass Spectrometry product line features high performance instrumentation for a wide spectrum of markets and applications. The triple quadrupole, ion trap and hybrid mass spectrometry (LC/MS/MS) product lines offer tiered portfolios for both qualitative and quantitative analysis across a broad range of markets including pharmaceutical, academic research, clinical research, food safety, environmental and toxicology markets. Applications range in complexity from routine compound identification in regulated fields such as food safety and environmental screening, to sophisticated analysis of low-abundance components in complex biological matrices.

Our triple quadrupole portfolio provides high performance quantitative analysis of chemicals in biological fluids, environmental samples and food matrices. Applications for the pharmaceutical industry include the targeted quantitation of drug candidates in discovery absorption, distribution, metabolism and excretion (ADME) studies, and in support of development phase clinical trials where sensitivity, specificity, precision and accuracy are requirements for submission of pharmacokinetic data for regulatory approval. The triple quadrupole portfolio is also used for targeted analysis of pesticides and food contaminants to support regulatory requirements.

Our ion trap portfolio includes instruments and software for in depth structural analysis of large bio-molecules, such as proteins, to structural characterization of small molecules, such as drugs and drug metabolites.

Hybrid mass spectrometers combine linear ion trap technology, Fourier Transform Ion Cyclotron Resonance Mass spectrometry (FTICR) and Orbitrap technology, providing high resolution and accurate mass capabilities in a single mass spectrometry system. The combination of two powerful capabilities permits sensitive and accurate identification of compounds in complex matrices. Our Hybrid mass spectrometers are suited for analysis of complex biological problems such as cellular pathway analysis, investigation of protein sequence modifications, biomarker discovery for potential disease markers, evaluation of complex metabolomic systems, and metabolite identification because of their enhanced selectivity capabilities from high resolution and accurate mass.

Inorganic Mass Spectrometry (IOMS). Inorganic MS products are comprised of four product segments: Isotope Ratio Mass Spectrometry (IRMS), Multi-Collector Mass Spectrometry (MC-IRMS), Inductively Coupled Plasma Mass Spectrometry (ICP-MS) and High Resolution Trace Mass Spectrometry (HR Trace-MS). IOMS products are primarily used for qualitative and quantitative analysis of inorganic matter in a range of applications including environmental analysis, materials science, climate research, earth science as well as nuclear safeguard and fuel control. All of our IOMS products are based on sophisticated magnetic sector mass spectrometers, which are customized to meet the needs of a broad range of applications.

In addition, we supply a range of sample preparation and separation product-lines for mass spectrometry including auto-samplers, liquid and gas chromatography instruments and columns, and multi-plexing systems.

Financial Statement Index

5

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Liquid Chromatography. Liquid Chromatography (LC) is a separation technique that analyzes complex sample matrices in liquids. Our HPLC (High Pressure Liquid Chromatography) systems and UHPLC (Ultra High Pressure Liquid Chromatography) systems offer high throughput and sensitivity in the analysis of liquid samples. They are sold either in stand-alone configurations or as systems-integrated with our mass spectrometers (LC-MS and LC-MS/MS). Our nanoHPLC systems are typically used to separate components of very small biological samples for further analysis with ion trap or hybrid mass spectrometers. The company also has a fast scanning single quadrupole LC-MS system used primarily in pharmaceutical laboratories, providing chromatographers the ability to complete routine LC analysis with real-time mass confirmation. These products utilize our comprehensive line of HPLC columns.

Gas Chromatography. Gas chromatography (GC) is a separation technique that analyzes complex sample matrices in gases. GC comprises both separation and detection technology. Separation technology is common to all gas chromatography analyzers, and is paired with either a conventional detector (GC) or with different types of mass spectrometers (GC-MS). Thermo Scientific's gas chromatographs (GCs) include a full range of detectors, injectors, and valve systems for chemical and petrochemical analysis, and its GCxGC product is used for analysis of target compounds in complex matrices. Our GC-MS offering includes a triple stage quadrupole GC-MS, for routine analysis of pesticide residues in food; a single stage quadrupole MS for quantitative product screening of environmental and toxicology samples; and an ion trap MS for analysis of target components in complex matrices. We also offer a wide range of auto samplers that fully automate GC or GC-MS analysis.

Molecular Spectroscopy. Thermo Fisher's molecular spectroscopy products are divided into four primary techniques: Fourier transform infrared (FT-IR), Raman, Near-infrared (NIR) and ultraviolet/visible (UV/Vis) spectroscopy. All four techniques provide information regarding the structure of molecules and hence provide the means for the identification, verification and quantification of primarily organic materials. The instrumentation comprises interferometric and dispersive spectrometers combined with software that extracts both qualitative and quantitative information from the raw data. The major applications are found in pharmaceutical, biotechnology, polymer, chemical and forensic sciences. The instrumentation is used in research, analytical services and quality control laboratories. Near-infrared spectroscopy is used in both laboratory QC and process control applications, making it a technique well-suited for process analytical technology (PAT).

Bulk Elemental Analysis. Thermo Fisher provides a full range of instrumentation for elemental analysis of bulk materials such as metals, cement, minerals and petrochemicals using X-ray fluorescence (XRF), X-Ray diffraction (XRD) and arc spark optical emission (OES) techniques. Our OES product line is ideal for use in process/quality control for the direct, elemental analysis of solid metals.

Our benchtop and standalone XRF systems for analysis of conductive or non-conductive solids and liquids are used in many industrial and research laboratories, for monitoring of specific elements in oils, polymers, cement or quarry materials to the full analysis of glasses, metals, ores, refractories and geological materials. Our XRD equipment allows analysis of phases or compounds in crystalline materials. Both XRF and XRD techniques are integrated into one instrument to provide total analysis capabilities to the cement, metals and mining industries.

Trace Elemental Analysis. Thermo Fisher offers a line of elemental analysis instrumentation for the analysis of trace concentrations of elements in liquid and solid samples. Our atomic absorption (AA) instruments and inductively coupled plasma (ICP) spectrometers are used for trace elemental analysis of liquid samples in environmental, petrochemical, food safety, metallurgical, geochemical and clinical/toxicology applications. These products are widely

used in growth markets such as China, India and Latin America and support compliance with increasingly stringent international environmental and consumer safety regulations.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Surface Analysis. The principle technique of the surface analysis product range is X-ray Photoelectron Spectroscopy (XPS). XPS provides detailed quantitative information about the chemical composition of solid surfaces and interfaces. The product line features fully integrated instruments, designed for rapid throughput of samples, as well as user configured systems and component options. The extreme surface sensitivity of XPS makes it directly applicable to the development of new materials whose surfaces are chemically engineered on the nanometer scale. The application field for XPS is wide and varied. XPS is commonly used in the semi-conductor, metals, coatings and polymer industries as a product development and failure analysis tool.

Microanalysis. Thermo Fisher provides a range of energy-dispersive and wavelength-dispersive x-ray detectors for electron microscope users that transform the electron microscope from an imaging tool into an analytical instrument. These detectors make it possible to rapidly and accurately analyze the elemental distribution of a sample at resolutions down to the nanometer scale.

Laboratory Automation Solutions. Thermo Fisher is a supplier of automation systems that provide solutions for the drug discovery and cell research market. Our key technologies include automated storage and incubation, integration platforms, robotics and software. Precise and reliable motion control is achieved through state-of-the-art robotics that improve throughput and walk-away time.

Informatics. Thermo Fisher develops and provides laboratory information management systems solutions that provide application-specific, purpose-built functionality in software targeted for certain industries. These industries include pharmaceutical, petrochemical, chemical, food and beverage, metals and mining, environmental and water/wastewater, as well as government and academia. Thermo Fisher is a leader in developing commercial-off-the-shelf solutions designed for specific industry applications.

Environmental Instruments

Our environmental analysis instrumentation offers innovative technologies that are used for complying with government regulations and industry safety standards, or to analyze, measure or respond to a hazardous material situation. Our instruments include portable and fixed instrumentation used to help our customers protect people and the environment, with particular focus on environmental compliance, product quality, worker safety and security. Key end markets include coal, fossil fuel and nuclear-powered electric generation facilities, industrial markets such as pulp and paper and petrochemical, water and wastewater municipalities, federal, state and local agencies, general commercial and academic laboratories, and transportation security for sites such as ports and airports. Our instrumentation is used in three primary applications: air quality monitoring and gas detection, water quality testing and monitoring and radiation measurement and protection.

Air Quality Monitoring and Gas Detection. We are a leader in air quality instruments for ambient air and stack gas emissions monitoring. Our primary customers and markets include environmental regulatory agencies responsible for providing gaseous and particulate pollutant air quality data and combustion based industrial operations such as power generation complying with governmentally mandated emissions standards. Additionally, we manufacture a broad range of portable and stationary particulate and gas detection monitoring instruments used by industrial hygienists, first responders and homeland security personnel for worker exposure protection.

Our gas detection instruments utilize a broad range of optoelectronic technologies to detect criteria pollutants such as nitrogen oxide at the parts-per-trillion level. We offer a comprehensive range of continuous particulate monitors for use in ambient air monitoring networks using technologies such as tapered element oscillation microbalances, beta attenuation and light scattering. We complement our market leading instrumentation with customized Continuous Emission Monitoring Systems (CEMS), offering both hardware and complete solutions along with integration, installation, support, commissioning, certification and training services.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Water Quality Testing and Monitoring. Our water quality products include high-quality meters, electrodes and solutions for the measurement of pH, ions, conductivity, dissolved oxygen, turbidity and other key water parameters. Our meters, monitors, electrodes and solutions are sold across a broad range of industries. Based upon electrochemical and optical sensing technologies, these products are used for laboratory, field and process applications wherever the quality of water and water-based products is critical. Primary applications include quality control and assurance, environmental testing and regulatory compliance in markets such as water and wastewater, food and beverage, chemical, pharmaceutical, education and power generation.

Radiation Measurement and Protection. Our radiation measurement, protection and security instruments are used to monitor, detect and identify specific forms of radiation and trace explosives in nuclear power, environmental, industrial, medical and security applications. In the nuclear power market, our products are used by employees to monitor exposure, detect personal and asset contamination as well as monitor the interior and exterior environment. Our industrial applications include metal recycling, x-ray, and neutron generation, while our security applications are focused on scanning suspect cargo, vehicles and people and identifying the source radiation across a wide array of applications globally.

Process Instruments

Our Process Instruments products include instrument solutions and services that provide our customers with real-time data that help them improve product quality, increase process efficiency, increase product yield, reduce production downtime, reduce raw material waste and enhance security. Our products are typically used in mission-critical manufacturing applications that require high levels of accuracy, reliability and robustness. We serve a wide variety of global industries including oil and gas, petrochemical, pharmaceutical, food and beverage consumer products, power generation, metal, cement, minerals and mining, and semiconductor. Our major areas of expertise include online elemental analysis, handheld elemental and optical analysis, flat sheet thickness measurement, in-motion weighing and monitoring, rheological and thermal analysis, contaminant detection in packaged materials and flow, level and density measurement. Our Process Instruments include seven principal product lines: materials and minerals, portable elemental analysis, portable optical analysis, process systems, product inspection, material characterization and compliance testing.

Materials and Minerals. Our materials and minerals product line includes online bulk material analysis systems for the coal, cement, minerals and other bulk material handling markets. These products employ ultrahigh-speed, non-invasive measurement technologies that use neutron activation and measurement of gamma rays to analyze, in real time, the physical and chemical properties of raw material streams. This eliminates the need for off-line sampling, and enables real-time online optimization, for instance, allowing the customer to optimally blend raw materials to control sulfur and ash in coal fired utilities. Our gauging products are used online to measure the total thickness, basis weight and coating thickness of flat-sheet materials, such as metal strip, plastics, foil, rubber, glass, paper and other web-type products. Our gauging line uses ionizing and non-ionizing technologies to perform high-speed, real-time, non-invasive measurements. We also provide process control instruments that monitor nuclear flux inside a reactor, helping our nuclear power customers operate their plants in a safe and optimal manner. Our bulk weighing and monitoring products such as belt scales, weighbelt feeders, flow meters, safety switches, gauges and detectors enable high speed weighing of bulk materials, solids flow monitoring, level measurements, personnel safety, moisture analysis, and spillage prevention for a wide variety of processing applications in the food, minerals, coal, cement and other bulk solids handling markets.

Portable Elemental Analysis. Our line of portable XRF elemental analyzers are state-of-the-art handheld instruments offering real time high-performance analysis. The product platform is designed for the rapid on-site testing of metals for numerous industrial applications, including mining, coatings, precious metals and powder samples. Our product offering is tailored for specific market applications through a combination of instrument calibrations, x-ray sources and detectors to best match the desired speed and sensitivity of the analysis. The instruments are used for the analysis of metal alloys for positive material identification, scrap metal recycling, quality assurance/quality control (QA/QC) and precious metals analysis, as well as analysis of soils and sediments, environmental monitoring, lead screening in consumer products, lead in paint assessment, geochemical mapping and coatings/plating analysis.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Portable Optical Analysis. Our line of portable optical analyzers are rugged, handheld spectrometers designed for rapid and precise chemical identification, authentication and screening directly at the point of need. These portable analyzers use vibrational spectroscopy— Raman, FTIR and NIR—for quick and accurate identification of substances. First responders, law enforcement and military personnel use our analyzers for chemical and explosives identification in critical safety and security situations. In aviation security, particularly at checkpoint screening, our analyzer enables rapid liquid threat screening. Other applications include quality control and assurance for pharmaceutical and consumer health raw materials, identification of counterfeit and substandard drugs, and industrial processing, such as plastics and carpet recycling and food and agriculture analysis.

Process Systems. Our process systems products help oil and gas, refining, steel and other customers optimize their processes. These instruments provide measurements that help improve efficiency, provide process and quality control, maintain regulatory compliance and increase worker safety. For instance, our gas flow computers support custody transfer applications in the production and transmission of natural gas; our nuclear interface level gauge is used in extremely harsh coker applications for petroleum refining; our moisture online analyzer helps our customers measure moisture in extreme applications like coke used in metal foundries, and our line of process mass spectrometers helps our customers detect minute constituents in process gases. These systems provide real-time direct and remote data collection, analysis and local control functions using a variety of technologies, including radiation, radar, ultrasonic and vibration measurement principles, gas chromatography and mass spectrometry. Our online sulfur analyzer products, based on pulsed UV fluorescence technology, are used by refiners to bring clean fuels to consumers and in the petrochemical environment, including flare gas composition and catalyst protection.

Product Inspection. Our product inspection solutions serve the food and beverage, and pharmaceutical packaging industries. For the food and beverage and pharmaceutical markets, we provide solutions to help our customers attain safety and quality standards. Based on a variety of technologies, such as X-ray imaging and ultratrace chemical detection, our products are used to inspect packaged goods for physical contaminants, validate fill quantities, or check for missing or broken parts. For example, our line of metal detectors uses non-invasive, high-speed, magnetic flux technology to inspect packaged products; our line of checkweighers uses load cell technology to weigh packages on high-speed packaging lines; our line of inspection systems uses X-ray imaging to enable our customers to inspect canned or bottled beverages at very high speeds.

Material Characterization. Our material characterization product lines include instruments that help our customers analyze materials for viscosity, surface tension and thermal properties. Our products accurately and flexibly measure a wide range of rheological properties in the lab and in process applications. These measurement platforms use open standards and have the ability to connect to a range of sensors and systems. Our extruders and blenders address R&D, small-scale production, quality control and pharmaceutical needs. Single screw and twin screw process extruders with measuring capabilities are used in lab and pilot scale tests for compounding and processing of polymers and ceramics. In the pharmaceutical markets, our products are used for quality control of the continuous mixing process.

Compliance Testing. Our compliance testing product lines provide simulation and verification equipment for electronic components and systems. Based on pulsed EMI (Electromagnetic Interference) technology, our products provide testing of electromagnetic compatibility, electrostatic discharge and transmission line pulse for original equipment manufacturers in the semiconductor market and independent testing labs.

Financial Statement Index

9

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Services

We provide a complete portfolio of services and management solutions designed to help our customers improve productivity, reduce total cost of ownership of analytical instruments and ensure compliance. From instrument and equipment acquisition to disposition, we provide an extensive global service network to support our installed base of instruments.

From instrument support plans, preventive and corrective maintenance to instrument qualifications, our product services are designed to remove the hassle and worry from instrument maintenance allowing our customers to focus on their goals while increasing positive results in the lab. Furthermore, our parts, accessories, software and instrument upgrades provide our customers with the tools necessary to improve productivity and quality. In addition, our multi-vendor laboratory instrument services provide our customer complete laboratory support. Certified and experienced multi vendor service engineers provide instrument qualifications, preventive and corrective maintenance, validation, regulatory compliance and metrology services allowing our customer to expand our high quality cost effective instrument support throughout their operations.

We also provide our customers enterprise management solutions that streamline the services processes, increase operational efficiencies while reducing expenses and decreasing total cost of ownership. With integrated capabilities consisting of equipment maintenance management, physical inventory tracking and enterprise-wide maintenance reporting, coupled with direct and multi-vendor service capabilities, our asset management solutions are customizable to meet the business needs of our customers. Our asset management solutions business proactively manages all of our customers' instruments and equipment so they have visibility to all of their assets and gain assurance that services are being delivered and performed on time.

Specialty Diagnostics

Our Specialty Diagnostics products and services are used by healthcare laboratories in hospitals, academic and research institutes, to prepare and analyze patient samples such as blood, urine, body fluids or tissue sections, to detect and diagnose diseases, such as cancer. We also provide diagnostic testing services for certain neurological, renal and endocrine disorders to physicians, hospital laboratories and reference laboratories.

Microbiology

Our Microbiology offerings include high-quality microbiology laboratory products, including dehydrated and prepared culture media, collection and transport systems, diagnostic and rapid direct specimen tests, quality-control products and associated products for the microbiology laboratory. Our products focus on aiding customers in the diagnosis of infectious disease, implementing effective infection control programs or in detecting microbial contamination of their products or manufacturing facilities.

These products are used by microbiologists worldwide to grow and identify bacteria and to detect viruses and parasites. Within the clinical field, these products are used to facilitate a rapid and accurate diagnosis of infectious disease, to determine appropriate antimicrobial therapy and to aid in the implementation of infection control programs. Key clinical customers include hospitals, public health and reference laboratories, clinics and physician offices. Within the food and pharmaceutical industries, our products are used to assure the safety and quality of consumer

products by monitoring production environments, raw materials and end products for bacterial contamination. Industrial customers are comprised of quality control and quality assurance functions within food, beverage, personal care, pharmaceutical and biotech companies.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Clinical Diagnostics

Our clinical diagnostics products include a broad offering of liquid, ready-to-use and lyophilized immunodiagnostics reagent kits, calibrators, controls and calibration verification fluids. In particular, we provide products used for drugs-of-abuse testing; therapeutic drug monitoring, including immunosuppressant drug testing; thyroid hormone testing; serum toxicology; clinical chemistry; immunology; hematology; coagulation; glucose tolerance testing; monitoring and toxicology; first trimester screening, tumor markers testing and biomarkers testing for sepsis, acute myocardial infarction and congestive heart failure. We also private label many of our immunoassay reagents and controls for major in-vitro diagnostics companies through OEM arrangements. In many instances, we will work with customers or partners to develop new products and applications for their instrument platforms.

We have developed one of the broadest menus for drugs-of-abuse immunoassays, including those for newer drugs such as Oxycodone, Heroin Metabolite and Buprenorphine. We also offer a line of immunosuppressant drug immunoassays that can be used on a variety of clinical chemistry analyzers.

Our clinical chemistry systems include analyzers and reagents to analyze and measure routine blood and urine chemistry, such as glucose and cholesterol; and advanced testing for specific proteins, therapeutic drug monitoring and drugs-of-abuse. Our diagnostic test range currently covers approximately 80 different validated methods. We also provide pre- and post-analytical automation for preparation of blood specimens before and after analysis.

In addition to our own sales channels, our laboratory automation systems are distributed by some of the leading diagnostic manufacturers, such as Ortho-Clinical Diagnostics. We are also a provider of specialty diagnostic tests based on patented biomarkers for sepsis, cardiovascular and pulmonary diseases, as well as intensive care treatments and prenatal screening.

Anatomical Pathology

We provide a broad portfolio of products primarily for cancer diagnosis and medical research in histology, cytology and hematology applications. These products include a wide range of instruments, consumables and reagents for specimen collection and transport, tissue preparation, staining and immunohistochemistry assays and controls. Reagent and consumable products include sample collection and preservation products used to ensure specimen integrity, tissue cassettes and reagents necessary for same-day, high-quality specimen processing, blades and paraffin used to section tissue, and a wide range of leading stains. Also included are a full line of immunohistochemistry antibodies, detection systems, ancillaries and controls.

We also provide a complete range of anatomical pathology instruments including cassette and slide labeling systems, which enable on-demand slide and cassette printing, tissue processors for same-day tissue-processing, superior reagent management and higher lab efficiency, embedding stations, microtomes and cryostats used to section tissue, automated staining and cover slip systems used for primary and immunohistochemistry staining. In cytology, we offer low-speed centrifugation technology coupled with patented EZ cytofunnels to deposit a thin layer of cells onto a microscope slide to ensure better cell capture and better preservation of cell morphology.

Our key customers include independent and hospital-based diagnostic laboratories engaged in the diagnosis of cancer, medical universities, as well as pharmaceutical and biotech research institutions.

Thermo Fisher manufactures high-quality flat-sheet glass to produce medical disposable products such as microscope slides, plates, cover glass and microarray substrates serving the medical, diagnostics and scientific communities. We also offer specialized hydrophobic, adhesive and fluorescent slides through proprietary coating techniques.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Biosciences

Our broad range of Biosciences products and services includes fine and high-purity chemistry products; nucleic acid synthesis reagents; high-performance polymerase chain reaction (PCR) reagents and related products; enzymes, reagents, kits and other consumables for molecular biology; RNA interference (RNAi) and other gene-modulation and gene-expression reagents; high-quality antibodies; proprietary protein analysis reagents and kits; high-content screening and analysis products; cell-culture products and sterile bioprocessing systems. These products are used across the general chemistry and life sciences arenas primarily for scientific research, drug discovery, diagnostics, as well as biopharmaceutical research and production.

Life Science Research

Our Life Science Research products provide innovative technologies, services and support to our global research and business partners. Focusing on genomics, proteomics and cell biology applications, these products are used in academic, government, diagnostic, biotechnology and pharmaceutical laboratories globally to understand biological processes and the basis of human diseases and to shorten the drug discovery and development process.

Our Genomics products are focused on gene silencing, gene expression and nucleic-acid amplification and detection. Our gene modulation product lines include synthetic small interfering RNA and viral vectors containing short hairpin RNA for gene silencing and complementary DNA vectors for gene expression. Together these technologies allow researchers to control the expression of specific genes in order to understand their function. Our PCR, reverse transcription-PCR and real-time quantitative-PCR reagents include a proprietary line of high-performance DNA polymerases. Scientists use these products along with PCR reaction plates and sealing products to amplify and measure nucleic acids with high precision and sensitivity, enabling them to gain a better understanding of the control mechanisms inside a cell. Our broad offering for molecular and cellular biology also includes high-quality restriction and modifying enzymes, molecular weight markers and reagents for nucleic-acid purification. We supply a number of stock and custom products through business-to-business relationships including high purity RNA and DNA synthesis reagents, high purity nucleotides, novel fluorescent dyes, dye-labeled compounds, customized PCR plastics and other molecular biology reagents. Our synthesis products are used by oligo nucleotides manufacturers in both research and the rapidly emerging nucleic-acid therapeutic markets. Our Genomics offering also has a wide range of highly advanced services including genome-wide RNAi screening, RNAi in vivo technology development, high-content screening and cell line development, micro RNA profiling and custom chemical synthesis.

Our Proteomics products enable the effective and efficient study of the biology of proteins and offer cell-based assays and services for high-content pathway analysis. Scientists use our reagents and kits for protein purification, protein detection and quantitation, protein sample preparation, protein labeling, and protein-interaction and related studies. These products provide scientists with new capabilities and help them achieve sensitive and accurate results more efficiently. Our extensive offering includes more than 30,000 high-quality antibodies, peptides and proteins, including many antibodies labeled with novel fluorescent dyes. Complementing the company’s technology leadership in mass spectroscopy, some of our products support a complete protein analysis workflow in MS analysis, including innovative stable isotope-based reagents. Our specialized reagent kits and assays are powerful tools for fluorescent cell-based screening and analysis of specific molecular targets and biological parameters. Together, they comprise a wide range of high-content analysis and high-content screening assays.

Our Cellomics business provides leading technologies and products to advance cell science research, including complete systems for high-content imaging of cells, tissues and whole organisms. This total platform includes automated imaging instruments, image analysis software, data management and bioinformatics software, coupled with reagents, cell-culture media, sera and specialty media formulations, along with laboratory automation and services. This offering provides the life science researcher with a quantitative, automated approach to understanding the biology of cells, including stem cells and cell systems, supporting all aspects of the drug discovery process as well as academic and systems biology research.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

BioProcess Production

Our BioProcess Production offerings include cell-culture and bioprocessing products used in the production of animal and human viral vaccines, monoclonal antibodies, protein-based therapeutics and wound healing. These products and technologies continue to lead the industry in innovation and quality, encompassing preeminent cell-culture products (sera, classical media, serum-free and protein-free media, and process liquids) and bioprocessing systems, including flexible, single-use BioProcess Container systems, which are sterile, disposable bags specifically designed for transporting, mixing, dispensing, and storing sterile liquids and powders. In particular, the innovative Single-Use Bioreactor (SUB) product line offers a single-use alternative to conventional stirred tank bioreactors currently used in animal cell culture. The SUB emulates the scalability and operating parameters of the conventional stirred tank bioreactors yet is disposable, offering numerous process and regulatory advantages. The rapid acceptance of this technology is changing the landscape of the bioprocessing industry. These products are used in industrial and academic research markets for biotherapeutic discovery, cellular interaction studies, toxicity testing, antiviral and anticancer studies, as well as in biopharmaceutical manufacturing processes, where they have been specifically qualified for use in bioscience applications in the biopharmaceutical, biotechnology and diagnostic industries.

Global Chemicals

Our Global Chemicals products provide solutions for chemistry-based applications to scientists involved in analysis, research and development, and manufacturing — primarily in the pharmaceutical, life sciences and high technology markets. We offer reliable, industry leading products and services through internal expertise and through partnerships with leading providers of chemical technology. We deliver these products and solutions through our extensive global distribution network. Our broad portfolio includes organic chemicals used in basic research applications to synthesize new materials. We also provide a comprehensive line of essential laboratory chemicals used by scientists to purify, extract, separate, identify and manufacture products. Our broad range of bioreagents is used in many different applications, from cell growth to detailed protein analysis. In addition, our offering of novel chemical building blocks, reactive intermediates and screening libraries are used by medicinal and organic chemists to accelerate drug discovery. We also provide bulk volumes of many of our products when customers scale up from research to development.

Laboratory Products and Services Segment

Through our Laboratory Products and Services segment, we offer a combination of products and services that allows our customers to engage in their core business functions of research, development, manufacturing, clinical diagnosis and drug discovery more accurately, rapidly and cost effectively. We serve the pharmaceutical, biotechnology, academic, government and other research and industrial markets, as well as the clinical laboratory and healthcare industries. This segment has three primary growth platforms – Laboratory Products, Customer Channels and BioPharma Services – and provides products and integrated solutions for various scientific challenges that support many facets of life science research, clinical diagnosis and workplace safety. Specifically, our Laboratory Equipment products consist primarily of sample preparation, controlled environment storage and handling equipment as well as laboratory workstations; our Laboratory Consumables include consumables, tubes and containers for sample preparation, analysis and sample storage. Our Research Market Channel offers a wide variety of proprietary and third-party chemicals, instruments and apparatus, liquid handling pumps and devices, capital equipment and consumables; our Healthcare Market Channel offers proprietary and third-party analytical equipment, diagnostic tools and reagents and consumables; our Safety Market Channel offers proprietary and third-party workplace and first

responder equipment, protective gear and apparel; and our BioPharma Services offerings include packaging, warehousing and distribution services, labeling, pharmaceutical and biospecimen storage, and analytical laboratory services primarily in the area of drug discovery and pharmaceutical clinical trials.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

In the Research Market Channel, the Fisher Scientific catalog has been published for over 100 years and is an internationally recognized scientific supply resource. In the Research, Healthcare and Safety Market Channels, we publish more than 3 million copies of our various catalogs each year in eight different languages. Our e-commerce product references are showcased by our website, www.fishersci.com, which is a leading e-commerce site supporting the scientific research community. The website contains full product content for more than 390,000 products. We maintain an international network of warehouses in our primary markets through which we maintain inventory and coordinate product delivery. With specialized product vaults and temperature controlled storage capacity, we are able to handle the complete range of products we offer to our customers. Our transportation capabilities include our dedicated fleet of delivery vehicles as well as parcel shipping capabilities that are closely integrated with our third-party parcel carriers. Throughout the product delivery process, we provide our customers with convenient access to comprehensive electronic systems allowing for automated catalog search, product order and invoicing and payment capabilities.

We deliver our products through third-party carriers and our dedicated fleet of delivery vehicles. Third-party carriers include UPS, Federal Express, DHL and other carriers, including national and regional trucking firms, overnight carrier services and the U.S. Postal Service.

Laboratory Products

Laboratory Equipment

Our Laboratory Equipment products and integrated solutions are used primarily by pharmaceutical companies for drug discovery and development, and by biotechnology companies and universities for life science research to advance the prevention and cure of diseases and enhance the quality of life.

We provide a broad range of equipment that is used for the preparation and preservation of chemical and biological samples, primarily for pharmaceutical, academic, clinical and government customers. Products include incubators that are used in biological experiments to allow growth of cells and organisms in optimal conditions of temperature, carbon dioxide and humidity.

We are leaders in cold temperature storage equipment, ranging from laboratory refrigerators and freezers to ultralow temperature freezers and cryopreservation storage tanks, which are used primarily for storing samples in a cold environment to protect from degradation. These systems may be customized to accommodate specific equipment, allowing reactions (such as chromatography) to be run under low-temperature conditions.

We also offer a wide range of centrifuges, which are used to separate biological matrices and inorganic materials. Our microcentrifuges are primarily used for the purification of nucleic acids in the molecular biology laboratory, our general use benchtop centrifuges are suitable for processing clinical samples such as blood and urine, and our floor models are used for large volume blood processing or in laboratories with high-throughput needs. Our super-speed and ultra-speed models are used for applications such as protein purification.

Our biological safety cabinets enable technicians to handle samples without risk to themselves or their environment and without risk of cross-contamination of samples. Equipped with filtered air ventilation, controlled laminar flow and an ultraviolet source, biological safety cabinets can be used for tissue culture, IVF, infectious samples, forensic

analysis or bioterrorism research.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

We offer a wide variety of microplate instruments for drug discovery, assay development, enzyme linked immunosorbent assay and applied testing markets. Our portfolio includes microplate detection instruments, multichannel reagent dispensing, magnetic particle purification systems, microplate washer and incubation equipment. Microplate detection instruments include UV, fluorescence, luminescence and multimode reader technologies. These instruments are designed for the analysis and optimization of assays, such as binding assays; absorption, distribution, metabolism and excretion toxicity; molecular biology assays; enzyme kinetic studies; ion-channel; and cell signaling assays. Multichannel reagent dispensing is critical to the efficiency and reproducibility of assays and we offer a flexible sample preparation system to meet the stringent requirements of reagent dispensing in pharmaceutical and biotechnology laboratories. We provide products for the purification of proteins, nucleic acids and cells in a convenient, rapid and reproducible manner using a patented magnetic particle method. The system consists of instruments, specially designed plastics and software to provide a total purification solution for customer applications.

We offer a variety of other laboratory products such as water purification systems, chillers, shakers, stirrers, hotplates, water baths, ovens, furnaces, vacuum concentrators and in a range of sizes, temperatures and configurations for life science, analytical chemistry, manufacturing and quality control applications where temperature uniformity and control are critical.

We supply internet, phone and field technical support and service for laboratory equipment including installation, maintenance, repair and training on a worldwide basis via a network of internal phone support technicians and field-based service technicians as well as third-party service providers.

Laboratory Consumables

We manufacture and sell solutions consisting of plastics and glass consumables and related equipment to entities enhancing their scientific research, including drug discovery and development, quality and process control, clinical and basic research and development. The product configurations, material choice, surface treatments and cleaning methods are specifically selected to meet the demands of a vast array of life science applications. Our broad portfolio of laboratory consumables provides quality products that range from sample collection and preparation to sample handling and analysis.

Our scalable cell culture platforms are used for life science research, analysis and discovery. We offer a broad range of surface technologies to meet the different application needs from traditional stem cell to Human stem cell lines. We provide a complete range of cell culture products from laboratory research to production scale. Our formats include chamber slides, dishes, multidishes, flasks and gas permeable technologies. We also offer a complete line of serological pipettes and conical tubes to address sample handling within the cell culture process. Our cell factory product line and roller bottles are widely used in the manufacture of vaccines and biotherapeutics.

We have a full line of centrifugation consumables for applications ranging from sample preparation though downstream bioprocessing. Additionally, we manufacture sample storage vials and organization systems for ultralow temperature and cryogenic storage that offer specific products for low protein binding and low DNA binding functionality. We offer a wide selection of containers for packaging of life science and diagnostic reagents as well for the storage and transport of bulk intermediates and active pharmaceutical ingredients. Many of our containers are produced in ISO Class 7 Cleanrooms and carry specific certifications to meet increasing industry requirements.

We are a leading manufacturer of laboratory pipette tips and offer a complementary range of handheld and automated pipetting systems. This offering satisfies the liquid handling demands from low (manual) through high (automated) throughput levels. This diverse product portfolio is designed to optimize productivity, ergonomics, and ensure accurate results. Our detection instruments portfolio includes microplate readers, washers, purification systems, and PCR and qPCR instruments. These instruments offer researchers in the fields of cancer research, drug development, proteomics and genomics efficiency, high quality performance and accurate results.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

We offer a complete selection of clinical specimen collection, Drug of Abuse collection kits and environmental and food safety glass and plastic vials, bottles and containers. We are a market leader in the manufacture of plastic transfer pipettes and general purpose clinical laboratory consumables. We also offer containers for breast milk collection, storage and feeding primarily used in neo-natal units and by lactation specialists.

We provide chromatography consumables for both liquid and gas chromatography including HPLC columns, GC columns, fittings, tubing, injection liners, GC septa, auto-sampler vials, closures and general chromatography accessories. Our chromatography sample preparation products range from syringe filter and solid phase extraction consumables to manual and automated chromatography glass syringes.

In addition, we provide OEM and custom kit assembly services for clinical test kits and drug of abuse. Our custom cleaning services and specialty coatings include sterilization, depyrogenation, low particulate, low TOC, silanization and siliconization used in drug discovery.

Laboratory Workstations

We are a major supplier of laboratory workstations and fume hoods for either new construction or laboratory renovation. Our product offerings include steel, wood and plastic laminate casework systems, adaptable furniture systems, chemical ventilation fume hoods and chemical storage cabinets and various other laboratory fixtures and accessories.

Customer Channels

Our Customer Channels platform serves academic, pharmaceutical, biotech, government, industrial and healthcare customers through our Fisher Scientific, Fisher HealthCare, Fisher Safety, Fisher Science Education and Cole-Parmer offerings. Our Fisher Scientific offerings include a wide range of products and services from a single source designed to allow our customers to engage more accurately and efficiently in laboratory research and development throughout the world. We provide products and solutions focused on the collection, transportation and analysis of biological samples through our Fisher HealthCare offerings. We also provide safety-related products through our Fisher Safety offerings including cleanroom and controlled-environment supplies, personal protective equipment, firefighting, military and first responder equipment and supplies, and environmental monitoring and sampling equipment. Our Fisher Science Education offerings include science related educational and laboratory products for the K – 12 and secondary education market. Our Cole-Parmer offerings include a wide variety of laboratory and industrial fluid handling products, instrumentation, equipment, and supplies. In addition to our broad product portfolio, we offer a variety of specialized services to our customers through our Managed Services team. Services provided to customers include dedicated logistics personnel who manage inventory and provide desktop delivery, coordinate instrument calibration and service, facilitate glass washing, provide on-site customer service and deliver other services that allow our customers to focus on their core research and business activities.

We go to market through our broad sales force, global network of resellers and distributors, printed catalogs, and state-of-the-art website. We maintain a global sales force of over 1,500 personnel, augmented by a large global network of resellers and distributors. Our print catalogs range from hardcopy volumes that include detailed descriptions of over 40,000 products to industry-specific catalogs targeted to customers in such industries as wine-testing, food safety and controlled environments. In addition to our print catalogs, we maintain an on-line

catalog via our www.fishersci.com website that allows our customers to search our product portfolio and purchase over 1,000,000 products on-line.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Research Market Channel

Our Research Market Channel offerings include a wide range of products and services from a single source designed to allow our customers to engage more accurately and efficiently in laboratory research and development throughout the world. Our customers represent all industries requiring any level of laboratory research, including but not limited to the medical research, pharmaceutical, biotech, food and agriculture, government, academic and manufacturing industries.

Our products include all forms of laboratory products, ranging from capital equipment and instruments to chemicals to consumable products. We offer a mix of products that are manufactured by Thermo Fisher, that are manufactured by third parties for us on a private-label basis, and that are manufactured by third parties under their brand but offered for sale exclusively through us. We also offer a broad range of third-party products representing leading industry brand names on a non-exclusive basis.

Our print catalog consists of more than 40,000 products. Beyond this catalog, we offer our customers access to an additional 900,000 products. Our e-commerce website, www.fishersci.com, has been an industry-leading online ordering and reference tool since its inception in the 1990s.

In addition to our broad product offering, we offer a variety of specialized services to our customers through our Managed Services team. Services provided to customers include dedicated logistics personnel who manage inventory and provide desktop delivery, coordinate instrument calibration and service, facilitate glass washing, provide on-site customer service and deliver other services that allow our customers to focus on their core research activities.

Healthcare Market Channel

Our Healthcare Market Channel offerings include a broad array of consumables, diagnostic kits and reagents, equipment, instruments, solutions and services for hospitals, clinical laboratories, reference laboratories, physicians' offices and other clinical testing facilities. These products are manufactured by Thermo Fisher and third parties.

Healthcare Market products and solutions focus on the collection, transportation and analysis of biological samples. Major product lines include anatomical pathology, molecular diagnostic and cardiac risk management solutions, along with blood collection devices, consumable vials and transportation devices, as well as an extensive portfolio of rapid diagnostic testing devices for drugs-of-abuse testing and diagnosis and monitoring of cancer, endocrine function and cardiovascular, gastrointestinal, nervous system, respiratory and sexually transmitted diseases. The Healthcare Market core product offering also includes high-end diagnostic instruments and equipment together with the reagents used in those instruments and equipment to perform diagnostic tests. Sales in the healthcare market are fueled by the administration and evaluation of diagnostic tests. We believe that the aging population, as well as the increased demand for the development of new specialty diagnostic tests, will result in increased market growth.

In addition to our broad product offering, we offer a variety of specialized services to our customers through our Managed Services team. Services provided to customers include dedicated logistics personnel that manage inventory, provide on-site customer service, and deliver other services that allow our customers to focus on their core responsibilities.

Financial Statement Index

17

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Safety Market Channel

Through our Safety Market Channel we supply safety-related products to various industries including laboratory research, industrial manufacturing, healthcare, universities, food/agriculture, environmental and petrochemical as well as government and municipal agencies, fire departments and military units. Products offered to these markets include: cleanroom and controlled-environment supplies; personal protective equipment such as respirators, clothing, gloves, hardhats, hearing protection and eyewear; fall protection harnesses and restraints; self-contained breathing apparatus; specialized firefighting and military equipment and supplies; environmental monitoring and sampling equipment; and first responder supplies and equipment such as decontamination tents, bio-isolation systems, chemical protective suits and emergency response trailers. We offer products mainly manufactured by third parties as well as those manufactured by Thermo Fisher.

We also provide access to a broad offering of training, equipment servicing and on-site inventory management support through our dedicated safety sales professionals, equipment service employees and on-site customer support teams. Our goal is to provide a total solution of products, training and support to our customers.

BioPharma Services

Our BioPharma Services offerings include global services for pharmaceutical and biotechnology companies engaged in clinical trials, including specialized packaging, over-encapsulation, multi-lingual and specialized labeling and distribution for phase I through phase IV clinical trials, analytical testing, biological-specimen management, as well as specialty pharmaceutical logistics and clinical supply-chain management. Thermo Fisher’s biorepository business provides temperature-controlled repository services for pharmaceutical, biotechnology, university, government, clinical and blood-processing customers. Our biorepository services business stores pharmacological and biospecimen samples at commercial sites. Additional services include inventory management, validation, business continuity, and repository management and transportation capabilities resulting in a complete cold chain sample management solution.

Services are offered throughout the world, with operations in the United States, United Kingdom, Switzerland, India, Latin America, China, Ireland, Singapore, Japan and Russia.

Sales and Marketing

We market and sell our products and services through a direct sales force, customer-service professionals, electronic commerce, third-party distributors and various catalogs.

We have approximately 10,500 sales and service personnel including over 1,000 highly trained technical specialists who enable us to better meet the needs of our more technical end-users. We also provide customers with product standardization and other supply-chain-management services to reduce procurement costs.

New Products and Research and Development

Our business includes the development and introduction of new products and may include entry into new business segments. We are not currently committed to any new products that require the investment of a material amount of our

funds, nor do we have any definitive plans to enter new businesses that would require such an investment.

During 2010, 2009 and 2008, we spent $287.2 million, $246.1 million and $249.1 million, respectively, on research and development.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Raw Materials

Our management team believes that we have a readily available supply of raw materials for all of our significant products from various sources. We do not anticipate any difficulties obtaining the raw materials essential to our business. Raw-material and fuel prices are subject to fluctuations due to market conditions. We employ many strategies, including the use of alternative materials and the use of derivative instruments, to mitigate the effect of these fluctuations on our results.

Patents, Licenses and Trademarks

Patents are important in both segments of our business. No particular patent, or related group of patents, is so important, however, that its loss would significantly affect our operations as a whole. Where appropriate, we seek patent protection for inventions and developments made by our personnel and incorporated into our products or otherwise falling within our fields of interest. Patent rights resulting from work sponsored by outside parties do not always accrue exclusively to the company and may be limited by agreements or contracts.

We protect some of our technology as trade secrets and, where appropriate, we use trademarks or register trademarks used in connection with products. We also enter into license agreements with others to grant and/or receive rights to patents and know-how.

Seasonal Influences

Revenues in the fourth quarter are historically stronger than in other quarters due to the capital spending patterns of industrial, pharmaceutical and government customers. Sales of flu tests and related diagnostic products vary quarter to quarter and year to year based on the severity and duration of flu season.

Working Capital Requirements

There are no special inventory requirements or credit terms extended to customers that would have a material adverse effect on our working capital.

Dependency on a Single Customer

There is no single customer the loss of which would have a material adverse effect on our business. No customer accounted for more than 5% of our total revenues in any of the past three years.

Backlog

Our backlog of firm orders at year-end 2010 and 2009 was as follows:

(In millions)	2010	2009
Analytical Technologies	$ 925.2	$ 857.0
Laboratory Products and Services	488.2	480.8

	$ 1,413.4	$ 1,337.8

We believe that virtually all of our backlog at the end of 2010 will be filled during 2011.

Government Contracts

Although the company transacts business with various government agencies, no government contract is of such magnitude that a renegotiation of profits or termination of the contract at the election of the government agency would have a material adverse effect on the company's financial results.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Competition

The company encounters aggressive and able competition in virtually all of the markets we serve. Because of the diversity of our products and services, we face many different types of competitors and competition. Our competitors include a broad range of manufacturers and third-party distributors. In general, competitive climates in the markets we serve are characterized by changing technology and customer demands that require continuing research and development. Our success in these markets primarily depends on the following factors:

- technical performance and advances in technology that result in new products and improved price/performance ratios;
- product differentiation, availability and reliability;
- the depth of our capabilities;
- our reputation among customers as a quality provider of products and services;
- customer service and support;
- active research and application-development programs; and
- relative prices of our products and services.

Environmental Matters

We are subject to various laws and governmental regulations concerning environmental matters and employee safety and health in the United States and other countries. U.S. federal environmental legislation that affects us includes the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, and the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). We are also subject to regulation by the Occupational Safety and Health Administration (OSHA) concerning employee safety and health matters. The United States Environmental Protection Agency (EPA), OSHA, and other federal agencies have the authority to promulgate regulations that have an effect on our operations.

In addition to these federal activities, various states have been delegated certain authority under the aforementioned federal statutes as well as having authority over these matters under state laws. Many state and local governments have adopted environmental and employee safety and health laws and regulations, some of which are similar to federal requirements.

A number of our operations involve the handling, manufacturing, use or sale of substances that are or could be classified as toxic or hazardous materials within the meaning of applicable laws. Consequently, some risk of environmental harm is inherent in our operations and products, as it is with other companies engaged in similar businesses.

Our expenses for environmental requirements are incurred generally for ongoing compliance and historical remediation matters. Based on current information, we believe that these compliance costs are not material. For historical remediation obligations, our expenditures relate primarily to the cost of permitting, installing, and operating and maintaining groundwater-treatment systems and other remedial measures.

Our Fair Lawn and Somerville, New Jersey, facilities are the subject of administrative consent orders issued by the New Jersey Department of Environmental Protection in 1984. Our Rockford, Illinois, facility is subject to a Resource Conservation and Recovery Act (RCRA) corrective action program administered by the Illinois Environmental Protection Agency. We are required to maintain groundwater-remediation activities at these sites. As the owner of the Fair Lawn facility, we are listed as a potentially responsible party for remediation within an area called the Fair Lawn Wellfields Superfund Site.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

We record accruals for environmental 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. We calculate estimates based upon several factors, including reports prepared by environmental specialists and management's knowledge and experience with these environmental matters. We include in these estimates potential costs for investigation, remediation and operation and maintenance of cleanup sites. Accrued liabilities for environmental matters totaled $22 million at December 31, 2010. The liability for environmental matters associated with Fisher was recorded at the date of merger at its fair value and as such was discounted to its net present value.

These environmental liabilities do not include third-party recoveries to which we may be entitled. We believe that our accrual is adequate for the environmental liabilities we currently expect to incur. As a result, we believe that our ultimate liability with respect to environmental matters will not have a material adverse effect on our financial position, results of operations or cash flows. However, we 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, changes in the conduct of our operations, and the effect of changes in accounting rules, which could have a material adverse effect on our financial position, results of operations or cash flows.

Regulatory Affairs

Our operations, and some of the products we offer, are subject to a number of complex and stringent laws and regulations governing the production, handling, transportation and distribution of chemicals, drugs and other similar products, including the operating and security standards of the United States Drug Enforcement Administration, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Food and Drug Administration, and various state boards of pharmacy as well as comparable state and foreign agencies. As Thermo Fisher's businesses also include export and import activities, we are subject to pertinent laws enforced by the U.S. Departments of Commerce, State and Treasury. In addition, our logistics activities must comply with the rules and regulations of the Department of Transportation, the Federal Aviation Administration and similar foreign agencies. While we believe we are in compliance in all material respects with such laws and regulations, any noncompliance could result in substantial fines or otherwise restrict our ability to provide competitive distribution services and thereby have an adverse effect on our financial condition. To date, none has had a material impact on our operations.

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. 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.

Number of Employees

As of December 31, 2010, we had approximately 37,200 employees.

Financial Information About Geographic Areas

Financial information about geographic areas is summarized in Note 3 to our Consolidated Financial Statements, which begin on page F-1 of this report.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Available Information

The company files annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission (SEC) under the Exchange Act. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains a website that contains reports, proxy and information statements and other information that issuers, including the company, file electronically with the SEC. The public can obtain any documents that we file with the SEC at www.sec.gov. We also make available free of charge on or through our own website at www.thermofisher.com our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. In addition, paper copies of these documents may be obtained free of charge by writing to the company care of its Investor Relations Department at our principal executive office located at 81 Wyman Street, Waltham, Massachusetts 02451.

Executive Officers of the Registrant

Name	Age	Present Title (Fiscal Year First Became Executive Officer)
Marc N. Casper	42	President and Chief Executive Officer (2001)
Kenneth Berger	48	Senior Vice President (2010)
Gregory J. Herrema	45	Senior Vice President (2008)
Seth H. Hoogasian	56	Senior Vice President, General Counsel and Secretary (2001)
Alan J. Malus	51	Senior Vice President (2006)
Edward A. Pesicka	43	Senior Vice President (2008)
Peter M. Wilver	51	Senior Vice President and Chief Financial Officer (2003)
Peter E. Hornstra	51	Vice President and Chief Accounting Officer (2001)

Mr. Casper was appointed President and Chief Executive Officer in October 2009. He was Chief Operating Officer from May 2008 to October 2009 and Executive Vice President from November 2006 to October 2009. He was Senior Vice President from December 2003 to November 2006. He was President, Life and Laboratory Sciences from December 2001 to March 2005.

Mr. Berger was appointed Senior Vice President of Thermo Fisher Scientific and President, Specialty Diagnostics in May 2010. He was President of the Biosciences business from April 2007 until May 2010, and was President of the Process Instruments business from July 2005 through April 2007.

Mr. Herrema was appointed Senior Vice President of Thermo Fisher Scientific and President of Analytical Instruments in May 2008. He was President, Scientific Instruments from May 2006 to October 2009. He was President, Environmental Instruments from January 2002 to May 2006.

Mr. Hoogasian was appointed Senior Vice President in November 2006, Secretary in 2001 and General Counsel in 1992. He was Vice President from 1996 to November 2006.

Mr. Malus was appointed President of Laboratory Products in July 2008 and Senior Vice President of Thermo Fisher Scientific in November 2006. Prior to Thermo's merger with Fisher, Mr. Malus was group president of distribution and services for Fisher, where he focused on growing the company's customer channel businesses serving research, healthcare, education and safety markets. Mr. Malus joined Fisher in 1998 and served in a variety of management roles.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1. Business (continued)

Mr. Pesicka was appointed Senior Vice President of Thermo Fisher Scientific and President, Customer Channels in July 2008. He was President, Research Market from November 2006 to July 2008. Prior to Thermo's merger with Fisher, Mr. Pesicka was Vice President and General Manager of Fisher's U.S. research market business from January 2004 to November 2006.

Mr. Wilver was appointed Senior Vice President in November 2006 and Chief Financial Officer in October 2004. He was Vice President from October 2004 to November 2006.

Mr. Hornstra was appointed Vice President in February 2007 and Chief Accounting Officer in January 2001. He was Corporate Controller from January 1996 to February 2007.

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 3.

We must develop new products, adapt to rapid and significant technological change and respond to introductions of new products in order 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. 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. Some of the markets in which we compete have been flat or declining over the past several years. 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.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1A. Risk Factors (continued)

Our business is affected by general economic conditions and related uncertainties affecting markets in which we operate. The current economic conditions including the lingering effects of the global recession could adversely impact our business in 2011 and beyond, resulting in:

- reduced demand for some of our products;
- increased rate of order cancellations or delays;
- increased risk of excess and obsolete inventories;
- increased pressure on the prices for our products and services; and
- greater difficulty in collecting accounts receivable.

Demand for most 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. These policies in turn can have a significant effect on the demand for our products.

As a multinational corporation, we are exposed to fluctuations in currency exchange rates, which could adversely affect our cash flows and results of operations. International revenues account for a substantial portion of our revenues, and we intend to continue expanding our presence in international markets. The exposure to fluctuations in currency exchange rates takes on different forms. International revenues are subject to the risk that fluctuations in exchange rates could adversely affect product demand and the profitability in U.S. dollars of products and services provided by us in international markets, where payment for our products and services is made in the local currency. 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. In addition, reported sales made in non-U.S. currencies by our international businesses, when translated into U.S. dollars for financial reporting purposes, fluctuate due to exchange rate movement. Should our international sales grow, exposure to fluctuations in currency exchange rates could have a larger effect on our financial results. In 2010, currency translation had an unfavorable effect of $20 million on the revenues of our continuing operations due to the strengthening of the U.S. dollar relative to other currencies in which the company sells products and services.

Healthcare reform legislation could adversely impact us. The recently enacted Federal legislation on healthcare reform could have an adverse impact on us. Some of the potential consequences, such as a reduction in governmental support of healthcare services or adverse changes to the delivery or pricing of healthcare services or products or mandated benefits, may cause healthcare-industry participants to purchase fewer of our products and services or to reduce the prices they are willing to pay for our products or services. The new legislation also includes an excise tax, beginning in 2013, on revenue from the sale by manufacturers of certain medical devices, which could have an adverse impact on our results of operations.

Financial Statement Index

24

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1A. 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. We could incur substantial costs and diversion of management resources in defending these claims, which could have a material adverse effect on our business, financial condition and results of operations. In addition, parties making these claims could secure a judgment awarding substantial damages, as well as injunctive or other equitable relief, which could effectively block our ability to make, use, sell, distribute, or market our products and services in the United States or abroad. 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, 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.

If any of our security products fail to detect explosives or radiation, we could be exposed to product liability and related claims for which we may not have adequate insurance coverage. The products currently or previously sold by our environmental and process instruments businesses include a comprehensive range of 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.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1A. Risk Factors (continued)

Our inability to successfully identify and complete acquisitions or 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. Promising acquisitions are difficult to identify and complete for a number of reasons, including competition among prospective buyers and the need for regulatory, including antitrust, approvals. We may not be able to identify and successfully complete transactions. 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 any 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 on our balance sheet, which amount to approximately $9.27 billion and $1.33 billion, respectively, as of December 31, 2010. 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. 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 indefinite-lived 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 indefinite-lived 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 largest 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 consumables business and our largest customer in the diagnostics business are also significant competitors. Our business may be harmed in the short term if our competitive relationship in the marketplace with these 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 UPS and 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 UPS or another third-party package-delivery provider experiences 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 UPS or our other third-party package-delivery providers increase prices, and we are not able to find comparable alternatives or make adjustments in our delivery network, our profitability could be adversely affected.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1A. Risk Factors (continued)

We are subject to regulation by various federal, state and foreign agencies that require us to comply with a wide variety of regulations, including those regarding the manufacture of products, the shipping of our products and environmental matters. Some of our operations are subject to regulation by the U.S. Food and Drug Administration and similar international agencies. These regulations govern a wide variety of product activities, from design and development to labeling, manufacturing, promotion, sales and distribution. If we fail to comply with the U.S. Food and Drug Administration's regulations or those of similar international agencies, we may have to recall products and cease their manufacture and distribution, which would increase our costs and reduce our revenues.

We are subject to federal, state, local and international laws and regulations that govern the handling, transportation, manufacture, use or sale of substances that are or could be classified as toxic or hazardous substances. Some risk of environmental damage is inherent in our operations and the products we manufacture, sell or distribute. This requires us to devote significant resources to maintain compliance with applicable environmental laws and regulations, including the establishment of reserves to address potential environmental costs, and manage environmental risks.

We rely heavily on our manufacturing operations to produce products we sell, and our business could be adversely affected by disruptions of our manufacturing operations. We rely upon our manufacturing operations to produce many of the products we sell. Any significant disruption of those operations for any reason, such as strikes or other labor unrest, power interruptions, fire, earthquakes, or other events beyond our control could adversely affect our sales and customer relationships and therefore adversely affect our business. Although most of our raw materials are available from a number of potential suppliers, our operations also depend upon our ability to obtain raw materials at reasonable prices. If we are unable to obtain the materials we need at a reasonable price, we may not be able to produce certain of our products or we may not be able to produce certain of these products at a marketable price, which could have an adverse effect on our 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 flow. Our primary commodity exposures are for fuel, petroleum-based resins, steel and serum. 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.

Unforeseen problems with the implementation and maintenance of our information systems or system failures at certain of our sites could interfere with our operations. As a part of the effort to upgrade our current information systems, we are implementing 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 adversely impact our ability to provide quotes, take customer orders and otherwise run our business in a timely manner. In addition, if our new systems fail to provide accurate and increased visibility into

pricing and cost structures, it may be difficult to improve or maximize our profit margins. As a result, our results of operations and cash flows could be adversely affected.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 1A. Risk Factors (continued)

We also rely on our technology infrastructure, among other functions, to interact with suppliers, sell our products and services, fulfill orders and bill, collect and make payments, ship products, provide services and support to customers, track customers, fulfill contractual obligations and otherwise conduct business. Our systems may be vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks and other events. When we upgrade or change systems, we may suffer interruptions in service, loss of data or reduced functionality. 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.

Our debt may restrict our investment opportunities or limit our activities. As of December 31, 2010, we had approximately $2.14 billion in outstanding indebtedness. In addition, we had the ability to borrow an additional $952 million under our revolving credit facility. 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 satisfy our obligations depends 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 these obligations. If we are unable to service our debt or obtain additional financing, we may be forced to delay strategic acquisitions, capital expenditures or research and development expenditures. We may not be able to obtain additional financing on terms acceptable to us or at all.

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, make investments, create liens, sell assets and enter into transactions with affiliates. The covenants in our revolving credit facility include a debt-to-EBITDA ratio. Specifically, the company has agreed that, so long as any lender has any commitment under the facility, or any loan or other obligation is outstanding under the facility, or any letter of credit is outstanding under the facility, it will not permit (as the following terms are defined in the facility) the Consolidated Leverage Ratio (the ratio of consolidated Indebtedness to Consolidated EBITDA) as at the last day of any fiscal quarter to be greater than 3.0 to 1.0.

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 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 one of our debt instruments would trigger an event of default under other of our debt instruments.

Item 1B. Unresolved Staff Comments

Not applicable.

Financial Statement Index

28

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 2. Properties

The location and general character of our principal properties by segment as of December 31, 2010, are as follows:

Analytical Technologies

We own approximately 4.0 million square feet of office, engineering, laboratory and production space, principally in New Jersey, Wisconsin, Virginia, Utah and California within the U.S., and in Germany, England and Switzerland. We lease approximately 3.4 million square feet of office, engineering, laboratory and production space, principally in Massachusetts, California, Texas, Kansas and Michigan within the U.S., and in China, England, Finland, Germany and Australia, under various leases that expire between 2011 and 2029.

Laboratory Products and Services

We own approximately 7.1 million square feet of office, engineering, laboratory, warehouse and production space, principally in Wisconsin, New York, Pennsylvania, Illinois and North Carolina within the U.S., and in England Germany, Canada, Denmark and France. We lease approximately 4.2 million square feet of office, engineering, laboratory, warehouse and production space, principally in California, Pennsylvania, Illinois, Maryland, Tennessee and New Jersey within the U.S. and in Australia, Mexico, Germany and England, under various leases that expire between 2011 and 2021.

Corporate Headquarters

We own approximately 81,000 square feet of office space in Massachusetts. We also lease approximately 11,000 square feet of office space principally in Massachusetts under various leases that expire in 2013.

We believe that all of the facilities that we are currently using are in good condition and are suitable and adequate to meet our current needs. If we are unable to renew any of the leases that are due to expire in 2011 or 2012, we believe that suitable replacement properties are available on commercially reasonable terms.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 3. Legal Proceedings

Our business involves a risk of product liability and other claims in the ordinary course of business. We are a party to various lawsuits and legal proceedings, including individual and consolidated multi-party product liability actions for products we may have distributed or manufactured. These matters have arisen in the ordinary course and conduct of our business, as well as through acquisitions. We believe that some of the costs incurred in defending and ultimately disposing of many of these claims for personal injury and other matters may be covered in part by insurance policies maintained by certain insurance carriers or subject to indemnification by our suppliers or purchasers. Management, after review and consideration with counsel, considers that any ultimate liability with respect to these matters should not have a material adverse effect on our results of operations, financial position or cash flows. While liabilities arising from potential future claims could become material, we currently believe, on the basis of our claims history and related factors, that such potential future claims are not likely to have a material impact on our business, financial condition and results of operations. Actual costs incurred will depend on the solvency of our insurance carriers, the degree of coverage with respect to any particular claim, our success in litigating these claims and the solvency of third parties who may be jointly and severally liable. See “Item 1 – Business – Environmental Matters,” for legal proceedings involving certain environmental matters.

We are subject to the jurisdiction of various regulatory agencies including, among others, the U.S. Food and Drug Administration and the Agency for International Development. Various governmental agencies conduct investigations from time to time to examine matters relating to our operations. Some operations involve and have involved the handling, manufacture, use or sale of substances that are classified as toxic or hazardous substances within the meaning of applicable environmental laws. Consequently, some risk of environmental and other damage is inherent in particular operations and products as it is with other companies engaged in similar businesses, and we cannot assure that material damage will not occur or be discovered or that the damage will not be determined to be material in the future.

Item 4. Reserved

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Price of Common Stock

Our common stock is traded on the New York Stock Exchange under the symbol TMO. The following table sets forth the high and low sale prices of the company's common stock for 2010 and 2009, as reported in the consolidated transaction reporting system.

	2010		2009	
	High	Low	High	Low
First Quarter	$ 52.94	$ 45.37	$ 40.34	$ 32.02
Second Quarter	57.40	47.21	42.47	30.83
Third Quarter	51.36	41.74	47.74	37.50
Fourth Quarter	56.25	47.17	49.70	42.86

The closing price of the company's common stock on December 31, 2010 and 2009, was $55.36 and $47.69, respectively.

Holders of Common Stock

As of February 5, 2011, the company had 6,630 holders of record of its common stock. This does not include holdings in street or nominee names.

Dividend Policy

The company has never paid cash dividends and currently does not expect to pay cash dividends in the foreseeable future. Payment of dividends is at the discretion of the company's Board of Directors and will depend upon, among other factors, the company's earnings, capital requirements and financial condition.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (continued)

Issuer Purchases of Equity Securities

A summary of the share repurchase activity for the company's fourth quarter of 2010 follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Amount of Shares That May Yet Be Purchased Under the Plans or Programs (1) (in millions)
Fiscal October (Oct. 3 – Nov. 6)	3,470,100	$ 49.49	3,470,100	$ 665.8
Fiscal November (Nov. 7 – Dec. 4)	2,342,820	51.51	2,342,820	545.1
Fiscal December (Dec. 5 – Dec. 31)	1,072,135	53.70	1,072,135	487.5
Total Fourth Quarter	6,885,055	$ 50.83	6,885,055	$ 487.5

(1) On April 20, 2010, the company announced a repurchase program authorizing the purchase of up to $750 million of the company's common stock through April 19, 2011. On September 9, 2010, the company announced a repurchase program authorizing the purchase of up to an additional $750 million of the company's common stock through September 8, 2011. All of the shares of common stock repurchased by the company during the fourth quarter of 2010 were purchased under these programs.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 6. Selected Financial Data

(In millions except per share amounts)	2010 (a)	2009 (b)	2008 (c)	2007 (d)	2006 (e)
Statement of Income Data					
Revenues	$ 10,788.7	$ 10,109.7	$ 10,498.0	$ 9,746.4	$ 3,791.6
Operating Income	1,264.9	1,048.9	1,229.4	974.4	242.0
Income from Continuing Operations	1,033.1	851.3	975.4	766.9	164.1
Net Income	1,035.6	850.3	980.9	748.4	166.7
Earnings per Share from Continuing Operations:					
Basic	2.56	2.06	2.33	1.82	.84
Diluted	2.52	2.01	2.24	1.73	.81
Earnings per Share:					
Basic	2.57	2.06	2.34	1.77	.85
Diluted	2.53	2.01	2.25	1.69	.83
Balance Sheet Data					
Working Capital	$ 2,425.2	$ 2,891.6	$ 2,805.7	$ 1,763.7	$ 1,507.2
Total Assets	21,349.4	21,625.0	21,090.0	21,207.4	21,262.2
Long-term Obligations	2,031.3	2,064.0	2,003.2	1,983.7	2,097.8
Shareholders' Equity	15,361.0	15,430.9	14,926.5	14,463.6	13,879.1

The caption “restructuring and other costs” in the notes below includes amounts charged to cost of revenues, primarily for the sale of inventories revalued at the date of acquisition and, beginning in 2009, charges/credits to selling, general and administrative expense primarily for significant acquisition transaction costs.

(a) Reflects a $79.4 million pre-tax charge for restructuring and other costs; an after-tax gain of $2.5 million related to the company’s discontinued operations; and the repurchase of $1.01 billion of the company’s common stock.

(b) Reflects a $69.0 million pre-tax charge for restructuring and other costs; an after-tax loss of $1.0 million related to the company’s discontinued operations; and the repurchase of $414.6 million of the company’s common stock.

(c) Reflects a $36.9 million pre-tax charge for restructuring and other costs; an after-tax gain of $5.5 million related to the company’s discontinued operations; and the repurchase of $187.4 million of the company’s common stock.

(d) Reflects a $91.4 million pre-tax charge for restructuring and other costs; an after-tax loss of $18.5 million related to the company’s discontinued operations; and the repurchase of $898.0 million of the company’s common stock.

(e) Reflects completion of the merger with Fisher on November 9, 2006. Also reflects a $123.3 million pre-tax charge for restructuring and other costs; a charge of $36.7 million for acceleration of vesting of stock-based compensation as a result of the Fisher merger; and after-tax income of $2.6 million related to the company’s discontinued operations.

Financial Statement Index

33

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Reference is made throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations to Notes to Consolidated Financial Statements, which begin on page F-1 of this report.

Overview of Results of Operations and Liquidity

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 continuing operations fall into two business segments: Analytical Technologies and Laboratory Products and Services. Revenues in the fourth quarter are historically stronger than in other quarters due to capital spending patterns of customers.

(Dollars in millions)	2010		2009	
Revenues				
Analytical Technologies	$ 4,611.8	42.7%	$ 4,153.9	41.1%
Laboratory Products and Services	6,693.0	62.0%	6,426.6	63.6%
Eliminations	(516.1)	(4.7)%	(470.8)	(4.7)%
	$ 10,788.7	100%	$ 10,109.7	100%

Sales in 2010 were $10.79 billion, an increase of $679 million from 2009. Aside from the effects of currency translation and acquisitions, net of divestitures (discussed in total and by segment below), revenues increased from 2009 revenues by $433 million (4%) due to increased demand and, to a lesser extent, higher stimulus-funded spending by customers and price increases. Sales rebounded from a weak 2009 when the company believes a global economic slowdown reduced demand. The increase in revenues was offset by lower sales resulting from cessation of a supply contract and a milder flu season than in 2009, as discussed below. These factors decreased sales by approximately 2 percentage points. The company estimates that stimulus-funded spending increased revenues by approximately 1 percentage point in 2010, primarily in the first quarter.

The company's strategy is to augment internal growth at existing businesses with complementary acquisitions such as those completed in 2010 and 2009. The company's principal acquisitions are described below.

- Fermentas, a manufacturer and global distributor of enzymes, reagents and kits for molecular and cellular biology research, was acquired in July 2010 to expand the company's ability to provide complete workflows for genomics research.

    - Finnzymes, a provider of integrated tools for molecular biology analysis, including reagents, instruments, consumables and kits, was acquired in March 2010 to expand the company's portfolio of reagents and other consumables for the molecular biology research and diagnostics markets.

- Ahura Scientific, a provider of handheld spectroscopy instruments that are used worldwide in the identification of chemicals for safety, security and pharmaceutical applications, was acquired in February 2010 to expand the company's portfolio of portable analytical devices.

- B.R.A.H.M.S. AG, a leading provider of specialty diagnostic tests based on patented biomarkers for sepsis, cardiovascular and pulmonary diseases, as well as intensive care treatments and prenatal screening, was acquired in October 2009 to increase the breadth of the company's specialty diagnostics portfolio and provide a significant reagent manufacturing center in Europe.

- Biolab, an Australia-based provider of analytical instruments, life science consumables and laboratory equipment, was acquired in April 2009 to broaden the geographic reach of the company's customer channels.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Results of Operations and Liquidity (continued)

On December 13, 2010, the company and Dionex Corporation, a leading manufacturer and marketer of chromatography systems, announced that their Boards of Directors unanimously approved a transaction under which Thermo Fisher will acquire all of the outstanding shares of Dionex for $118.50 per share in cash, or a total purchase price of approximately $2.1 billion. Dionex, headquartered in Sunnyvale, California, is a global leader in the manufacturing and marketing of liquid chromatography and sample preparation systems, consumables, and software for chemical analysis. Dionex systems are used worldwide in environmental analysis and by the life sciences, chemical, petrochemical, food and beverage, power generation, and electronics industries. Their expertise in applications and instrumentation helps analytical scientists to evaluate and develop pharmaceuticals, establish environmental regulations, and produce better industrial products. The transaction is subject to a majority of the outstanding shares of Dionex having been tendered and certain regulatory approvals.

In 2010, operating income and operating income margin were $1.26 billion and 11.7%, respectively, compared with $1.05 billion and 10.4%, respectively, in 2009. The increases in operating income and operating margin were due to profit on incremental sales and, to a lesser extent, productivity improvements, global sourcing initiatives and lower operating costs following restructuring actions. In addition, amortization expense decreased by $25 million in 2010, primarily due to the completion of amortization of acquisition-related intangibles from a 2005 acquisition.

The company's effective tax rates were 11.3% and 8.2% in 2010 and 2009, respectively. The increase in the effective tax rate was primarily due to increased earnings in higher tax jurisdictions. The tax provision in 2010 was favorably affected by $17.4 million or 1.5 percentage points resulting primarily from the resolution of tax audits and the impact on deferred tax balances of changes in tax rates. The company expects its effective tax rate in 2011 will be between 15.5% and 17.5% based on currently forecasted rates of profitability in the countries in which the company conducts business. The tax provision in 2009 was favorably affected by $5.5 million or 0.6 percentage points resulting from the reversal of a tax reserve established at acquisition and the impact on deferred tax balances of changes in tax rates.

Income from continuing operations increased to $1.03 billion in 2010, from $851 million in 2009, primarily due to the items discussed above that increased operating income, offset in part by a higher tax rate.

During 2010, the company's cash flow from operations totaled $1.50 billion, compared with $1.66 billion for 2009. The decrease resulted primarily from increases in working capital items, particularly accounts receivable and inventories to support the growth in sales.

As of December 31, 2010, the company's outstanding debt totaled $2.14 billion, of which approximately $0.33 billion is convertible debt, at a conversion price of $40.20 per share. Upon an investor's election to convert, the company is required to pay the principal portion of these debentures in cash, and the balance of the conversion value in either cash or stock, at the company's election. For any holders electing to convert in the next 12 months or electing to put the debt to the company at the first date on which this is permitted (March 2011), the company intends to draw on its revolving credit facility to fund any principal payments in excess of $100 million which has been classified as a current liability in the accompanying balance sheet. The facility is an unsecured revolving credit agreement expiring in 2012 with available capacity of $952 million at December 31, 2010.

In December 2010, the company obtained short-term financing commitments from two investment banking firms to fund $1.5 billion of the purchase price of Dionex. However, in February 2011, the company issued $2.2 billion of

senior notes with maturities of 3 – 10 years, primarily to fund the purchase of Dionex, and subsequently terminated the short-term financing commitment. If the company does not consummate the Dionex acquisition by September 30, 2011, the company will be required to redeem these notes in whole at a redemption price of 101% of the aggregate principal, plus accrued and unpaid interest.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Results of Operations and Liquidity (continued)

The company believes that its existing cash and short-term investments of $926 million as of December 31, 2010, and the company's future cash flow from operations together with available borrowing capacity under its revolving credit agreement, are sufficient to meet 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 bad debts, inventories, business combinations, intangible assets and goodwill, equity investments, sales returns, warranty obligations, income taxes, contingencies and litigation, pension costs and stock-based compensation. 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.

The company believes the following represent its critical accounting policies and estimates used in the preparation of its financial statements:

(a) Accounts Receivable

The company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to pay amounts due. Such allowances totaled $40 million at December 31, 2010. The company estimates the amount of customer receivables that are uncollectible based on the age of the receivable, the creditworthiness of the customer and any other information that is relevant to the judgment. If the financial condition of the company's customers were to deteriorate, reducing their ability to make payments, additional allowances would be required.

(b) Inventories

The company writes down its inventories for estimated excess quantities and obsolescence based on differences between the cost and estimated net realizable value taking into consideration usage in the preceding 12 months, expected demand and any other information that is relevant to the judgment. If ultimate usage or demand varies significantly from expected usage or demand, additional writedowns may be required.

(c) Intangible Assets and Goodwill

The company uses assumptions and estimates in determining the fair value of assets acquired and liabilities assumed in a business combination. A significant portion of the purchase price in many of the company's acquisitions is

assigned to intangible assets that require the use of significant judgment in determining (i) fair value; and (ii) whether such intangibles are amortizable or non-amortizable and, if the former, the period and the method by which the intangible asset will be amortized. The company estimates the fair value of acquisition-related intangible assets principally based on projections of cash flows that will arise from identifiable intangible assets of acquired businesses. The projected cash flows are discounted to determine the present value of the assets at the dates of acquisition. Amortizable intangible assets totaled $4.71 billion at December 31, 2010. The company reviews definite-lived intangible assets for impairment when indication of potential impairment exists, such as a significant reduction in cash flows associated with the assets. Actual cash flows arising from a particular intangible asset could vary from projected cash flows which could imply different carrying values from those established at the dates of acquisition and which could result in impairment of such asset.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates (continued)

The company evaluates goodwill and indefinite-lived intangible assets for impairment annually and when events occur or circumstances change that may reduce the fair value of the asset below its carrying amount. Events or circumstances that might require an interim evaluation include unexpected adverse business conditions, economic factors, unanticipated technological changes or competitive activities, loss of key personnel and acts by governments and courts. Goodwill and indefinite-lived intangible assets totaled $9.27 billion and $1.33 billion, respectively, at December 31, 2010. Estimates of future cash flows require assumptions related to revenue and operating income growth, asset-related expenditures, working capital levels and other factors. Different assumptions from those made in the company's analysis could materially affect projected cash flows and the company's evaluation of goodwill and indefinite-lived intangible assets for impairment.

The company's businesses were adversely affected in 2009 by the global economic downturn, although results progressively improved during the year and in 2010. Projections of profitability for 2011 and thereafter and indicated fair values based on peer revenues and earnings trading multiples were sufficient to conclude that no impairment of goodwill or indefinite-lived intangible assets existed at December 31, 2010. There can be no assurance, however, that an economic recovery will continue into 2011 and that a downturn will not materially adversely affect peer trading multiples and the company's businesses such that they do not achieve their forecasted profitability and these assets become impaired. Should the fair value of the company's goodwill or indefinite-lived intangible assets decline because of reduced operating performance, market declines, or other indicators of impairment, or as a result of changes in the discount rate, charges for impairment may be necessary.

(d) Other Long-lived Assets

The company reviews other long-lived assets for impairment when indication of potential impairment exists, such as a significant reduction in cash flows associated with the assets. Other long-lived assets totaled $1.90 billion at December 31, 2010, including $1.41 billion of fixed assets. In testing a long-lived asset for impairment, assumptions are made concerning projected cash flows associated with the asset. Estimates of future cash flows require assumptions related to revenue and operating income growth and asset-related expenditures associated with the asset being reviewed for impairment. Should future cash flows decline significantly from estimated amounts, charges for impairment of other long-lived assets may be necessary.

(e) Revenues

In instances where the company sells equipment with a related installation obligation, the company generally recognizes revenue related to the equipment when title passes. The company recognizes revenue related to the installation when it performs the installation. The allocation of revenue between the equipment and the installation is based on relative fair value at the time of sale. Should the fair value of either the equipment or the installation change, the company's revenue recognition would be affected.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates (continued)

In instances where the company sells equipment with customer-specified acceptance criteria, the company must assess whether it can demonstrate adherence to the acceptance criteria prior to the customer's acceptance testing to determine the timing of revenue recognition. If the nature of customer-specified acceptance criteria were to change or grow in complexity such that the company could not demonstrate adherence, the company would be required to defer additional revenues upon shipment of its products until completion of customer acceptance testing.

The company's software license agreements generally include multiple products and services, or "elements." The company recognizes software license revenue based on the residual method after all elements have either been delivered or vendor specific objective evidence (VSOE) of fair value exists for any undelivered elements. In the event VSOE is not available for any undelivered element, revenue for all elements is deferred until delivery of all elements is completed. Revenues from software maintenance and support contracts are recognized on a straight-line basis over the term of the contract. VSOE of fair value of software maintenance and support is determined based on the price charged for the maintenance and support when sold separately. Revenues from training and consulting services are recognized as services are performed, based on VSOE, which is determined by reference to the price customers pay when the services are sold separately.

The company records reductions to revenue for estimated product returns by customers. Should a greater or lesser number of products be returned, additional adjustments to revenue may be required.

(f) Warranty Obligations

At the time the company recognizes revenue, it provides for the estimated cost of product warranties in cost of product revenues based primarily on historical experience and knowledge of any specific warranty problems that indicate projected warranty costs may vary from historical patterns. The liability for warranty obligations of the company's continuing operations totaled $42 million at December 31, 2010. Should product failure rates or the actual cost of correcting product failures vary from estimates, revisions to the estimated warranty liability would be necessary.

(g) Income Taxes

In the ordinary course of business there is inherent uncertainty in quantifying the company's income tax positions. The company assesses income tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, the company has recorded the largest amount of tax benefit with a greater than 50 percent likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. The company's reserve for these matters totaled $62 million at December 31, 2010. Where applicable, associated interest expense has also been recognized.

The company operates in numerous countries under many legal forms and, as a result, is subject to the jurisdiction of numerous domestic and non-U.S. tax authorities, as well as to tax agreements and treaties among these governments. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events, such as the amount, timing and character

of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and tax credits. Changes in tax laws, regulations, agreements and treaties, currency exchange restrictions or the company's level of operations or profitability in each taxing jurisdiction could have an impact upon the amount of current and deferred tax balances and hence the company's net income.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates (continued)

The company estimates the degree to which tax assets and loss carryforwards will result in a benefit based on expected profitability by tax jurisdiction, and provides a valuation allowance for tax assets and loss carryforwards that it believes will more likely than not go unused. If it becomes more likely than not that a tax asset or loss carryforward will be used, the company reverses the related valuation allowance. Any such reversals are recorded as a reduction of the company's tax provision. The company's tax valuation allowance totaled $156 million at December 31, 2010. Should the company's actual future taxable income by tax jurisdiction vary from estimates, additional allowances or reversals thereof may be necessary.

The company provides a liability for future income tax payments in the worldwide tax jurisdictions in which it operates. Accrued income taxes totaled $59 million at December 31, 2010. Should tax return positions that the company expects are sustainable not be sustained upon audit, the company could be required to record an incremental tax provision for such taxes. Should previously unrecognized tax benefits ultimately be sustained, a reduction in the company's tax provision would result.

(h) Contingencies and Litigation

The company records accruals for various contingencies, including legal proceedings, environmental, workers' compensation, product, general and auto liabilities, and other claims that arise in the normal course of business. The accruals are based on management's judgment, historical claims experience, the probability of losses and, where applicable, the consideration of opinions of internal and or external legal counsel and actuarial estimates. Reserves of acquired businesses, including environmental reserves, were initially recorded at fair value and discounted to their net present value. Additionally, the company records receivables from third-party insurers when recovery has been determined to be probable.

(i) Pension and Other Retiree Benefits

Several of the company's U.S. and non-U.S. subsidiaries sponsor defined benefit pension and other retiree benefit plans. The cost and obligations of these arrangements are calculated using many assumptions to estimate the benefits that the employee earns while working, the amount of which cannot be completely determined until the benefit payments cease. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets and rate of increase in employee compensation levels. Assumptions are determined based on company data and appropriate market indicators in consultation with third-party actuaries, and are evaluated each year as of the plans' measurement date. Net periodic pension costs for the company's pension and other postretirement benefit plans totaled $14 million in 2010. The company's unfunded benefit obligation totaled $244 million at year-end 2010 compared with $225 million at year-end 2009. Should any of these assumptions change, they would have an effect on net periodic pension costs and the unfunded benefit obligation. For example, a 10% decrease in the discount rate would result in an annual increase in pension and other postretirement benefit expense of approximately $4 million and an increase in the benefit obligation of approximately $84 million.

The company expects to contribute between $20 and $30 million to its defined benefit pension plans in 2011.

Financial Statement Index

39

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates (continued)

(j) Stock-based Compensation

The fair value of most stock options granted by the company is estimated using the Black-Scholes option pricing model. For option grants and restricted stock units that require achievement of both service and market conditions, a lattice model is used to estimate fair value. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Management estimates expected volatility based on the historical volatility of the company's stock. Historical data on exercise patterns is the basis for determining the expected life of an option. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term which approximates the expected life assumed at the date of grant. Changes in these input variables would affect the amount of expense associated with stock-based compensation. The compensation expense recognized for all stock-based awards is net of estimated forfeitures. The company estimates forfeiture rates based on historical analysis of option forfeitures. If actual forfeitures should vary from estimated forfeitures, adjustments to compensation expense may be required.

Results of Operations

2010 Compared With 2009

Continuing Operations

(In millions)	2010	2009	Total Change	Currency Translation	Acquisitions/ Divestitures	Operations
Revenues						
Analytical Technologies	$ 4,611.8	$ 4,153.9	$ 457.9	$ (21.0)	$ 232.0	$ 246.9
Laboratory Products and Services	6,693.0	6,426.6	266.4	—	34.0	232.4
Eliminations	(516.1)	(470.8)	(45.3)	1.0	—	(46.3)
Consolidated Revenues	$ 10,788.7	$ 10,109.7	$ 679.0	$ (20.0)	$ 266.0	$ 433.0

Sales in 2010 were $10.79 billion, an increase of $679 million from 2009. The unfavorable effects of currency translation resulted in a decrease in revenues of $20 million in 2010. Sales increased $266 million due to acquisitions, net of divestitures. Aside from the effects of currency translation and acquisitions, net of divestitures, revenues increased $433 million (4%) due to increased demand and, to a lesser extent, higher stimulus-funded spending by customers and price increases. Sales rebounded from a weak 2009 when the company believes a global economic slowdown reduced demand. Sales growth was strong in Asia, moderate in North America and modest in Europe in 2010. The increase in revenues was offset in part by cessation of a supply contract and a milder flu season in 2010 which together unfavorably affected revenue growth by 2 percentage points in 2010. The company estimates that stimulus-funded spending increased revenues by approximately 1 percentage point in 2010, primarily in the first quarter.

In 2010, operating income and operating income margin were $1.26 billion and 11.7%, respectively, compared with $1.05 billion and 10.4%, respectively, in 2009. The increases in operating income and operating margin were due to

profit on incremental sales and, to a lesser extent, productivity improvements, global sourcing initiatives and lower operating costs following restructuring actions. In addition, amortization expense decreased by $25 million in 2010, primarily due to the completion of amortization of acquisition-related intangibles from a 2005 acquisition.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

In 2010, the company recorded restructuring and other costs, net, of $79 million, including: $16 million of charges to cost of revenues related to the sale of inventories revalued at the date of acquisition and, to a lesser extent, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations and $3 million of charges to selling, general and administrative expenses for transaction costs, net, primarily related to the pending acquisition of Dionex and revisions of estimated contingent consideration, principally related to the acquisition of Ahura Scientific, offset in part by a gain of $11 million on settlement with product liability insurers. The company incurred $34 million of cash costs, primarily for actions initiated in 2009 and, to a lesser extent, 2010 in response to the downturn in the economy and reduced revenues, including severance to reduce headcount at several businesses and abandoned facility expenses at businesses that have been or are being consolidated. The company recorded impairment charges of $17 million for intangible assets associated with several small business units. The company also recorded a $6 million charge on a patent infringement claim initiated prior to a business unit's acquisition by the company and $3 million of asset write-downs associated with abandoned facilities held for sale (Note 14). In 2009, the company recorded restructuring and other costs, net, of $69 million, including $7 million of charges to cost of revenues related to the sale of inventories revalued at the date of acquisition and accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations and $2 million of charges to selling, general and administrative expenses for transaction costs related to the acquisitions of Biolab and B.R.A.H.M.S. offset in part by a gain primarily for settlement of certain product liability-related matters. The company incurred $62 million of cash costs, primarily for actions in response to the downturn in the economy and reduced revenues, including severance to reduce headcount at several businesses and abandoned facility expenses at businesses that have been or are being consolidated. The company also incurred a $2 million loss on an abandoned facility held for sale that was sold in July 2009 and a $3 million charge for pension termination benefits, offset by a $7 million gain on the settlement of a litigation-related matter assumed as part of the merger with Fisher in 2006.

As of February 24, 2011, the company has identified restructuring actions that will result in additional charges of approximately $35 million in 2011 and expects to identify additional actions during 2011. The restructuring actions initiated in 2010 will result in annual cost savings of approximately $50 million beginning primarily in 2011, including $15 million in the Analytical Technologies segment and $35 million in the Laboratory Products and Services segment. The restructuring actions initiated in 2009 resulted in annual cost savings beginning in the second half of 2009 and early 2010 of approximately $60 million, including $40 million in the Analytical Technologies segment and $20 million in the Laboratory Products and Services segment.

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 accounting; 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 these measures because it helps management understand and evaluate the segments' core operating results and facilitate comparison of performance for determining compensation (Note 3). Accordingly, the following segment data is reported on this basis.

Financial Statement Index

41

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

(Dollars in millions)	2010	2009	Change
Revenues			
Analytical Technologies	$ 4,611.8	$ 4,153.9	11%
Laboratory Products and Services	6,693.0	6,426.6	4%
Eliminations	(516.1)	(470.8)	10%
Consolidated Revenues	$ 10,788.7	$ 10,109.7	7%
Segment Income			
Analytical Technologies	$ 984.2	$ 837.3	18%
Laboratory Products and Services	931.8	877.6	6%
Subtotal Reportable Segments	1,916.0	1,714.9	12%
Cost of Revenues Charges	(16.0)	(6.7)	
Selling, General and Administrative Charges, Net	(3.0)	(1.5)	
Restructuring and Other Costs, Net	(60.4)	(60.8)	
Amortization of Acquisition-related Intangible Assets	(571.7)	(597.0)	
Consolidated Operating Income	$ 1,264.9	$ 1,048.9	21%
Reportable Segments Operating Income Margin	17.8%	17.0%	
Consolidated Operating Income Margin	11.7%	10.4%	

Income from the company's reportable segments increased 12% to $1.92 billion in 2010 due primarily to profit on incremental sales and, to a lesser extent, productivity improvements including global sourcing and lower operating costs following restructuring actions. The company also refers to this measure as adjusted operating income.

Analytical Technologies

(Dollars in millions)	2010	2009	Change
Revenues	$ 4,611.8	$ 4,153.9	11%
Operating Income Margin	21.3%	20.2%	1.1

Sales in the Analytical Technologies segment increased $458 million to $4.61 billion in 2010. The unfavorable effects of currency translation resulted in a decrease in revenue of $21 million in 2010. Sales increased $232 million due to acquisitions, net of divestitures. In addition to the changes in revenue resulting from currency translation and acquisitions, net of divestitures, revenues increased $247 million (6%) primarily due to increased demand including higher stimulus-funded spending by customers, particularly in the first quarter. Demand in industrial markets for

environmental and process control equipment improved in 2010. Demand was also strong for mass spectrometry instruments, bioscience offerings and clinical diagnostic consumables.

Operating income margin was 21.3% in 2010 and 20.2% in 2009. The increase resulted from profit on incremental sales and, to a lesser extent, productivity improvements, global sourcing initiatives and lower operating costs following restructuring actions.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

Laboratory Products and Services

(Dollars in millions)	2010	2009	Change
Revenues	$ 6,693.0	$ 6,426.6	4%
Operating Income Margin	13.9%	13.7%	0.2

Sales in the Laboratory Products and Services segment increased $266 million to $6.69 billion in 2010. The unfavorable effects of currency translation resulted in a nominal decrease in revenues in 2010. Sales increased $34 million due to acquisitions, net of divestitures. In addition to the changes in revenue resulting from currency translation and acquisitions, net of divestitures, revenues increased $232 million (4%) primarily due to stronger demand and, to a lesser extent, increased prices. Demand for laboratory equipment, which had been particularly weak in 2009, and consumables improved in 2010. The increase in revenues was offset in part by a $102 million, net reduction in sales due to termination and transition of a supply contract discussed below and, to a lesser extent, lower revenues associated with flu due to milder flu conditions in 2010.

In November 2009, a significant supplier of the company's healthcare market channel notified the company that it intended to cease an existing supply arrangement in mid-2010. The company believes this was in part a response to the company's strategic decision to expand its product offerings to provide its customers with a broader menu of diagnostic solutions. The company has signed an agreement with an alternative supplier of laboratory products and has begun selling these and other products from the new supplier offsetting a portion of the drop in revenue. As a result of these events, sales were unfavorably affected by $102 million, net, in 2010 compared with 2009. The company expects that cessation of the supply contract will continue to unfavorably affect revenue growth by approximately $55 million in the first half of 2011.

Operating income margin increased to 13.9% in 2010 from 13.7% in 2009, primarily due to profit on incremental sales and, to a lesser extent, productivity improvements, global sourcing initiatives and lower operating costs following restructuring actions, offset in part by strategic investments including expansion of sales and marketing staff in the Asia/Pacific region and information technology initiatives in Europe.

Other Expense, Net

The company reported other expense, net, of $100 million and $122 million in 2010 and 2009, respectively (Note 4). Interest expense decreased to $85 million from $118 million in 2009 primarily as a result of lower interest rates on variable rate debt following refinancings completed in late 2009 and the first half of 2010. In 2010 and 2009, other expense, net, includes losses on the early extinguishment of debt of $17 million and $15 million, respectively (Note 9) and in 2010, $8 million of fees associated with short-term financing commitments for the pending Dionex acquisition.

Provision for Income Taxes

The company's effective tax rates were 11.3% and 8.2% in 2010 and 2009, respectively. The increase in the effective tax rate was primarily due to increased earnings in higher tax jurisdictions. The tax provision in 2010 was favorably

affected by $17.4 million or 1.5 percentage points resulting primarily from the resolution of tax audits and the impact on deferred tax balances of changes in tax rates. The company expects its effective tax rate in 2011 will be between 15.5% and 17.5% based on currently forecasted rates of profitability in the countries in which the company conducts business. The tax provision in 2009 was favorably affected by $5.5 million or 0.6 percentage points resulting from the reversal of a tax reserve established at acquisition and the impact on deferred tax balances of changes in tax rates.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

In the third quarter of 2010, the U.S. Congress enacted legislation that the company expects will reduce the amount of foreign tax credits available to the company beginning in 2011. While complete detailed regulations have yet to be issued, the company is studying the possible effect of the legislation and has identified tax planning and mitigating actions it will undertake which are expected to offset the adverse impact on the company's tax provision of a loss of foreign tax credits.

Contingent Liabilities

At the end of 2010, the company was contingently liable with respect to certain legal proceedings and related matters. An unfavorable outcome in one or more of the matters described under "Litigation and Related Contingencies" in Note 10 could materially affect the company's financial position as well as its results of operations and cash flows.

Discontinued Operations

During 2010, the company recorded additional proceeds related to a business divested in 2003, resulting in an after-tax gain of $2.5 million.

Recent Accounting Pronouncements

In September 2009, the Emerging Issues Task Force issued new rules pertaining to the accounting for revenue arrangements with multiple customer deliverables and for software-enabled products. The new rule pertaining to arrangements under which the company has multiple customer deliverables provides an alternative method for establishing the fair value of a deliverable when vendor specific objective evidence or third-party evidence is not available. The guidance requires the determination of the best estimate of selling price to separate deliverables and allows the allocation of the customer's consideration using this relative selling price model. The new guidance pertaining to software-enabled products revised the existing software accounting guidance to exclude equipment where the software is more than incidental to the value of the product. Under the new standard, such equipment is accounted for under revenue recognition criteria applicable to tangible products instead of that applicable to software. The company adopted the rules prospectively on January 1, 2010. Adoption did not materially affect the company's results of operations or financial position.

Effective January 1, 2010, the company adopted new accounting guidance pertaining to the consolidation assessment of variable interest entities. The new guidance requires the company to determine whether its variable interests in third party entities give the company a controlling financial interest in the entities. This amended guidance replaces the previous quantitative approach for identifying when enterprises should consolidate variable interest entities with a qualitative analysis, based on which enterprise has both (1) the power to direct the economic activities of a variable interest entity and (2) the obligation to absorb losses or receive benefits from the entity that could be significant to the variable interest entity. Adoption of this standard did not have an impact on the company's results of operations or financial position.

Financial Statement Index

44

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

2009 Compared With 2008

Continuing Operations

(In millions)	2009	2008	Total Change	Currency Translation	Acquisitions/ Divestitures	Operations
Revenues						
Analytical Technologies	$ 4,153.9	$ 4,468.6	$ (314.7)	$ (92.2)	$ 43.8	$ (266.3)
Laboratory Products and Services	6,426.6	6,455.2	(28.6)	(127.5)	121.4	(22.5)
Eliminations	(470.8)	(425.8)	(45.0)	8.6	(0.5)	(53.1)
Consolidated Revenues	$ 10,109.7	$ 10,498.0	$ (388.3)	$ (211.1)	$ 164.7	$ (341.9)

Sales in 2009 were $10.11 billion, a decrease of $388 million from 2008. The unfavorable effects of currency translation resulted in a decrease in revenues of $211 million in 2009. Sales increased $165 million due to acquisitions, net of divestitures. Aside from the effects of currency translation and acquisitions, net of divestitures, revenues decreased $342 million (3%) primarily a result of decreased demand which the company believes was due to economic uncertainty offset in part by price increases, as described by segment below. Sales of equipment and, to a lesser extent, services were particularly affected as the company believes customers reduced purchases due to the global market downturn. Sales of consumables grew modestly, however, and were not as significantly affected by the severe economic conditions. Sales were down in North America and Europe but grew modestly in Asia.

In the latter part of 2009, the dollar weakened against other major currencies in which the company sells products and services. Weakening of the dollar had a favorable effect on revenues of the company of approximately 3% in the fourth quarter of 2009 compared with the fourth quarter of 2008.

In 2009, operating income and operating income margin were $1.05 billion and 10.4%, respectively, compared with $1.23 billion and 11.7%, respectively, in 2008. The decrease in operating income was due to lower profitability at existing businesses resulting from decreased revenues offset in part by price increases and productivity improvements including lower operating costs following restructuring actions and global sourcing initiatives. In addition, restructuring and other costs increased $32 million in 2009 due primarily to a pension plan curtailment gain in the 2008 period and, to a lesser extent, increased cost reduction measures in 2009 due to the economic downturn.

In 2009, the company recorded restructuring and other costs, net, of $69 million, including $7 million of charges to cost of revenues related to the sale of inventories revalued at the date of acquisition and accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations and $2 million of charges to selling, general and administrative expenses for transaction costs related to the acquisitions of Biolab and B.R.A.H.M.S. offset in part by a gain primarily for settlement of certain pre-merger Fisher product liability-related matters. The company incurred $62 million of cash costs, primarily for actions in response to the downturn in the economy and reduced revenues, including severance to reduce headcount at several businesses and abandoned facility expenses at businesses that have been or are being consolidated. The company also incurred a $2 million loss on an abandoned facility held for sale that was sold in July 2009 and a $3 million charge for pension termination benefits, offset by a $7 million gain on the

settlement of a litigation-related matter assumed as part of the merger with Fisher in 2006 (Note 14). In 2008, the company recorded restructuring and other costs, net, of $37 million, including $2 million of charges to cost of revenues related to the sale of inventories revalued at the date of acquisition and accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations. The company incurred $38 million of cash costs primarily for severance to reduce headcount at several businesses in response to economic uncertainty and a decline in financial markets and for abandoned facility expenses at businesses that have been or are being consolidated. The company also recorded a $7 million charge for the impairment of acquisition-related intangible assets associated with a small business unit acquired as part of Fisher, a $5 million loss from a litigation-related matter assumed as part of the merger with Fisher, a $3 million net loss on the sale of businesses and a $3 million charge for in-process research and development at an acquired business. These charges were offset by a $19 million gain on the curtailment of part of a pension plan in the U.S.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

Segment Results

(Dollars in millions)	2009	2008	Change
Revenues			
Analytical Technologies	$ 4,153.9	$ 4,468.6	(7)%
Laboratory Products and Services	6,426.6	6,455.2	(0)%
Eliminations	(470.8)	(425.8)	11%
Consolidated Revenues	$ 10,109.7	$ 10,498.0	(4)%
Segment Income			
Analytical Technologies	$ 837.3	$ 955.3	(12)%
Laboratory Products and Services	877.6	913.8	(4)%
Subtotal Reportable Segments	1,714.9	1,869.1	(8)%
Cost of Revenues Charges	(6.7)	(1.5)	
Selling, General and Administrative Costs, Net	(1.5)	—	
Restructuring and Other Costs, Net	(60.8)	(35.4)	
Amortization of Acquisition-related Intangible Assets	(597.0)	(602.8)	
Consolidated Operating Income	$ 1,048.9	$ 1,229.4	(15)%
Reportable Segments Operating Income Margin	17.0%	17.8%	
Consolidated Operating Income Margin	10.4%	11.7%	

Income from the company's reportable segments decreased 8% to $1.71 billion in 2009 due primarily to lower profitability at existing businesses, resulting from decreased revenues offset in part by price increases and productivity improvements including global sourcing and lower operating costs following restructuring actions.

Analytical Technologies

(Dollars in millions)	2009	2008	Change
Revenues	$ 4,153.9	$ 4,468.6	(7)%
Operating Income Margin	20.2%	21.4%	(1.2)

Financial Statement Index

46

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

Sales in the Analytical Technologies segment decreased $315 million to $4.15 billion in 2009. The unfavorable effects of currency translation resulted in a decrease in revenue of $92 million in 2009. Sales increased $44 million due to acquisitions, net of divestitures. In addition to the changes in revenue resulting from currency translation and acquisitions, net of divestitures, revenues decreased $267 million (6%) primarily due to lower demand offset in part by increased prices. Demand in industrial markets for environmental and process control instruments was particularly weak, which the company believes was due to the global economic downturn. The decrease in sales of these products was offset in part by higher demand for bioscience offerings and diagnostic products, including flu tests.

Operating income margin was 20.2% in 2009 and 21.4% in 2008. The decrease resulted from lower profitability from decreased revenues, offset in part by price increases and productivity improvements, including lower operating costs following restructuring actions and global sourcing initiatives.

Laboratory Products and Services

(Dollars in millions)	2009	2008	Change
Revenues	$ 6,426.6	$ 6,455.2	0%
Operating Income Margin	13.7%	14.2%	(0.5)

Sales in the Laboratory Products and Services segment decreased $29 million to $6.43 billion in 2009. The unfavorable effects of currency translation resulted in a decrease in revenues of $128 million in 2009. Sales increased $121 million due to acquisitions, net of divestitures. In addition to the changes in revenue resulting from currency translation and acquisitions, net of divestitures, revenues decreased $22 million primarily due to a decrease in sales of products purchased from a supplier discussed below, offset in part by increased prices. Demand for laboratory equipment was weak as the company believes customers reduced purchases due to the global economic downturn, however, this was more than offset by higher demand for products purchased through the company's research market and healthcare market channels.

In July 2008, the company and a significant supplier of its healthcare market channel extended an existing agreement for two years through 2010. Under the revised agreement, the company's revenues from the sale of products purchased from the supplier decreased $61 million in 2009 to $205 million.

Operating income margin decreased to 13.7% in 2009 from 14.2% in 2008, primarily due to lower profitability from decreased revenues, offset in part by price increases and productivity improvements, including lower operating costs following restructuring actions and global sourcing initiatives.

Other Expense, Net

The company reported other expense, net, of $122 million and $101 million in 2009 and 2008, respectively (Note 4). Interest income decreased to $16 million in 2009 from $52 million in 2008 primarily due to lower interest rates on invested cash balances. Interest expense decreased to $118 million from $152 million in 2008 primarily as a result of a reduction in average debt and lower interest rates on variable rate debt. In 2009, other expense, net, includes a $15

million loss on the early extinguishment of debt (Note 9).

Provision for Income Taxes

The company's effective tax rates were 8.2% and 13.5% in 2009 and 2008, respectively. The decrease in the effective tax rate was primarily due to reduced earnings in higher tax jurisdictions. The tax provision in 2009 was favorably affected by $5.5 million or 0.6 percentage points resulting from the reversal of a tax reserve established at acquisition and the impact on deferred tax balances of changes in tax rates. The tax provision in 2008 was favorably affected by $28 million or 2.5 percentage points resulting from the impact on deferred tax balances of changes in tax rates.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations (continued)

Discontinued Operations

During 2008, the company recorded additional proceeds and the reversal of a reserve on a note receivable related to a business divested in 2003, resulting in an after-tax gain of $6 million. The note was collected in July 2008.

Liquidity and Capital Resources

Consolidated working capital was $2.43 billion at December 31, 2010, compared with $2.89 billion at December 31, 2009. Included in working capital were cash, cash equivalents and short-term investments of $0.93 billion at December 31, 2010 and $1.57 billion at December 31, 2009. The decreases resulted primarily from cash used for repurchases of company common stock and acquisitions, as discussed below.

2010

Cash provided by operating activities was $1.50 billion during 2010. Increases in accounts receivable and inventories used cash of $90 million and $28 million, respectively, primarily to support growth in sales. Increases in other assets used cash of $81 million primarily due to the timing of value added tax (VAT) refunds and prepaid expenses. Cash payments for income taxes totaled $370 million in 2010, compared with $330 million in 2009 due to an increase in taxable income. Payments for restructuring actions, principally severance costs and lease and other expenses of real estate consolidation, used cash of $48 million during 2010.

During 2010, the company's primary investing activities included acquisitions and the purchase of property, plant and equipment. The company expended $606 million for acquisitions and $266 million for purchases of property, plant and equipment. In December 2010, the company entered an agreement to acquire Dionex Corporation for $2.1 billion in cash. Completion of the acquisition is subject to a majority of the outstanding shares of Dionex having been tendered and certain regulatory approvals. In February 2011, the company entered separate agreements to sell both its Athena Diagnostics and Lancaster Laboratories businesses for aggregate consideration of $940 million in cash. The transactions are subject to regulatory approvals and other closing conditions.

The company's financing activities used $1.30 billion of cash during 2010, principally for the extinguishment of debt and repurchase of $1.01 billion of the company's common stock, offset in part by the net proceeds from the issuance of long-term debt of $741 million. The company used the net proceeds from the issuance of debt and existing cash balances to convert all of the $326 million principal outstanding on its Floating Rate Convertible Debentures due 2033 for a total cash outlay of $573 million and to redeem all of its $500 million principal outstanding 6 1/8% Senior Subordinated Notes at a redemption price of $1,030.63 per $1,000 principal amount for a total cash outlay of $515 million (Note 9). The company's financing activities also included $77 million of proceeds of employee stock option exercises. On April 19, 2010, the Board of Directors authorized the repurchase of up to $750 million of the company's common stock through April 19, 2011. On September 8, 2010, the Board of Directors authorized the repurchase of up to an additional $750 million of the company's common stock through September 8, 2011. At December 31, 2010, $487.5 million was available for future repurchases of the company's common stock under these authorizations. On February 23, 2011, the Board of Directors authorized the repurchase of up to an additional $750 million of the company's common stock through February 22, 2012.

The company has no material commitments for purchases of property, plant and equipment and expects that for all of 2011, such expenditures will approximate $285 to $310 million.

As of December 31, 2010, the company’s outstanding debt totaled $2.14 billion, of which approximately $0.33 billion is convertible debt, at a conversion price of $40.20 per share. Upon an investor’s election to convert, the company is required to pay the principal portion of these debentures in cash, and the balance of the conversion value in either cash or stock, at the company's election. For any holders electing to convert in the next 12 months or electing to put the debt to the company at the first date on which this is permitted (March 2011), the company intends to draw on its revolving credit facility to fund any principal payments in excess of $100 million which has been classified as a current liability in the accompanying balance sheet. The facility is an unsecured revolving credit agreement expiring in 2012 with available capacity of $952 million at December 31, 2010.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources (continued)

In December 2010, the company obtained short-term financing commitments from two investment banking firms to fund $1.5 billion of the purchase price of Dionex. However, in February 2011, the company issued $2.2 billion of senior notes with maturities of 3 – 10 years, primarily to fund the purchase of Dionex, and subsequently terminated the short-term financing commitment. If the company does not consummate the Dionex acquisition by September 30, 2011, the company will be required to redeem these notes in whole at a redemption price of 101% of the aggregate principal, plus accrued and unpaid interest.

The company believes that its existing cash and short-term investments of $926 million as of December 31, 2010, and the company's future cash flow from operations together with available borrowing capacity under its revolving credit agreement, are sufficient to meet the cash requirements of its existing businesses for the foreseeable future, including at least the next 24 months.

2009

Cash provided by operating activities was $1.66 billion during 2009. Decreases in accounts receivable and inventory provided cash of $127 million and $108 million, respectively. A decrease in accounts payable used cash of $45 million. The decrease in accounts receivable resulted primarily from improved collections and the decrease in inventories resulted primarily from increased fourth quarter shipments in 2009 over the fourth quarter of 2008. The decrease in accounts payable was primarily due to the timing of payments. Payments for restructuring actions, principally severance costs and lease and other expenses of real estate consolidation, used cash of $51 million during 2009. Cash payments for income taxes totaled $330 million and $292 million in 2009 and 2008, respectively.

During 2009, the company's primary investing activities included acquisitions and the purchase of property, plant and equipment. The company expended $637 million for acquisitions and $208 million for purchases of property, plant and equipment.

The company's financing activities used $558 million of cash during 2009, principally for the extinguishment of debt and the repurchase of $415 million of the company's common stock, offset in part by net proceeds from the issuance of long-term debt of $748 million. In December 2009, the company redeemed all of the $300 million principal outstanding on its 6.75% Senior Subordinated Notes due 2014 at a redemption price of 103.375% for a total cash outlay of $317 million including accrued interest. Also in December 2009, the company repurchased in a tender offer $282 million aggregate principal amount of its 2.50% convertible Senior Notes due 2023 at $2,072.4743 per $1,000 principal amount for a total cash outlay of $587 million including accrued and unpaid interest (Note 9). The company's financing activities also included $54 million of proceeds of employee stock option exercises.

2008

Cash provided by operating activities was $1.42 billion during 2008. A decrease in accounts payable used $124 million of cash due to the timing of payments at year-end. Increases in accounts receivable and inventories used cash of $51 million and $50 million, respectively, representing working capital increases associated with the growth in revenues. Cash payments for income taxes, net of refunds, totaled $292 million in 2008 compared with $125 million in 2007, primarily as a result of no longer having tax loss carryforwards in the U.S. Payments for restructuring actions, principally severance costs and lease and other expenses of real estate consolidation, used cash of $36 million during

2008.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources (continued)

During 2008, the company's primary investing activities included acquisitions and the purchase of property, plant and equipment. The company expended $201 million for acquisitions and $264 million for purchases of property, plant and equipment.

The company's financing activities used $228 million of cash during 2008, principally for the repurchase of $187 million of the company's common stock and repayment of $151 million of debt, offset in part by proceeds of stock option exercises. The company had proceeds of $85 million from the exercise of employee stock options and $25 million of tax benefits from the exercise of stock options.

Off-Balance Sheet Arrangements

The company did not use special purpose entities or other off-balance-sheet financing arrangements in 2008 - 2010 except for letters of credit, bank guarantees, surety bonds and other guarantees disclosed in the table below. Of the amounts disclosed in the table below for letters of credit, bank guarantees, surety bonds and other guarantees, $3.9 million relates to guarantees of the performance of third parties, principally in connection with businesses that were sold. The balance relates to guarantees of the company's own performance, primarily in the ordinary course of business.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources (continued)

Contractual Obligations and Other Commercial Commitments

The table below summarizes, by period due or expiration of commitment, the company's contractual obligations and other commercial commitments as of December 31, 2010.

	Payments due by Period or Expiration of Commitment				
(In millions)	2011	2012 and 2013	2014 and 2015	2016 and Thereafter	Total
Contractual Obligations and Other Commercial Commitments					
Debt principal, including short-term debt (a)	$ 104.9	$ 355.9	$ 1,110.4	$ 530.9	$ 2,102.1
Interest (b)	48.6	94.5	77.1	148.4	368.6
Capital lease obligations	0.8	0.6	0.1	—	1.5
Operating lease obligations	103.9	144.1	80.9	68.6	397.5
Unconditional purchase obligations (c)	197.9	13.1	—	—	211.0
Letters of credit and bank guarantees	68.4	7.7	0.1	20.2	96.4
Surety bonds and other guarantees	36.5	10.2	—	—	46.7
Pension obligations on balance sheet	24.0	53.2	59.7	109.6	246.5
Asset retirement obligations	4.0	4.9	2.3	11.4	22.6
Acquisition-related contingent consideration accrued on balance sheet	27.5	1.2	—	—	28.7
Other (d)	6.2	—	—	—	6.2
	$ 622.7	$ 685.4	$ 1,330.6	$ 889.1	$ 3,527.8

(a) Amounts represent the expected cash payments for debt and do not include any deferred issuance costs.

(b) For the purpose of this calculation, amounts assume interest rates on floating rate obligations remain unchanged from levels at December 31, 2010, throughout the life of the obligation.

(c) Unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable at any time without penalty.

(d) Obligation represents funding commitments pursuant to investments held by the company.

Reserves for unrecognized tax benefits of $62 million have not been included in the above table due to the inability to predict the timing of tax audit resolutions.

In December 2010, the company entered into an agreement to acquire Dionex Corporation for $2.1 billion in cash. Completion of the acquisition is subject to a majority of the outstanding shares of Dionex having been tendered and certain regulatory approvals.

Financial Statement Index

51

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources (continued)

The company has no material commitments for purchases of property, plant and equipment but expects that for 2011, such expenditures for its existing business will approximate $285 to $310 million.

In disposing of assets or businesses, the company often provides representations, warranties and/or indemnities to cover various risks including, for example, unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste facilities, and unidentified tax liabilities and legal fees related to periods prior to the disposition. The company does not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, the company has no reason to believe that these uncertainties would have a material adverse effect on its financial position, annual results of operations or cash flows.

The company has recorded liabilities for known indemnifications included as part of environmental liabilities. See Item 1. Business – Environmental Matters for a discussion of these liabilities.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The company is exposed to market risk from changes in interest rates, currency exchange rates, commodity prices and equity prices, which could affect its future results of operations and financial condition. The company manages its exposure to these risks through its regular operating and financing activities. Additionally, the company uses short-term forward and option contracts primarily to hedge certain operational and balance sheet exposures resulting from changes in currency exchange rates or commodity prices. Such exposures result from purchases, sales and intercompany loans that are denominated in currencies other than the functional currencies of the respective operations or commodity price movement. The company engages in limited hedging activities primarily to protect the company's cash flows related to these commitments from fluctuations in currency exchange rates and from volatility in commodity prices. The currency-exchange contracts principally hedge transactions denominated in Euros, British pounds sterling, Chinese yuan, Japanese yen, Australian dollars, Indian rupees, Canadian dollars and Chilean pesos. Income and losses arising from these derivative contracts are recognized as offsets to losses and income resulting from the underlying exposure being hedged. The company does not enter into speculative derivative agreements.

Interest Rates

The company is exposed to changes in interest rates while conducting normal business operations as a result of ongoing investing and financing activities, which affect the company's debt as well as cash and cash equivalents. As of December 31, 2010, the company's debt portfolio was comprised of a combination of fixed and floating rate borrowings. The fair market value of the company's fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The total estimated fair value of the company's debt at December 31, 2010 was $2.29 billion. Fair values were determined from available market prices using current interest rates and terms to maturity. If interest rates were to decrease by 100 basis points, the fair value of the company's debt at December 31, 2010 would increase by approximately $77 million.

In addition, interest rate changes would result in a change in the company's interest expense due to variable-rate debt instruments including swap arrangements. A 100-basis-point increase in interest rates at December 31, 2010, would increase the company's annual pre-tax interest expense by approximately $12 million.

Currency Exchange Rates

The company views its investment in international subsidiaries with a functional currency other than the company's reporting currency as permanent. The company's investment in international subsidiaries is sensitive to fluctuations in currency exchange rates. The functional currencies of the company's international subsidiaries are principally denominated in Euros, British pounds sterling, Canadian dollars, Swedish kronor, and Swiss francs. The effect of a change in currency exchange rates on the company's net investment in international subsidiaries is reflected in the "accumulated other comprehensive items" component of shareholders' equity. A 10% depreciation in year-end 2010 functional currencies, relative to the U.S. dollar, would result in a reduction of shareholders' equity of $441 million.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk (continued)

The fair value of forward currency-exchange contracts is sensitive to changes in currency exchange rates. The fair value of forward currency-exchange contracts is the estimated amount that the company would pay or receive upon termination of the contract, taking into account the change in currency exchange rates. A 10% appreciation in year-end 2010 non-functional currency exchange rates related to the company's contracts would result in an increase in the unrealized loss on forward currency-exchange contracts of $41 million. The unrealized gains or losses on forward currency-exchange contracts resulting from changes in currency exchange rates are expected to approximately offset losses or gains on the exposures being hedged.

Certain of the company's cash and cash equivalents are denominated in currencies other than the functional currency of the depositor and are sensitive to changes in currency exchange rates. A 10% depreciation in the related year-end 2010 non-functional currency exchange rates applied to such cash balances would result in a negative impact of $12 million on the company's net income.

Equity Prices

The company's convertible obligations are sensitive to fluctuations in the price of the company's common stock. Changes in equity prices would result in changes in the fair value of the company's convertible obligations due to the difference between the current market price and the market price at the date of purchase or issuance of the financial instrument. A 10% increase in year-end 2010 market equity prices would increase the fair value of the company's convertible obligations by $45 million.

Item 8. Financial Statements and Supplementary Data

This data is submitted as a separate section to this report. See Item 15 "Exhibits and Financial Statement Schedules."

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. 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, evaluated the effectiveness of the company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2010. Based on this evaluation, the company's chief executive officer and chief financial officer concluded that, as of December 31, 2010, the company's disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, reported and accumulated and communicated to the company's management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Financial Statement Index

53

Table of Contents

THERMO FISHER SCIENTIFIC INC.

Item 9A. Controls and Procedures (continued)

Management's Annual Report on Internal Control Over Financial Reporting

The company's management, including the company's chief executive officer and chief financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company. Internal control over financial reporting is a process designed 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. The company's management conducted an assessment of the effectiveness of the company's internal control over financial reporting as of December 31, 2010 based on criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the company's management concluded that, as of December 31, 2010, the company's internal control over financial reporting was effective.

The company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the company's internal control over financial reporting as of December 31, 2010, as stated in their report that appears on page F-2 of this Annual Report on Form 10-K.

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 December 31, 2010, that have materially affected or are reasonably likely to materially affect the company's internal control over financial reporting.

Item 9B. Other Information

Not applicable.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information with respect to directors required by this Item will be contained in our definitive proxy statement to be filed with the SEC not later than 120 days after the close of business of the fiscal year (2011 Definitive Proxy Statement) and is incorporated in this report by reference.

The information with respect to executive officers required by this Item is included in Item 1 of Part I of this report.

The other information required by this Item will be contained in our 2011 Definitive Proxy Statement and is incorporated in this report by reference.

Item 11. Executive Compensation

The information required by this Item will be contained in our 2011 Definitive Proxy Statement and is incorporated in this report by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be contained in our 2011 Definitive Proxy Statement and is incorporated in this report by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be contained in our 2011 Definitive Proxy Statement and is incorporated in this report by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item will be contained in our 2011 Definitive Proxy Statement and is incorporated in this report by reference.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements (see Index on page F-1 of this report):

Report of Independent Registered Public Accounting Firm
Consolidated Statement of Income
Consolidated Balance Sheet
Consolidated Statement of Cash Flows
Consolidated Statement of Comprehensive Income and Shareholders' Equity
Notes to Consolidated Financial Statements

(2) Consolidated Financial Statement Schedule (see Index on page F-1 of this report):

Schedule II: Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or not required, or because the required information is included either in the consolidated financial statements or in the notes thereto.

(b) Exhibits

See the Exhibit Index on page 58.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 24, 2011

THERMO FISHER SCIENTIFIC INC.

By: /s/ Marc N. Casper
Marc N. Casper
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, as of February 24, 2011.

Signature	Title
By: /s/ Marc N. Casper Marc N. Casper	President, Chief Executive Officer and Director (Principal Executive Officer)
By: /s/ Jim P. Manzi Jim P. Manzi	Chairman of the Board and Director
By: /s/ Peter M. Wilver Peter M. Wilver	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
By: /s/ Peter E. Hornstra Peter E. Hornstra	Vice President and Chief Accounting Officer (Principal Accounting Officer)
By: /s/ Nelson J. Chai Nelson J. Chai	Director
By: /s/ Tyler E. Jacks Tyler E. Jacks	Director
By: /s/ Judy C. Lewent Judy C. Lewent	Director
	Director

By: /s/ Thomas J. Lynch Thomas J. Lynch	
By: /s/ Peter J. Manning Peter J. Manning	Director
By: /s/ William G. Parrett William G. Parrett	Director
By: /s/ Michael E. Porter Michael E. Porter	Director
By: /s/ Scott M. Sperling Scott M. Sperling	Director
By: /s/ Elaine S. Ullian Elaine S. Ullian	Director

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger, dated as of December 12, 2010, among Thermo Fisher Scientific Inc., Weston D Merger Co., and Dionex Corporation (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed December 16, 2010 [File No. 1-8002] and incorporated in this document by reference).
3.1	Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 [File No. 1-8002] and incorporated in this document by reference).
3.2	Amendment to Thermo Fisher Scientific Inc.'s Third Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed November 14, 2006 [File No. 1-8002] and incorporated in this document by reference).
3.3	Bylaws of the Registrant, as amended and effective as of May 15, 2008 (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 2008 [File No. 1-8002] and incorporated in this document by reference).
	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.
4.1	Rights Agreement, dated as of September 15, 2005, by and between Thermo Electron Corporation and American Stock Transfer & Trust Company, as Rights Agent, which includes as Exhibit A, the Terms of Series B Junior Participating Preferred Stock, and as Exhibit B, the Form of Rights Certificate (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed September 16, 2005 [File No. 1-8002] and incorporated in this document by reference).
4.2	Amendment No. 1 to the Rights Agreement, dated as of May 7, 2006, between Thermo Electron Corporation and American Stock Transfer & Trust Company, as Rights Agent (filed as

Exhibit 1.1 to the Registrant's Registration Statement on Form 8-A/A filed May 12, 2006 [File No. 1-8002] and incorporated in this document by reference).

10.1 Thermo Fisher Scientific Inc. Deferred Compensation Plan for Directors of the Registrant, as amended and restated on September 12, 2007 (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 29, 2007 [File No. 1-8002] and incorporated in this document by reference).*

10.2 Thermo Fisher Scientific Inc. Directors Stock Option Plan, as amended and restated as of November 9, 2006 (filed as Exhibit 10.21 to the Registrant's Current Report on Form 8-K filed November 14, 2006 [File No. 1-8002] and incorporated in this document by reference).*

10.3 Thermo Fisher Scientific Inc. 2008 Annual Incentive Award Plan (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed May 22, 2008 [File No. 1-8002] and incorporated in this document by reference).*

10.4 Thermo Fisher Scientific Inc. 2001 Equity Incentive Plan, as amended and restated as of November 9, 2006 (filed as Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 [File No. 1-8002] and incorporated in this document by reference).*

10.5 Thermo Electron Corporation Deferred Compensation Plan, effective November 1, 2001 (filed as Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2001 [File No. 1-8002] and incorporated in this document by reference).*

10.6 Form of Amended and Restated Indemnification Agreement between the Registrant and its directors and officers (filed as Exhibit 10.2 to the Registrant's Registration Statement on Form S-4 [Reg. No. 333-90661] and incorporated in this document by reference).*

Table of Contents

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.7	Executive Registry Program at the Massachusetts General Hospital (filed as Exhibit 10.74 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 2002 [File No. 1-8002] and incorporated in this document by reference).*
10.8	Form of Executive Change in Control Retention Agreement for Officers dated May 15, 2008 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 19, 2008 [File No. 1-8002] and incorporated in this document by reference).*
10.9	Thermo Fisher Scientific Inc. Executive Severance Policy (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed May 19, 2008 [File No. 1-8002] and incorporated in this document by reference).*
10.10	Credit Agreement dated August 29, 2006, among the Registrant, as borrower, Bank of America, N.A., as administrative agent and swing line lender, Bank of America, N.A. and Barclays Bank PLC, as L/C issuers, the several banks and other financial institutions or entities from time to time parties thereto, as lenders, Banc of America Securities LLC and Barclays Capital, as joint lead arrangers and joint book managers, Barclays Bank PLC, as syndication agent, and ABN AMRO Bank, N.V., Deutsche Bank Securities, Inc., and JP Morgan Chase Bank, N.A., as documentation agents (filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed September 1, 2006 [File No. 1-8002] and incorporated in this document by reference).
10.11	Form of Thermo Electron Corporation Stock Option Agreement for use in connection with the grant of stock options under certain of the Registrant's equity incentive plans to officers and directors of the Registrant (filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed March 2, 2005 [File No. 1-8002] and incorporated in this document by reference).*
10.12	Form of Thermo Electron Corporation Stock Option Agreement for use in connection with the grant of stock

	options under the Registrant's 2005 Stock Incentive Plan to officers and directors (filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed May 23, 2005 [File No. 1-8002] and incorporated in this document by reference).*
10.13	Form of Thermo Fisher Scientific Inc. Stock Option Agreement for use in connection with the grant of stock options under the Registrant's equity plans, as amended and restated on November 9, 2006 to officers and directors of the Registrant (other than Marc Casper) (filed as Exhibit 10.12 to the Registrant's Current Report on Form 8-K filed November 14, 2006 [File No. 1-8002] and incorporated in this document by reference).*
10.14	Stock Option Agreement dated November 9, 2006 with Marc Casper (filed as Exhibit 10.14 to the Registrant's Current Report on Form 8-K filed November 14, 2006 [File No. 1-8002] and incorporated in this document by reference).*
10.15	Form of Thermo Fisher Scientific Inc.'s 2006 Restricted Stock Agreement for use in connection with the grant of restricted stock under the Registrant's 2005 Stock Incentive Plan, as amended and restated on November 9, 2006 to officers of the Registrant (other than Marc Casper) (filed as Exhibit 10.16 to the Registrant's Current Report on Form 8-K filed November 14, 2006 [File No. 1-8002] and incorporated in this document by reference).*
10.16	Summary of Thermo Fisher Scientific Inc. Annual Director Compensation (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 3, 2010 [File No. 1-8002] and incorporated in this document by reference).*
10.17	Thermo Fisher Scientific Inc. 2005 Stock Incentive Plan, as amended and restated on November 9, 2006 (filed as Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed November 14, 2006 [File No. 1-8002] and incorporated in this document by reference).*

Table of Contents

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.18	Fisher Scientific International Inc. 2005 Equity and Incentive Plan, as amended for awards granted on or after November 9, 2006 (filed as Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed November 14, 2006 [File No. 1-8002] and incorporated in this document by reference).*
10.19	Summary of Annual Incentive Program of Thermo Electron Corporation (filed as Exhibit 10.66 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 [File No. 1-8002] and incorporated in this document by reference).*
10.20	Summary of 2010 Annual Cash Incentive Plan Matters (set forth in Item 5.02 to the Registrant's Current Report on Form 8-K filed February 25, 2010 [File No. 1-8002] under the heading "Annual Cash Incentive Plans – Establishment of Criteria for 2010 Bonus" and incorporated in this document by reference).*
10.21	Form of Noncompetition Agreement between the Registrant and certain key employees and executive officers (filed as Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009 [File No. 1-8002] and incorporated in this document by reference).*
10.22	Retirement Plan for Non-Employee Directors of Fisher Scientific International Inc. (filed as Exhibit 10.12 to Fisher Scientific International Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992, filed March 24, 1993 [File No. 1-10920] and incorporated in this document by reference).*
10.23	First Amendment to the Fisher Scientific International Inc. Retirement Plan for Non-Employee Directors (filed as Exhibit 10.04 to Fisher Scientific International Inc.'s Quarterly Report on Form 10-Q filed May 10, 2005 [File No. 1-10920] and incorporated in this document by reference).*
10.24	Amendment to Retirement Plan for Non-Employee Directors of Fisher Scientific International Inc. (filed as Exhibit 10.02 to Fisher Scientific International Inc.'s Current Report on

Form 8-K filed March 7, 2006 [File No. 1-10920] and incorporated in this document by reference).*

10.25 Fisher Scientific International Inc. 2001 Equity and Incentive Plan, effective as of May 16, 2001 (filed as Annex I to Fisher Scientific International Inc.'s definitive proxy statement filed April 12, 2001 [File No. 1-10920] and incorporated in this document by reference).*

10.26 Form of Fisher Scientific International Inc. Non-Qualified Stock Option Award Agreement (Management Options — Fisher Scientific International Inc. 2001 Equity and Incentive Plan) (filed as Exhibit 10.1 to Fisher Scientific International Inc.'s Quarterly Report on Form 10-Q filed November 9, 2004 [File No. 1-10920] and incorporated in this document by reference).*

10.27 Fisher Scientific International Inc. 2005 Equity and Incentive Plan, effective as of May 6, 2005 (filed as Exhibit A to Fisher Scientific International Inc.'s definitive proxy statement filed April 4, 2005 [File No. 1-10920] and incorporated in this document by reference).*

10.28 Form of 2005 Equity and Incentive Plan Non-Qualified Stock Option Award Agreement (filed as Exhibit 10.01 to Fisher Scientific International Inc.'s Current Report on Form 8-K filed June 10, 2005 [File No. 1-10920] and incorporated in this document by reference).*

10.29 Thermo Fisher Scientific Inc. Amended and Restated 2005 Deferred Compensation Plan, effective January 1, 2009 (filed as Exhibit 10.43 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 [File No. 1-8002] and incorporated in this document by reference).*

10.30 Description of Amendments to certain Stock Option Plans made in February 2008 (filed as Exhibit 10.75 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 [File No. 1-8002] and incorporated in this document by reference).*

Table of Contents

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.31	Amendment dated February 27, 2008 to Thermo Fisher Scientific Inc. Directors Stock Option Plan, as amended and restated as of November 9, 2006 (filed as Exhibit 10.78 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 [File No. 1-8002] and incorporated in this document by reference).*
10.32	Amendment dated February 27, 2008 to Thermo Fisher Scientific Inc. 2005 Stock Incentive Plan, as amended and restated on November 9, 2006 (filed as Exhibit 10.79 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 [File No. 1-8002] and incorporated in this document by reference).*
10.33	Amendment dated February 27, 2008 to Fisher Scientific International Inc. 2005 Equity and Incentive Plan, as amended and restated on November 9, 2006 (filed as Exhibit 10.80 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 [File No. 1-8002] and incorporated in this document by reference).*
10.34	Amendment dated February 27, 2008 to Thermo Fisher Scientific Inc. 2001 Equity Incentive Plan, as amended and restated on November 9, 2006 (filed as Exhibit 10.81 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 [File No. 1-8002] and incorporated in this document by reference).*
10.35	Form of Thermo Fisher Scientific Stock Option Agreement for use in connection with the grant of stock options under the Registrant's equity plans to directors of the Registrant (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 2008 [File No. 1-8002] and incorporated in this document by reference).*
10.36	Thermo Fisher Scientific Inc. 2008 Stock Incentive Plan (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 22, 2008 [File No. 1-8002] and incorporated in this document by reference).*

10.37 Stock Option Agreement dated May 15, 2008 between the Registrant and Marc Casper (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed May 19, 2008 [File No. 1-8002] and incorporated in this document by reference).*

10.38 Form of Thermo Fisher Scientific Inc.'s March 2008 Performance Restricted Stock Agreement for use in connection with the grant of performance restricted stock under the Registrant's 2005 Stock Incentive Plan, as amended and restated on November 9, 2006 to officers of the Registrant (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed March 10, 2008 [File No. 1-8002] and incorporated in this document by reference).*

10.39 Form of Executive Change in Control Retention Agreement for Officers (for officers appointed after February 26, 2009) (filed as Exhibit 10.55 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 [File No. 1-8002] and incorporated in this document by reference).*

10.40 Form of Thermo Fisher Scientific Inc.'s February 2009 Performance Restricted Stock Unit Agreement (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed February 27, 2009 [File No. 1-8002] and incorporated in this document by reference).*

10.41 Form of Thermo Fisher Scientific Inc.'s February 2009 Restricted Stock Unit Agreement (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed February 27, 2009 [File No. 1-8002] and incorporated in this document by reference).*

10.42 Amendment No. 1 to Thermo Fisher Scientific Inc. Amended and Restated 2005 Deferred Compensation Plan (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 27, 2009 [File No. 1-8002] and incorporated in this document by reference).*

Table of Contents

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.43	Stock Option Agreement, between Marc Casper and the Registrant, dated November 21, 2009 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed November 25, 2009 [File No. 1-8002] and incorporated in this document by reference).*
10.44	Stock Option Agreement, between Marc Casper and the Registrant, dated November 21, 2009 (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed November 25, 2009 [File No. 1-8002] and incorporated in this document by reference).*
10.45	Time-Based Restricted Stock Unit Agreement between Marc Casper and the Registrant, dated November 21, 2009 (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed November 25, 2009 [File No. 1-8002] and incorporated in this document by reference).*
10.46	Performance-Based Restricted Stock Unit Agreement between Marc Casper and the Registrant, dated November 21, 2009 (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed November 25, 2009 [File No. 1-8002] and incorporated in this document by reference).*
10.47	2009 Restatement of Executive Severance Agreement, between Marc Casper and the Registrant, dated November 21, 2009 (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed November 25, 2009 [File No. 1-8002] and incorporated in this document by reference).*
10.48	Executive Change In Control Retention Agreement, between Marc Casper and the Registrant, dated November 21, 2009 (filed as Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed November 25, 2009 [File No. 1-8002] and incorporated in this document by reference).*
10.49	Noncompetition Agreement, between Marc Casper and the Registrant, dated November 21, 2009 (filed as Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed November 25, 2009 [File No. 1-8002] and incorporated in this document by reference).*

10.50	Amendment No. 1 to Executive Severance Policy, dated February 25, 2010 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed February 25, 2010 [File No. 1-8002] and incorporated in this document by reference).*
10.51	Amendment No. 1 to 2009 Restatement of Executive Severance Agreement, dated February 25, 2010, between the Registrant and Marc N. Casper (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed February 25, 2010 [File No. 1-8002] and incorporated in this document by reference).*
10.52	Form of Thermo Fisher Scientific Inc.'s March 2010 Restricted Stock Unit Agreement (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed March 10, 2010 [File No. 1-8002] and incorporated in this document by reference).*
10.53	Form of Thermo Fisher Scientific Inc.'s March 2010 Performance Restricted Stock Unit Agreement (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed March 10, 2010 [File No. 1-8002] and incorporated in this document by reference).*
10.54	Amendment No. 2 to Executive Severance Policy, dated November 10, 2010.*
10.55	Amendment No. 2 to 2009 Restatement of Executive Severance Agreement, dated November 10, 2010, between the Registrant and Marc N. Casper.*
10.56	Amendment No. 1 to Executive Change In Control Retention Agreement, dated November 10, 2010, between Marc N. Casper and the Registrant.*

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.57	Amendment to 2008 Stock Incentive Plan dated November 10, 2010.*
10.58	Form of Thermo Fisher Scientific Inc.'s February 2011 Restricted Stock Unit Agreement (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed February 24, 2011 [File No. 1-8002] and incorporated in this document by reference).*
10.59	Form of Thermo Fisher Scientific Inc.'s February 2011 Stock Option Agreement (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed February 24, 2011 [File No. 1-8002] and incorporated in this document by reference).*
10.60	Summary of 2011 Annual Cash Incentive Plan Matters (set forth in Item 5.02 to the Registrant's Current Report on Form 8-K filed February 24, 2011 [File No. 1-8002] under the heading "Annual Cash Incentive Plans – Establishment of Criteria for 2011 Bonus" and incorporated in this document by reference).*
10.61	Stock Option Agreement, between Marc Casper and the Registrant, dated February 23, 2011 (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed February 24, 2011 [File No. 1-8002] and incorporated in this document by reference).*
21	Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP.
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.
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.

*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.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income for the years ended December 31, 2010, 2009 and 2008, (ii) Consolidated Balance Sheets at December 31, 2010, and 2009, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008, (iv) Consolidated Statement of Comprehensive Income and Shareholders' Equity for the years ended December 31, 2010, 2009 and 2008 and (v) Notes to Consolidated Financial Statements.

In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

INDEX OF CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

The following Consolidated Financial Statements of the Registrant and its subsidiaries are required to be included in Item 15:

The following Consolidated Financial Statement Schedule of the Registrant and its subsidiaries is filed as part of this Report as required to be included in Item 15(a):

Note: All other financial statement schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or in the notes thereto.

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Thermo Fisher Scientific Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Thermo Fisher Scientific Inc. and its subsidiaries at December 31, 2010 and December 31, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A of Thermo Fisher Scientific Inc.’s Annual Report on Form 10-K. Our responsibility is to express opinions on these financial statements, on the financial statement schedule and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 24, 2011

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

CONSOLIDATED STATEMENT OF INCOME

(In millions except per share amounts)	Year Ended December 31, 2010	2009	2008
Revenues			
Product revenues	$ 9,135.2	$ 8,523.7	$ 8,838.8
Service revenues	1,653.5	1,586.0	1,659.2
	10,788.7	10,109.7	10,498.0
Costs and Operating Expenses:			
Cost of product revenues	5,393.6	5,157.9	5,299.6
Cost of service revenues	956.4	927.1	992.2
Selling, general and administrative expenses	2,826.2	2,668.9	2,692.3
Research and development expenses	287.2	246.1	249.1
Restructuring and other costs, net	60.4	60.8	35.4
	9,523.8	9,060.8	9,268.6
Operating Income	1,264.9	1,048.9	1,229.4
Other Expense, Net	(100.3)	(121.8)	(101.4)
Income from Continuing Operations Before Provision for Income Taxes	1,164.6	927.1	1,128.0
Provision for Income Taxes	(131.5)	(75.8)	(152.6)
Income from Continuing Operations	1,033.1	851.3	975.4
Gain (Loss) on Disposal of Discontinued Operations, Net (net of income tax provision of $1.5 and $3.5 in 2010 and 2008, respectively, and income tax benefit of $0.6 in 2009)	2.5	(1.0)	5.5
Net Income	$ 1,035.6	$ 850.3	$ 980.9
Earnings per Share from Continuing Operations			
Basic	$ 2.56	$ 2.06	$ 2.33
Diluted	$ 2.52	$ 2.01	$ 2.24
Earnings per Share			
Basic	$ 2.57	$ 2.06	$ 2.34
Diluted	$ 2.53	$ 2.01	$ 2.25
Weighted Average Shares			
Basic	403.3	412.4	418.2
Diluted	409.4	422.8	434.7

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

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

CONSOLIDATED BALANCE SHEET

(In millions)	December 31, 2010	2009
Assets		
Current Assets:		
Cash and cash equivalents	$ 917.1	$ 1,564.1
Short-term investments, at quoted market value	8.9	7.1
Accounts receivable, less allowances of $39.9 and $47.2	1,516.8	1,409.6
Inventories	1,175.1	1,131.4
Deferred tax assets	198.4	160.0
Other current assets	318.7	258.7
	4,135.0	4,530.9
Property, Plant and Equipment, at Cost, Net	1,408.6	1,333.4
Acquisition-related Intangible Assets, Net	6,041.1	6,337.0
Other Assets	494.1	440.8
Goodwill	9,270.6	8,982.9
	$ 21,349.4	$ 21,625.0

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

CONSOLIDATED BALANCE SHEET (Continued)

(In millions except share amounts)	December 31, 2010	2009
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term obligations and current maturities of long-term obligations	$ 105.8	$ 117.5
Accounts payable	551.0	533.6
Accrued payroll and employee benefits	311.1	286.0
Accrued income taxes	59.2	28.4
Deferred revenue	158.3	139.8
Other accrued expenses	524.4	534.0
	1,709.8	1,639.3
Deferred Income Taxes	1,684.4	1,933.8
Other Long-term Liabilities	562.9	555.1
Long-term Obligations	2,031.3	2,064.0
Commitments and Contingencies (Note 10)		
Incremental Convertible Debt Obligation	—	1.9
Shareholders' Equity:		
Preferred stock, $100 par value, 50,000 shares authorized; none issued		
Common stock, $1 par value, 1,200,000,000 shares authorized; 401,779,152 and 423,875,260 shares issued	401.8	423.9
Capital in excess of par value	10,019.7	11,140.7
Retained earnings	5,386.4	4,350.8
Treasury stock at cost, 10,409,268 and 14,564,637 shares	(490.5)	(576.5)
Accumulated other comprehensive items	43.6	92.0
	15,361.0	15,430.9
	$ 21,349.4	$ 21,625.0

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

Financial Statement Index

F-5

Table of Contents

THERMO FISHER SCIENTIFIC INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions)	Year Ended December 31, 2010	2009	2008
Operating Activities			
Net Income	$ 1,035.6	$ 850.3	$ 980.9
Loss (gain) on disposal of discontinued operations	(2.5)	1.0	(5.5)
Income from continuing operations	1,033.1	851.3	975.4
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	770.0	787.3	792.7
Change in deferred income taxes	(272.4)	(248.6)	(131.4)
Non-cash stock-based compensation	83.1	68.1	57.1
Non-cash interest expense on convertible debt	9.1	22.5	21.6
Non-cash charges for sale of inventories revalued at the date of acquisition	11.4	3.7	1.0
Tax benefits from stock-based compensation awards	(12.8)	(2.6)	(25.4)
Other non-cash expenses, net	63.9	63.8	48.5
Changes in assets and liabilities, excluding the effects of acquisitions and dispositions:			
Accounts receivable	(89.5)	127.3	(50.9)
Inventories	(27.9)	108.2	(49.6)
Other assets	(81.3)	(18.4)	(40.6)
Accounts payable	2.5	(44.9)	(123.9)
Other liabilities	33.7	(16.3)	(32.0)
Contributions to retirement plans	(24.4)	(41.1)	(20.7)
Net cash provided by continuing operations	1,498.5	1,660.3	1,421.8
Net cash used in discontinued operations	(0.7)	(1.1)	(1.6)
Net cash provided by operating activities	1,497.8	1,659.2	1,420.2
Investing Activities			
Acquisitions, net of cash acquired	(606.2)	(637.3)	(201.5)
Purchase of property, plant and equipment	(265.5)	(207.5)	(264.4)
Proceeds from sale of property, plant and equipment	10.2	13.4	15.4
Proceeds from sale of businesses, net of cash divested	—	4.4	3.5
Other investing activities, net	(1.5)	(2.5)	(10.9)
Net cash used in continuing operations	(863.0)	(829.5)	(457.9)
Net cash provided by discontinued operations	4.1	—	7.9

Net cash used in investing activities	$ (858.9)	$ (829.5)	$ (450.0)

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(In millions)	Year Ended December 31, 2010	2009	2008
Financing Activities			
Net proceeds from issuance of long-term debt	$ 741.4	$ 748.2	$ —
Settlement of convertible debt	(600.8)	(615.5)	(4.7)
Redemption and repayment of long-term obligations	(505.4)	(311.5)	(131.4)
Purchases of company common stock	(1,012.5)	(414.6)	(187.4)
Net proceeds from issuance of company common stock	77.3	54.4	85.1
Tax benefits from stock-based compensation awards	12.8	2.6	25.4
Decrease in short-term notes payable	(7.9)	(21.1)	(15.4)
Net cash used in financing activities	(1,295.1)	(557.5)	(228.4)
Exchange Rate Effect on Cash of Continuing Operations	9.2	11.4	(86.4)
Increase (Decrease) in Cash and Cash Equivalents	(647.0)	283.6	655.4
Cash and Cash Equivalents at Beginning of Year	1,564.1	1,280.5	625.1
Cash and Cash Equivalents at End of Year	$ 917.1	$ 1,564.1	$ 1,280.5

See Note 13 for supplemental cash flow information.

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

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND SHAREHOLDERS' EQUITY

(In millions except share amounts)	Year Ended December 31, 2010	2009	2008
Comprehensive Income			
Net Income	$ 1,035.6	$ 850.3	$ 980.9
Other Comprehensive Items:			
Currency translation adjustment	(27.2)	198.8	(431.6)
Unrealized gains (losses) on available-for-sale investments (net of tax provision of $0.5, $0.9 and $0.3)	1.0	2.2	(1.3)
Unrealized gains on hedging instruments (net of tax provision of $0.1, $0.1 and $0.2)	0.2	0.2	0.2
Pension and other postretirement benefit liability adjustments (net of tax benefit of $9.7 and $63.6 in 2010 and 2008, respectively, and tax provision of $20.9 in 2009)	(22.4)	36.6	(101.5)
	(48.4)	237.8	(534.2)
	$ 987.2	$ 1,088.1	$ 446.7
Shareholders' Equity			
Common Stock, $1 Par Value:			
Balance at beginning of year (423,875,260; 421,791,009 and 439,340,851 shares)	$ 423.9	$ 421.8	$ 439.3
Issuance of shares for conversion of debt (74,089 shares)	—	—	0.1
Retirement of treasury shares (25,000,000 and 25,000,000 shares)	(25.0)	—	(25.0)
Issuance of shares upon exercise of warrants (3,307,170 shares)	—	—	3.3
Issuance of shares under employees' and directors' stock plans (2,903,892; 2,084,251 and 4,068,899 shares)	2.9	2.1	4.1
Balance at end of year (401,779,152; 423,875,260 and 421,791,009 shares)	401.8	423.9	421.8
Capital in Excess of Par Value:			
Balance at beginning of year	11,140.7	11,301.3	12,273.6
Settlement of convertible debt	(216.1)	(312.8)	(0.2)
Retirement of treasury shares	(1,081.3)	—	(1,193.2)
Issuance of shares upon exercise of warrants	—	—	12.7
Activity under employees' and directors' stock plans	80.5	63.4	88.2
Stock-based compensation	83.1	68.1	57.1
Tax benefit related to employees' and directors' stock plans	10.9	(1.6)	25.1
Reclassification from temporary equity	1.9	22.3	38.0

Balance at end of year	$ 10,019.7	$ 11,140.7	$ 11,301.3

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND SHAREHOLDERS' EQUITY
(Continued)

(In millions except share amounts)	Year Ended December 31, 2010	2009	2008
Retained Earnings			
Balance at beginning of year	$ 4,350.8	$ 3,500.5	$ 2,519.6
Net Income	1,035.6	850.3	980.9
Balance at end of year	5,386.4	4,350.8	3,500.5
Treasury Stock:			
Balance at beginning of year (14,564,637; 3,825,245 and 24,102,880 shares)	(576.5)	(151.3)	(1,157.3)
Purchases of company common stock (20,687,916; 10,463,757 and 4,273,950 shares)	(1,012.5)	(414.6)	(187.4)
Retirement of treasury shares (25,000,000 and 25,000,000 shares)	1,106.3	—	1,218.2
Shares received for exercise of warrants (280,540 shares)	—	—	(16.0)
Activity under employees' and directors' stock plans (156,715; 275,635 and 167,875 shares)	(7.8)	(10.6)	(8.8)
Balance at end of year (10,409,268; 14,564,637 and 3,825,245 shares)	(490.5)	(576.5)	(151.3)
Accumulated Other Comprehensive Items:			
Balance at beginning of year	92.0	(145.8)	388.4
Other comprehensive items	(48.4)	237.8	(534.2)
Balance at end of year	43.6	92.0	(145.8)
	$ 15,361.0	$ 15,430.9	$ 14,926.5

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

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Nature of Operations

Thermo Fisher Scientific Inc. (the company) enables customers to make the world healthier, cleaner and safer. The company offers customers a complete range of high-end analytical instruments, software, services, consumables and reagents to enable integrated laboratory workflow solutions and a complete portfolio of laboratory equipment, chemicals, supplies and services used in healthcare, scientific research, safety and education. Markets served include pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions and government agencies, as well as environmental and industrial process control settings.

Principles of Consolidation

The accompanying financial statements include the accounts of the company and its wholly and majority-owned subsidiaries. All material intercompany accounts and transactions have been eliminated. The company accounts for investments in businesses in which it owns between 20% and 50% using the equity method.

Revenue Recognition and Accounts Receivable

Revenue is recognized after all significant obligations have been met, collectability is probable and title has passed, which typically occurs upon shipment or delivery or completion of services. If customer-specific acceptance criteria exist, the company recognizes revenue after demonstrating adherence to the acceptance criteria. The company recognizes revenue and related costs for arrangements with multiple deliverables, such as equipment and installation, as each element is delivered or completed based upon its relative fair value. When a portion of the customer’s payment is not due until installation or other deliverable occurs, the company defers that portion of the revenue until completion of installation or transfer of the deliverable. Provisions for discounts, warranties, rebates to customers, returns and other adjustments are provided for in the period the related sales are recorded.

The company recognizes revenue from the sale of software. License fee revenues relate primarily to sales of perpetual licenses to end-users and are recognized when a formal agreement exists, the license fee is fixed and determinable, delivery of the software has occurred and collection is probable. Software arrangements with customers often include multiple elements, including software products, maintenance and support. The company recognizes software license fees based on the residual method after all elements have either been delivered or vendor specific objective evidence (VSOE) of fair value exists for such undelivered elements. In the event VSOE is not available for any undelivered element, revenue for all elements is deferred until delivery is completed. Revenues from software maintenance and support contracts are recognized on a straight-line basis over the term of the contract, which is generally a period of one year. VSOE of fair value of software maintenance and support is determined based on the price charged for the maintenance and support when sold separately. Revenues from training and consulting services are recognized as services are performed, based on VSOE, which is determined by reference to the price customers pay when the services are sold separately.

Service revenues represent the company’s service offerings including biopharma outsourcing, asset management, diagnostic testing, training, service contracts, and field service including related time and materials. Service revenues are recognized as the service is performed. Revenues for service contracts are recognized ratably over the contract

period.

Accounts receivable are recorded at the invoiced amount and do not bear interest. The company maintains allowances for doubtful accounts for estimated 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 historical write-off experience. Past due balances are reviewed individually for collectability. 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.

Table of Contents

THERMO FISHER SCIENTIFIC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

The company records shipping and handling charges billed to customers in net sales and records shipping and handling costs in cost of product revenues for all periods presented.

Deferred revenue in the accompanying balance sheet consists primarily of unearned revenue on service contracts, which is recognized ratably over the terms of the contracts. Substantially all of the deferred revenue in the accompanying 2010 balance sheet will be recognized within one year.

Warranty Obligations

The company provides for the estimated cost of product warranties, primarily from historical information, in cost of product revenues at the time product revenue is recognized. While the company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component supplies, the company's warranty obligation is affected by product failure rates, utilization levels, material usage, service delivery costs incurred in correcting a product failure and supplier warranties on parts delivered to the company. Should actual product failure rates, utilization levels, material usage, service delivery costs or supplier warranties on parts differ from the company's estimates, revisions to the estimated warranty liability would be required. The liability for warranties is included in other accrued expenses in the accompanying balance sheet. The changes in the carrying amount of warranty obligations are as follows:

(In millions)

Balance at December 31, 2008	$ 44.1
Provision charged to income	38.9
Usage	(40.6)
Adjustments to previously provided warranties, net	1.9
Other, net	0.9
Balance at December 31, 2009	45.2
Provision charged to income	40.8
Usage	(42.7)
Adjustments to previously provided warranties, net	(1.5)
Other, net	(0.1)
Balance at December 31, 2010	$ 41.7

Income Taxes

The company recognizes deferred income taxes based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using enacted tax rates in effect for the year in which the differences are expected to be reflected in the tax return.

The financial statements reflect expected future tax consequences of uncertain tax positions that the company has taken or expects to take on a tax return presuming the taxing authorities' full knowledge of the positions and all relevant facts, but without discounting for the time value of money (Note 7).

Financial Statement Index

Table of Contents

THERMO FISHER SCIENTIFIC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Earnings per Share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Except where the result would be antidilutive to income from continuing operations, diluted earnings per share has been computed using the treasury stock method for the convertible obligations and the exercise of stock options, as well as their related income tax effects (Note 8).

Cash and Cash Equivalents

Cash equivalents consists principally of money market funds, commercial paper and other marketable securities purchased with an original maturity of three months or less. These investments are carried at cost, which approximates market value.

Investments

The company's marketable equity and debt securities that are part of its cash management activities are considered short-term investments in the accompanying balance sheet. Such securities principally represent available-for-sale investments. In addition, the company owns marketable equity securities that represent less than 20% ownership and for which the company does not have the ability to exert significant influence. Such investments are also considered available-for-sale. All available-for-sale securities are carried at fair market value, with the difference between cost and fair market value, net of related tax effects, recorded in the "Accumulated other comprehensive items" component of shareholders' equity (Notes 11 and 12). Decreases in fair market values of individual securities below cost for a duration of six to nine months are deemed indicative of other than temporary impairment, and the company assesses the need to write down the carrying amount of the investments to fair market value through other expense, net, in the accompanying statement of income (Note 4). Should a decrease in the fair market value of debt securities be deemed attributable to non-credit loss conditions, however, no impairment is recorded in the statement of income if the company has the ability and intent to hold the investment to maturity.

Other investments for which there are not readily determinable market values are accounted for under the cost method of accounting. The company periodically evaluates the carrying value of its investments accounted for under the cost method of accounting, which provides that they are recorded at the lower of cost or estimated net realizable value. At December 31, 2010 and 2009, the company had cost method investments with carrying amounts of $10.6 million and $10.4 million, respectively, which are included in other assets.

Inventories

Inventories are valued at the lower of cost or market, cost being determined principally by the first-in, first-out (FIFO) method with certain of the company's businesses utilizing the last-in, first-out (LIFO) method. The company periodically reviews quantities of inventories on hand and compares these amounts to the expected use of each product or product line. In addition, the company has certain inventory that is subject to fluctuating market pricing. The company assesses the carrying value of this inventory based on a lower of cost or market analysis. The company records a charge to cost of sales for the amount required to reduce the carrying value of inventory to net realizable

value. Costs associated with the procurement of inventories, such as inbound freight charges, purchasing and receiving costs, and internal transfer costs, are included in cost of revenues in the accompanying statement of income. The components of inventories are as follows:

Table of Contents

THERMO FISHER SCIENTIFIC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

(In millions)	December 31, 2010	2009
Raw Materials	$ 283.5	$ 262.8
Work in Process	108.7	115.5
Finished Goods	782.9	753.1
	$ 1,175.1	$ 1,131.4

The value of inventories maintained using the LIFO method was $152.3 million and $164.1 million at December 31, 2010 and 2009, respectively, which was below estimated replacement cost by $18.9 million and $17.4 million, respectively. The company recorded a reduction in cost of revenues as a result of the liquidation of LIFO inventories of $0.9 million, $1.4 million and $0.2 million in 2010, 2009 and 2008, respectively.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. The costs of additions and improvements are capitalized, while maintenance and repairs are charged to expense as incurred. The company provides for depreciation and amortization using the straight-line method over the estimated useful lives of the property as follows: buildings and improvements, 25 to 40 years; machinery and equipment, 3 to 10 years; and leasehold improvements, the shorter of the term of the lease or the life of the asset. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in the accompanying statement of income. Property, plant and equipment consists of the following:

(In millions)	December 31, 2010	2009
Land	$ 144.3	$ 146.2
Buildings and Improvements	695.1	674.6
Machinery, Equipment and Leasehold Improvements	1,436.5	1,251.0
	2,275.9	2,071.8
Less: Accumulated Depreciation and Amortization	867.3	738.4
	$ 1,408.6	$ 1,333.4

Depreciation and amortization expense of property, plant and equipment including amortization of assets held under capital leases, was $198.3 million, $190.3 million and $189.9 million in 2010, 2009 and 2008, respectively.

Acquisition-related Intangible Assets

Acquisition-related intangible assets include the costs of acquired product technology, patents, tradenames and other specifically identifiable intangible assets, and are being amortized using the straight-line method over their estimated useful lives, which range from 3 to 20 years. In addition, the company has tradenames and in-process research and development that have indefinite lives and which are not amortized. The company reviews other intangible assets for impairment when indication of potential impairment exists, such as a significant reduction in cash flows associated with the assets. Intangible assets with indefinite lives are reviewed for impairment annually or whenever events or changes in circumstances indicate they may be impaired. Acquisition-related intangible assets are as follows:

Table of Contents

THERMO FISHER SCIENTIFIC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

(In millions)	Gross	Accumulated Amortization	Net
2010			
Definite Lives:			
Customer relationships	$ 5,286.5	$ (1,766.7)	$ 3,519.8
Product technology	1,322.6	(570.2)	752.4
Tradenames	676.2	(242.2)	434.0
Patents	19.7	(17.9)	1.8
Other	14.0	(12.2)	1.8
	7,319.0	(2,609.2)	4,709.8
Indefinite Lives:			
Tradenames	1,326.9	—	1,326.9
In-process research and development	4.4	—	4.4
	$ 8,650.3	$ (2,609.2)	$ 6,041.1
2009			
Definite Lives:			
Customer relationships	$ 5,117.8	$ (1,381.6)	$ 3,736.2
Product technology	1,217.2	(452.2)	765.0
Tradenames	715.6	(211.7)	503.9
Patents	20.3	(17.7)	2.6
Other	13.3	(10.9)	2.4
	7,084.2	(2,074.1)	5,010.1
Indefinite Lives:			
Tradenames	1,326.9	—	1,326.9
	$		