# UNITED STATES SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# Form 10-K

(Mark One)

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

**For the fiscal year ended January 3, 2021**

**or**

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

**For the transition period from _____ to _____**

**Commission file number 001-5075**

# PerkinElmer, Inc.
*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Massachusetts**<br>*(State or other jurisdiction of incorporation or organization)* | **04-2052042**<br>*(I.R.S. Employer Identification No.)* |
| **940 Winter Street, Waltham, Massachusetts**<br>*(Address of Principal Executive Offices)* | **02451**<br>*(Zip Code)* |

**(781) 663-6900**
*(Registrant's telephone number, including area code)*

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

| Title of Each Class | Trading Symbol (s) | Name of Each Exchange on Which Registered |
|---|---|---|
| Common Stock, $1 Par Value | PKI | The New York Stock Exchange |
| 1.875% Notes due 2026 | PKI 21A | The New York Stock Exchange |
| 0.600% Notes due 2021 | PKI 21B | The 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 ☑ No o

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

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

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

If an emerging growth company, indicate by check mark whether the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

The aggregate market value of the common stock, $1 par value per share, held by non-affiliates of the registrant on July 2, 2020, was $10,743,749,481 based upon the last reported sale of $97.94 per share of common stock on July 2, 2020.

As of February 26, 2021, there were outstanding 112,061,794 shares of common stock, $1 par value per share.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of PerkinElmer, Inc.'s Definitive Proxy Statement for its Annual Meeting of Shareholders to be held on April 27, 2021 are incorporated by reference into Part III of this Form 10-K.

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# PART I

## Item 1. *Business*

### Overview

We are a leading provider of products, services and solutions for the diagnostics, life sciences and applied markets. Through our advanced technologies and differentiated solutions, we address critical issues that help to improve lives and the world around us.

Our headquarters are in Waltham, Massachusetts, and we market our products and services in more than 190 countries. As of January 3, 2021, we employed approximately 14,000 employees. Our common stock is listed on the New York Stock Exchange under the symbol “PKI” and we are a component of the S&P 500 Index.

We maintain a website with the address http://www.perkinelmer.com. We are not including the information contained in our website as part of, or incorporating it by reference into, this annual report on Form 10-K. We make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports, as soon as reasonably practicable after we electronically file these materials with, or otherwise furnish them to, the Securities and Exchange Commission.

### Our Strategy

Our strategy is to develop and deliver innovative products, services and solutions in high-growth markets that utilize our knowledge and expertise to address customers’ critical needs and drive scientific breakthroughs. To execute on our strategy and accelerate revenue growth, we focus on broadening our offerings through both the investment in research and development and the acquisition of innovative technology. Our strategy includes:

- Strengthening our position within key markets by expanding our global product and service offerings, maintaining superior product quality and driving an enhanced customer experience;
- Attracting, retaining and developing talented and engaged employees;
- Accelerating transformational innovation through both internal research and development and third-party collaborations and alliances;
- Augmenting growth in both of our core business segments, Discovery & Analytical Solutions and Diagnostics, through strategic acquisitions and licensing;
- Engraining focused operational excellence to improve organizational efficiency and agility; and
- Opportunistically utilizing our share repurchase programs to help drive shareholder value.

### Recent Developments

As part of our strategy to grow our core businesses, we have recently taken the following actions:

*Acquisitions in Fiscal Year 2020:*

We completed the acquisition of four businesses for aggregate consideration of $438.7 million. We reported the operations of these acquisitions within the results of our Discovery & Analytical Solutions or Diagnostics segments, as applicable, from the acquisition dates.

*Restructuring:*

During fiscal year 2020, we recorded pre-tax restructuring charges of $4.5 million in our Discovery & Analytical Solutions segment and $2.7 million in our Diagnostics segment related to workforce reductions and closure of excess facilities due to restructuring activities. Our management approved these plans to realign resources to emphasize growth initiatives. We also terminated various contractual commitments in connection with certain disposal activities and have recorded charges, to the extent applicable, for the costs of terminating these contracts before the end of their terms and the costs that will continue to be incurred for the remaining terms without economic benefit to us. We recorded pre-tax charges of $0.2 million and $0.1 million in the Discovery & Analytical Solutions and Diagnostics segments, respectively, during fiscal year 2020 as a result of these contract terminations. We also recorded pre-tax charges of $4.3 million associated with relocating facilities during fiscal year 2020.

This pre-tax restructuring activity has been reported as restructuring and other costs, net and is included as a component of income from continuing operations. We expect no significant impact on future operating results or cash flows from the restructuring activities executed in fiscal year 2020.

**Business Segments and Products**

We report our business in two segments: Discovery & Analytical Solutions and Diagnostics.

***Discovery & Analytical Solutions Segment***

Our comprehensive portfolio of technologies helps life sciences researchers better understand diseases and develop treatments. In addition, we enable scientists to detect, monitor and manage contaminants and toxic chemicals that impact our environment and food supply. Our Discovery & Analytical Solutions segment serves the life sciences and applied markets.

*Life Sciences Market:*

The life sciences market consists of the life sciences research market and laboratory services market. In the life sciences research market, we provide a broad suite of solutions including reagents, informatics, and detection and imaging technologies that enable scientists to work smarter, make research breakthroughs and transform those breakthroughs to real-world outcomes. These products, solutions and services support pharmaceutical and biotech companies, contract research organizations and academic institutions globally in discovering and developing better treatments and therapeutics to fight disease, faster and more efficiently.

We also provide services designed to help customers in the laboratory services market increase efficiencies and production time while reducing laboratory maintenance costs. Our OneSource® laboratory service business is aligned with customers' needs, enabling them to accelerate scientific progress and commercial opportunities.

*Applied Markets:*

The applied markets consist of environmental, food and industrial markets. For the environmental market, we develop and provide analytical technologies, solutions and services that enable our customers to understand the characterization and health of many aspects of our environment, including air, water and soil. Our solutions are used to detect and help reduce the impact products and industrial processes have on our environment. For example, our solutions help ensure compliance with regulatory standards that protect the purity of the world's water supply by detecting harmful substances, including trace metals such as lead, and organic pollutants such as pesticides and benzene. We provide the tools needed to test functionality, meet quality specifications and safety standards, and innovate for next generation products.

We also offer a variety of solutions that help farmers and food producers provide a growing population with food that is safe, nutritious and appealing, and assist manufacturers with product consistency and maximizing production yield. Our instruments confirm food quality, including the level of moisture in grain or the level of fat in butter, as well as detect the presence of potentially dangerous contaminants, such as lead and mercury in milk. Our solutions can also be used to identify the origin of food products such as olive oil, which helps prevent counterfeiting. Our methods and analyses are transferable throughout the supply chain to enable customers to keep pace with industry standards as well as governmental regulations and certifications.

We also provide analytical instrumentation for the industrial market which includes the chemical, semiconductor and electronics, energy, lubricant, petrochemical and polymer industries. Our technologies for this market are primarily used by customers focusing on quality assurance standards. They are also used to drive advancement or innovation of new products, with a recent focus on increasing the recyclability and biodegradability of materials and improving electric vehicle battery performance.

*Principal Products:*

Our principal products and services for Discovery & Analytical Solutions applications include the following:

*Life Sciences Market:*

- Radiometric detection solutions, including over 1,100 radiochemicals and the Tri-carb® and Quantulus™ GCT families of liquid scintillation analyzers, Wizard$^{2}$® Gamma counters and MicroBeta$^{2}$® plate based LSA, which are

used for beta, gamma and luminescence counting in microplate and vial formats utilized in research, environmental and drug discovery applications.

- The Opera Phenix® high content screening system, which is used for sensitive and high speed phenotypic drug screening of complex cellular models.
- The Operetta® CLS™ high content analysis system, which enables scientists to reveal fine sub-cellular details from everyday assays as well as more complex studies, for example using live cells, 3D and stem cells.
- The Victor Nivo® multimode plate reader benchtop system, which is designed for assay development and academic labs including those using HTRF®, AlphaLISA® and/or AlphaPlex® technologies.
- The EnSight® multimode plate reader benchtop system, offering well plate imaging alongside labeled detection technologies for target-based and phenotypic assays.
- The EnVision® multimode plate reader, designed for high-throughput screening laboratories, including those using HTRF®, AlphaScreen®, AlphaLISA® and/or AlphaPlex® technologies.
- A wide range of homogeneous biochemical and cell-based assay reagents, including HTRF®, LANCE® *Ultra*™ and Alpha™ technology assay platforms used for the detection of drug discovery targets such as G-protein coupled receptors ("GPCR"), kinases, biomarkers and the modification of epigenetic enzymes.
- A broad portfolio of recombinant GPCR and ion channel cell lines, including over 300 products and 120 ready-to-use frozen cell lines for a wide range of disease areas.
- HTRF®, AlphaScreen®, AlphaLISA® and AlphaPlex® research assays, including over 500 no-wash biomarker detection kits for both biotherapeutics and small molecule drug discovery and development in a variety of therapeutic areas including cancer, inflammation, metabolic disorders, neurodegeneration and virology.
- TSA™ Plus biotin kits, which can increase sensitivity of histochemistry and cytochemistry as much as 10 to 20 times.
- In vivo imaging technologies and reagents for preclinical research, including the IVIS® Spectrum™ series for 2D and 3D optical imaging, the FMT® series for 3D optical tomography and the IVIS® Lumina™ series for 2D imaging, along with a suite of bioluminescent and fluorescent imaging agents, cell lines and dyes. These technologies are designed to provide non-invasive longitudinal monitoring of disease progression, cell trafficking and gene expression patterns in living animals and are complemented by a broad portfolio of fluorescent and bioluminescent in vivo imaging reagents that can be useful for identifying, characterizing and quantifying a range of disease biomarkers and therapeutic efficacy in living animal models.
- The Quantum™ GX2 system, which enables in vivo imaging of multiple species across multiple disease areas by delivering industry-leading high resolution imaging. Low dose scanning allows subjects to be imaged over time to evaluate disease progression while minimizing the harmful effects of radiation that could impact the biology of the animal. With the Quantum™ GX2 system, data from the IVIS® and FMT® imaging platforms can be seamlessly co-registered with microCT to deliver more information on the disease state.
- OneSource® laboratory services, a comprehensive portfolio of multivendor instrument management, QA/QC, lab relocation, scientific, laboratory IT and regulatory compliance services. OneSource® programs are tailored to the specific needs and goals of individual customers and offer a series of informatics-based consulting, planning and management offerings to assist in laboratory productivity and the optimization of complex Information Technology platforms.
- OneSource® Dashboard, a TIBCO® Spotfire® technology driven interactive graphical platform, which provides visibility to a customer's global asset population, service event and downtime distribution, as well as key performance indicators to assist in asset operation.
- OneSource® Insights as a Service™, which leverages comprehensive OneSource® analytics and industry data to develop and deliver customer-need driven recommendations to optimize, integrate and accelerate lab operations.
- PerkinElmer Signals Medical Review™ software, which empowers medical monitors to detect safety signals faster and reduce overall time to submission by combining innovative medical review workflow with advanced analytics.
- PerkinElmer Signals Lead Discovery™ software, which enables researchers to quickly gain new insights into chemical and biomolecular research data, featuring guided search and analysis workflows and dynamic data visualizations for on-the-fly exploration.
- PerkinElmer Signals™ electronic notebook, a scientific research data management solution, which allows researchers to record research data and experiments in digital notebooks, drag and drop, store, organize, share, find and filter data easily.
- PerkinElmer Signals™ Translational data management, aggregation and analysis platform, which offers out-of-the-box support for the complete precision medicine workflow from data acquisition to biomarker discovery and validation.
- ChemDraw® 18, a chemical structure drawing and visualization application for scientists and researchers.
- Lead Discovery Premium software, which allows scientists to import, filter by, analyze and interpret chemical structures and biosequences alongside other related data in a highly visual and interactive environment for faster insights and better decisions.

*Applied Markets:*

- The Clarus® series of gas chromatographs, gas chromatographs/mass spectrometers and the TurboMatrix™ family of sample-handling equipment, which are used to identify and quantify compounds in the environmental, forensics, food and beverage, hydrocarbon processing/biofuels, materials testing, pharmaceutical and semiconductor industries.
- The LC 300™ ultra-high performance liquid chromatography (UHPLC) and LC 300 high performance liquid chromatography (HPLC) systems, which provide high throughput along with superior performance and sensitivity.
- The SimplicityChrom™ CDS software which offers liquid chromatography workflows and intuitive functions with full 21CFR 11 compliance.
- The Quasar™ Liquid Chromatography (LC) Columns, which are built for optimized retention with a high surface coverage and high-sample loading capacities that help improve the detection of low-level compounds and are designed for optimal peak shapes. The Quasar™ SPP or Quasar™ Silica LC columns can be used across any HPLC or UHPLC system.
- The NexSAR™ HPLC, is a speciation analysis ready system engineered with a completely inert and metal-free fluid path, enabling laboratories to meet low chromatographic background requirements on the most challenging speciation applications in food, water or consumer products such as children's toys. This system is part of the NexSAR HPLC-ICP-MS speciation solution, which couples the NexSAR HPLC with our revolutionary NexION® ICP-MS and is seamlessly integrated using the proven Clarity™ software.
- The Flexar™ ultra-high performance liquid chromatography (UHPLC) and Flexar advanced liquid chromatography systems, which provide high throughput and resolution chromatographic separations.
- The QSight® Triple Quad LC/MS/MS, a flow-based mass spectrometry system that provides high sensitivity and enables high levels of efficiency and productivity to meet both standard and regulatory requirements for food, cannabis and environmental testing laboratories.
- The Torion® T-9 portable GC/MS, a fast person-portable GC/MS system, enabling rapid detection and actionable results to potentially hazardous and emergency environmental conditions.
- The atomic spectroscopy family of instruments, including the PinAAcle® family of atomic absorption spectrometers, the Avio® family of inductively coupled plasma ("ICP") optical emission spectrometers and the NexION® family of ICP mass spectrometers, which are used in the environmental and chemical industries, among others, to determine the elemental content of a sample.
- The LPC 500™ liquid particle counter featuring single particle optical sizing technology. Coupled with the Avio® 500 ICP-OES oils system, particle counting and sizing as well as wear metals analysis of in-service oils and lubricants are performed in one run with results delivered in less than a minute. This patent-pending integrated solution considerably improves operating costs.
- Our infrared spectroscopy (IR) family of instruments, the Spectrum Two™ IR & NIR spectrometers, which are compact and portable and used for high-speed infrared analysis for unknown substance identification, material qualification or concentration determination in fuel and lubricant analysis, polymer analysis and pharmaceutical and environmental applications. This includes the Spectrum™ 3 MIR/NIR/FIR Spectrometer designed to provide high sensitivity and flexibility to address a range of sample types and the Spotlight™ IR Microscopic and Imaging systems which are designed for scientists whose samples demand higher sensitivity and simpler analysis and workflows.
- The Polymer ID analyzer, which provides accurate verification of identity, quality, and composition of polymers and their blends used in industries such as food packaging, construction, and automotive. It is a compact and easy-to-use solution designed to simplify and accelerate polymer analysis to quickly and confidently identify unknown polymer samples, determine composition of blends, and verify quality.
- The LAMBDA® UV/Vis series of spectrophotometers that provide sampling flexibility to enable measurement of a wide range of sample types, including liquids, powders and solid materials, both in regulated industries as well as QC/QA and research applications. The LAMBDA® 1050+ and 850+ UV/Vis/NIR and UV/Vis spectrophotometers are easy-to-use with high-performance and provide accurate characterizations of sample materials that are critical for manufacturers in a variety of industries to ensure their products meet regulatory standards and develop smart materials with advanced properties for improved safety, efficiency and functionality.
- The FL 6500™ and FL 8500™ fluorescence spectrophotometers, which address the challenges of bioscience, industrial, chemical, environmental, pharmaceutical, agricultural and academic application. They are designed to improve lab productivity and ensure standard compliance regulations are met. The FL 6500™ spectrophotometer provides a high-energy pulsed Xenon light source that preserves sample integrity and the FL 8500™ spectrophotometer provides a high-sensitivity source for testing diluted or small samples.
- The 2400 Series II CHNS/O elemental analyzer, one of the leading organic elemental analyzers, which is ideal for the rapid determination of carbon, hydrogen, nitrogen, sulfur, and oxygen content in organic and other types of materials.

- Our thermal analysis family, including our Differential Scanning Calorimetry (DSC) series that offers exclusive HyperDSC™ capability for unparalleled sensitivity and new insights into material processes, our Thermogravimetric (TGA) and Simultaneous Thermal Analysis (STA) instruments, which can be coupled to Fourier Transform Infrared (FT-IR), Mass Spectrometry (MS), or Gas Chromatography/Mass Spectrometry (GC/MS) to provide greater analysis power and knowledge.
- The Perten®'s Falling Number® and Glutomatic® instruments, which determine the bread baking quality of wheat and flour, and Perten's DA NIR bench and in process analyzer determine constituent content for use across the food segment from meat to animal feed.
- The Delta™ range of milk quality analyzers, which help ensure the quality of dairy products and are used at Central Milk Testing labs as well as dairy processing facilities around the world.
- The Bioo Scientific® test kits for detection of toxins, veterinary drug residues and contaminants, which enable rapid and easy testing at different steps in the food value chain.
- The DA 6200™ NIR analyzer, which helps meat and olive processors conduct quality and process control accurately, easily and quickly. The DA 6200™ analyzer is based on the next generation Diode Array Near-Infrared Transmission Spectroscopy (NIR) technology, which provides accurate test results of fat, moisture, protein, collagen, salt and ash levels in a sample.
- The PerkinElmer FT 9700™ compact and high-performance full wavelength range Fourier Transform Near Infrared (FT-NIR) spectrometer, that helps food and feed laboratories perform quick analyses for quality assurance of food and feed materials and reduces variations in production.
- The QSight® SP50 online solid phase extraction (SPE) system, which facilitates sample clean-up, enrichment and concentration, obviating the need for elaborate and time-consuming sample preparation procedures. The QSight® SP50 system offers easy and efficient switching between traditional, direct injection UHPLC analyses and fully automated online SPE with sample pre-concentration, allowing for increased throughput and cost savings.
- MaxSignal HTS™ Total Aflatoxins and DON ELISA kits featuring automated and easy-to-use mycotoxin testing workflows. Using the new assays and automation, food safety QA managers and lab teams at grain processors, feed mills, pet food companies and contract labs can process up to 192 samples in less than 90 minutes. In addition to the significant improvement in productivity (or sample throughput), the new solutions handle complex matrices with high sensitivity and accuracy. The workflow is designed to “set it and forget it,” which minimizes the need for manual intervention, reducing the risk of manual error and helping the customer meet their regulatory standards.
- PerkinElmer Solus One™ Listeria monocytogenes ELISA Assay. This new offering will help high throughput food processors and contract labs focus on L. mono testing for food and environmental surface samples. In sync with leading industry standards, the new solution is being introduced with Performance Tested Method SM (PTM) certification from AOAC® INTERNATIONAL (Association of Official Analytical Collaboration).
- DA 7350™ instrument and Process Plus™ cloud-based software to provide continuous quality control for food and food ingredient manufacturing processes. The new solution is designed to enable food producers to increase efficiency and yield and improve margins by reducing waste, optimizing the use of expensive raw materials and improving product consistency. This innovation is part of PerkinElmer’s portfolio of quality and safety solutions across meat, dairy, seafood, produce, edible oils and cannabis.
- Perten® Glutomatic® 2000 system for gluten quantity and quality testing of wheat, durum, semolina and flour. The solution features the new Perten Glutomatic® 2000 instrument with a modern user interface and simplified data connectivity and is designed to operate within automated process workflows. It also includes seamless integration to PerkinElmer’s high-speed Centrifuge 2010 (with two Gluten Index test cassettes) and the Glutork 2020 drying technology. The Glutomatic® 2000 system leverages the Perten Gluten Index method which, for the past 40 years, has set the global standard for wheat and flour gluten testing.
- LactoScope™ FT-B instrument, which delivers quick and accurate full spectrum component testing and adulterant screening for liquid dairy products such as whey, raw and skim milk, shelf stable milk and cream with under 40% fat content. Featuring a smaller footprint, this state-of-the-art FT-IR spectrometer combines modern optics with intuitive yet powerful software and delivers results in less than 45 seconds with a typical accuracy level of under 1% CV (relative standard deviation).
- AuroFlow® AQ Mycotoxin platform. This new solution includes strip test versions for Total Aflatoxin, Deoxynivalenol (DON), Fumonisin, Ochratoxin A, Zearalenone and T-2/HT-2. Lab professionals, technicians and farmers can utilize this platform for first-round screening of corn and wheat for key, regulated mycotoxin compounds with convenience, speed and accuracy.
- MaxSignalHTS™ Nitrofurans and Chloramphenicol ELISA Kits, which will help food safety, quality and aquaculture labs simultaneously and accurately perform same-day testing for all five targeted antibiotic residues in farmed shrimp to a detection level of less than 0.1ppb. The new assays, when combined with Dynex Technologies’ DS-2® automation system, will drive the analysis of 192 samples in less than 90 minutes.

*New Products:*

New products introduced or acquired for Discovery & Analytical Solutions applications in fiscal year 2020 include the following:

*Life Sciences Market:*

- A range of new AlphaLISA®, Alpha *SureFire® Ultra* and HTRF® reagents and assay kits serving key research and therapeutic areas, including cell signaling, inflammation, oncology and biotherapeutics.
- The Opera Phenix® plus high content screening system which expands the capabilities of the current Opera Phenix® to include on-board liquid handling and faster imaging capabilities designed to address the needs of cardiovascular and neuroscience research laboratories.
- OneSource® Asset Genius™ Monitoring Solution, part of the Asset Genius family, which offers a 360º view of laboratory instruments regardless of the manufacturer, correlating instrument usage, age and service data, allowing customers to visually pinpoint under-performing, ideally-performing and over-burdened assets, and to make informed decisions. The Monitoring Solution enables critical micro-environmental information to be captured, monitored and actioned to better reduce scientific variability.

*Applied Markets:*

- The award-winning NexION® 5000 multi-quadrupole ICP-MS system – the first in its category to boast four quads – which is innovatively designed to meet and exceed the demanding trace-elemental testing requirements of semiconductor, biomonitoring and other applications.
- The Avio® Max Series ICP-OES, which allows laboratories conducting multi-elemental analyses to tackle quick turnaround times and meet lower detection limits while delivering high levels of sample accuracy and faster return on investment.
- The Spectrum™ 3 MIR/NIR/FIR Spectrometer 3, which provides the sampling flexibility and performance in mid, near, and far infrared ranges through a single instrument to advance research and new product development in academia, chemicals, polymers, and pharmaceuticals.
- The LC 300 ultra-high performance liquid chromatography (UHPLC) and LC 300 high performance liquid chromatography (HPLC) systems, which provide high throughput along with superior performance and sensitivity.
- The SimplicityChrom™ CDS software, which offers liquid chromatography workflows and intuitive functions with full 21 CFR 11 compliance.

*Brand Names:*

Our Discovery & Analytical Solutions segment offers additional products under various brand names:

*Life Sciences Market:*

AlphaLISA®, AlphaPlex™, AlphaScreen®, Alpha™ SureFire®, AngioSense®, Annexin-Vivo™ , Cell carrier®, cell::explorer™, Chem3D®, ChemDraw®, ChemOffice®, Columbus™ Elements™, EnLite™, EnSight®, EnVision®, FMT®, FolateRSense™, High Content Profiler™, IntegriSense™, IVIS®, LANCE®, Living Image®, Lumina™, MicroBeta²®, MMPSense®, NEN™, OneSource®, Opera Phenix®, Operetta® CLS™, OsteoSense®, PerkinElmer Signals™ for Translational, ProSense®, Quantulus™ GCT, RediJect™, Spectrum™, Transferrin-Vivo™, Tri-Carb®, VICTOR Nivo™, ViewLux™, VivoTag®, Wizard²® and XenoLight™.

*Applied Markets:*

Aquamatic™, Avio®, Clarity™, Clarus®, DairyGuard™, Falling Number®, FL 6500™, FL 8500™, Flexar™, Frontier™, Glutomatic®, Honigs Regression™, HyperDSC®, Inframatic™, LAMBDA®, LPC 500™ , NexION®, NexSAR™, OilExpress™, OilPrep™, Optima®, Perten®, Perten Instruments®, PinAAcle®, QSight®, Quasar™, SimplicityChrom™, Spectrum™, Spectrum Two™, Spotlight™, Supra-clean®, Supra-d™, Supra-poly®, Syngistix™, Torion®, TurboMatrix™ and Ultraspray®.

***Diagnostics Segment***

We offer instruments, reagents, assay platforms, and software to hospitals, medical labs, clinicians, and medical research professionals to help improve the health of families. Our Diagnostics segment is especially focused on reproductive health, emerging market diagnostics and applied genomics.

We provide early detection for genetic disorders from pregnancy to early childhood, and infectious disease testing for the diagnostics market. Our screening products are designed to provide early and accurate insights into the health of expectant mothers during pregnancy and into the health of their babies. Diagnostics labs use our instruments, reagents and software for

testing and screening genetic abnormalities and certain disorders and diseases, including Down syndrome, hypothyroidism, muscular dystrophy, infertility and various metabolic conditions. We also develop technologies that enable and support genomic workflows using PCR and next-generation DNA sequencing for applications in oncology and drug discovery.

We have also developed a number of products and services in response to the coronavirus pandemic, with a special emphasis on supporting public health authorities both in the United State and abroad, including through the operation of COVID-19 testing facilities. Further information is provided below under "New Products".

*Principal Products:*

Our principal products and services for Diagnostics applications include the following:

- The DELFIA® Xpress screening platform, a complete solution for prenatal and maternal health screening, which includes a fast continuous loading system. It is supported by kits for first, second and third trimester analyses for prenatal screening and clinically validated LifeCycle™ software.
- The NeoBase™ non-derivatized MS/MS AAAC kits, which are used to support detection of metabolic disorders in newborns through tandem mass spectrometry. The kits analyze newborn dry blood spot samples for measurement of amino acids and other metabolic analytes for specific diseases.
- The GSP® Neonatal hTSH, T4 17á-OHP, GALT IRT, BTD, PKU, Total Galactose, CK-MM and G6PD kits, used for screening congenital neonatal conditions from a drop of blood.
- The Specimen Gate® informatics data management solution, designed specifically for newborn screening laboratories.
- ViaCord® umbilical cord blood banking services for the banking of stem cells harvested from umbilical cord blood and cord tissue, for potential therapeutic application in transplant and regenerative medicine.
- An expanded portfolio of molecular-based infectious disease screening technologies for blood bank and clinical laboratory settings in China. The tools include a qualitative 3-in-1 assay for the detection of hepatitis B, hepatitis C and HIV, as well as assays for other communicable diseases.
- The EnLite™ Neonatal TREC™ System, a screening test for Severe Combined Immunodeficiency, consisting of EnLite™ Neonatal TREC™ reagent kits, the Victor EnLite™ instrument and EnLite™ workstation software.
- NeoLSD™ MSMS kit, the first commercial IVD kit for screening of Pompe, MPS-I, Fabry, Gaucher, Niemann-Pick A/B and Krabbe disorders from a single dried blood spot sample.
- QSight® Triple Quad MSMS instrument, which is used for newborn screening.
- TRF-based Anti HBs/HCV/TP kits for infectious disease testing.
- Chitas® instrument and HBV/HCV/HIV 3 in 1 PCR reagents for blood screening and Hi Sensitivity HBV DNA and HCV RNA assays for clinical infectious disease testing.
- The chemagic™ Prime™ instrument, a fully automated, LIMS-compatible solution for primary sample transfer, DNA and RNA isolation, optional normalization and the setup of PCR and NGS applications.
- Immune fluorescence testing (IFT), enzyme-linked immunosorbent assay (ELISA), chemiluminescence-based immunotesting, immunoblots, molecular microarrays, PCR, liquid handlers and software solutions.
- Autoimmune testing covering rheumatology, hepatology, gastroenterology, endocrinology, neurology, nephrology, dermatology and infertility.
- Infectious disease testing covering bacteria, viruses and parasites.
- IFT, ELISA and EUROLINE™ assays for veterinary medical diagnostics.
- Automated liquid handling platforms (JANUS®, Sciclone® and Zephyr®) that offer a choice of robotic solutions in genomics, biotherapeutics, high throughput screening and high content analysis to assist life science research from bench to clinic.
- JANUS® BioTx™, PreNAT II workstation for automated small-scale purification, offering column, tip and plate-based chromatography on a single platform.
- The LabChip GXII® Touch™ platform, which provides a means of characterizing multiple protein product attributes for research labs through QC.
- The explorer™ automated workstation, which allows integration of multiple laboratory instrumentation using a centralized robotic interface, allowing high throughput and turnkey-application focused solutions.
- Allergy testing covering allergen-specific immunoglobin e (IgE) measuring the level of different IgE antibodies in blood using ELISA and EUROLINE™ assays.
- Vanadis® NIPT, a breakthrough cfDNA technology for use in genetic and biochemistry laboratories for screening common trisomies in pregnant population as a leading NIPT solution.
- PG-Seq™ Rapid Non-Invasive Preimplantation Genetic Testing Kit, an alternative to IVF embryo biopsies.

*New Products:*

New products or services introduced or acquired for Diagnostics applications in fiscal year 2020 include the following:

- The EONIS™ assay, a CE marked system utilizing Real-Time PCR technology, which allows for simultaneous screening of SMA, SCID and XLA in newborns from a single DBS punch.
- EUROIMMUN SARS-CoV-2 Antigen ELISA for specific determination of the SARS-CoV-2 protein.
- EURORealTime SARS-CoV-2/Influenza A/B for direct detection of SARS-CoV-2, influenza virus type A and influenza virus type B.
- LC 300™ platform and SimplicityChrom™ software, which bring together advanced high-performance liquid chromatography (HPLC) and ultra-high performance.
- Anti-SARS-CoV-2 QuantiVac™ ELISA (IgG) to quantify IgG antibodies against the SARS-CoV-2 S1 antigen liquid chromatography (UHPLC) capabilities with intuitive instrument control and data analysis.
- PKamp™ Respiratory SARS-CoV-2 RT-PCR Panel designed to conserve resources by testing a single nasopharyngeal, oropharyngeal or nasal swab sample collected from an individual suspected of respiratory viral infection consistent with COVID-19, the flu and RSV.
- explorer™ Workstations for SARS-CoV-2 testing capable of preparing and running up to 10,000 COVID-19 tests per day. These modular and scalable workstations enable laboratories to ramp up SARS-CoV-2 testing capacity quickly to generate results.
- The DELFIA® Xpress sFlt-1 kit, which enables short term prediction of pre-eclampsia and aids in diagnosis in the second and third trimesters of pregnancy together with the previously launched DELFIA® Xpress PlGF 1-2-3™ assay.
- Manage and operate laboratory facilities for COVID-19 testing developed with public health authorities in the State of California and the United Kingdom.

*Brand Names:*

Our Diagnostics segment offers additional products under various brand names, including AutoDELFIA®, BACS-on-Beads®, BIOCHIPs, Bioo Scientific®, BoBs®, chemagic™, Chitas®, Datalytix™, DELFIA®, DELFIA® Xpress, DOPlify®, EONIS™, EUROArray™, EUROIMMUN®, EUROLabWorkstation™, EUROline™, EUROPattern™, Evolution™, Evoya™, explorer™, FragilEase®, Genoglyphix®, GSP®, Haoyuan™, iLab™, JANUS®, LabChip®, LC300™, LifeCycle™, LimsLink™, MultiPROBE®, NEXTFLEX®, NextPrep™, Pannoramic™, PG-Seq™, PG-Find™, PKamp™, PreNAT®, Protein Clear™, ProteinEXact™, QSight®, QuantiVac™, Sciclone®, SimplicityChrom™, Specimen Gate®, Superflex™, Symbio™, Twister®, Vanadis™, VariSpec™, ViaCord® and Zephyr®.

**Marketing**

All of our businesses market their products and services primarily through their own specialized sales forces. As of January 3, 2021, we employed approximately 5,500 sales and service representatives operating in approximately 38 countries and marketing products and services in more than 190 countries. In geographic regions where we do not have a sales and service presence, we utilize distributors to sell our products.

**Raw Materials, Key Components and Supplies**

Each of our businesses uses a wide variety of raw materials, key components and supplies that are generally available from alternate sources of supply and in adequate quantities from domestic and foreign sources. We generally have multi-year contracts, with no minimum purchase requirements, with our suppliers. For certain critical raw materials, key components and supplies required for the production of some of our principal products, we have qualified only a limited or a single source of supply. We periodically purchase quantities of some of these critical raw materials in excess of current requirements, in anticipation of future manufacturing needs. With sufficient lead times, we believe we would be able to qualify alternative suppliers for each of these raw materials and key components. See the applicable risk factor in “Item 1A. Risk Factors” for an additional description of this risk.

**Intellectual Property**

We own numerous United States and foreign patents and have patent applications pending in the United States and abroad. We also license intellectual property rights to and from third parties, some of which bear royalties and are terminable in specified circumstances. In addition to our patent portfolio, we possess a wide array of unpatented proprietary technology and

know-how. We also own numerous United States and foreign trademarks and trade names for a variety of our product names, and have applications for the registration of trademarks and trade names pending in the United States and abroad. We believe that patents and other proprietary rights are important to the development of both of our reporting segments, but we also rely upon trade secrets, know-how, continuing technological innovations and licensing opportunities to develop and maintain the competitive position of both of our reporting segments. We do not believe that the loss of any one patent or other proprietary right would have a material adverse effect on our overall business or on any of our reporting segments.

In some cases, we may participate in litigation or other proceedings to defend against or assert claims of infringement, to enforce our patents or our licensors' patents, to protect our trade secrets, know-how or other intellectual property rights, or to determine the scope and validity of our or third parties' intellectual property rights. Litigation of this type could result in substantial cost to us and diversion of our resources. An adverse outcome in any litigation or proceeding could subject us to significant liabilities or expenses, require us to cease using disputed intellectual property or cease the sale of a product, or require us to license the disputed intellectual property from third parties.

**Competition**

Due to the range and diversity of our products and services, we face many different types of competition and competitors. Our competitors range from foreign and domestic organizations, which produce a comprehensive array of goods and services and that may have greater financial and other resources than we do, to more narrowly focused firms producing a limited number of goods or services for specialized market segments.

We compete on the basis of service level, price, technological innovation, operational efficiency, product differentiation, product availability, quality and reliability. Competitors range from multinational organizations with a wide range of products to specialized firms that in some cases have well-established market positions. We expect the proportion of large competitors to increase through the continued consolidation of competitors.

**Regulatory Affairs**

Our operations are subject to regulation by different state and federal government agencies in the United States and other countries, as well as to the standards established by international standards bodies. Some of our products are subject to regulation by the United States Food and Drug Administration and similar foreign agencies. These regulations govern a wide variety of our product activities, and if we fail to comply with those regulations or standards, we may face, among other things, warning letters; adverse publicity; investigations or notices of non-compliance, fines, injunctions, and civil penalties; import or export restrictions; partial suspensions or total shutdown of production facilities or the imposition of operating restrictions; increased difficulty in obtaining required FDA clearances or approvals or foreign equivalents; seizures or recalls of our products or those of our customers; or the inability to sell our products.

We have agreements relating to the sale of our products and services 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, as well as other penalties.

We are also subject to a variety of laws, regulations and standards that govern, among other things, the importation and exportation of products, and our business practices in the United States and abroad such as anti-bribery, anti-corruption and competition laws. In addition, changes in governmental regulations may reduce demand for our products or increase our expenses. The healthcare industry, including the genetic screening market, is subject to extensive and frequently changing international and United States federal, state and local laws and regulations. This requires that we devote substantial resources to maintaining our compliance with those laws, regulations and standards.

If we fail to comply with applicable laws and regulations, we could suffer civil and criminal damages, fines and penalties, exclusion from participation in governmental healthcare programs, and the loss of various licenses, certificates and authorizations necessary to operate our business, as well as incur liabilities from third-party claims, all of which could have a significant adverse effect on our business.

**Environmental Matters**

Our operations are subject to various foreign, federal, state and local environmental and safety laws and regulations. These requirements include the handling, transportation, manufacture and disposal of toxic or hazardous substances, the

remediation of contaminated soil and groundwater, the regulation of radioactive materials, and the health and safety of our employees.

We may have liability under the Comprehensive Environmental Response Compensation and Liability Act and comparable state statutes that impose liability for investigation and remediation of contamination without regard to fault, in connection with materials that we or our former businesses sent to various third-party sites. We have incurred, and expect to incur, costs pursuant to these statutes.

We are conducting a number of environmental investigations and remedial actions at our current and former locations and, along with other companies, have been named a potentially responsible party ("PRP") for certain waste disposal sites. We accrue for environmental issues in the accounting period that our responsibility is established and when the cost can be reasonably estimated. We have accrued $12.9 million and $7.7 million as of January 3, 2021 and December 29, 2019, respectively, which represents our management's estimate of the cost of the remediation of known environmental matters, and does not include any potential liability for related personal injury or property damage claims. Our environmental accrual is not discounted and does not reflect the recovery of any material amounts through insurance or indemnification arrangements. The cost estimates are subject to a number of variables, including the stage of the environmental investigations, the magnitude of the possible contamination, the nature of the potential remedies, possible joint and several liability, the time period over which remediation may occur, and the possible effects of changing laws and regulations. For sites where we have been named a PRP, our management does not currently anticipate any additional liability to result from the inability of other significant named parties to contribute. We expect that the majority of such accrued amounts could be paid out over a period of up to ten years. As assessment and remediation activities progress at each individual site, these liabilities are reviewed and adjusted to reflect additional information as it becomes available. There have been no environmental problems to date that have had, or are expected to have, a material adverse effect on our consolidated financial statements. While it is possible that a loss exceeding the amounts recorded in the consolidated financial statements may be incurred, the potential exposure is not expected to be materially different from those amounts recorded.

We may become subject to new or unforeseen environmental costs or liabilities. Compliance with new or more stringent laws or regulations, stricter interpretations of existing laws, or the discovery of new contamination could cause us to incur additional costs.

**Human Capital Management**

As of January 3, 2021, we employed approximately 14,000 employees on a worldwide basis. Roughly 80% of our workforce is based outside of the United States. Several of our subsidiaries outside the United State are parties to contracts with labor unions and workers' councils that involve approximately 3,600 of our employees. During fiscal year 2020, our voluntary turnover rate was 9.78%. We believe that management of our human capital resources is vital to the continued growth and success of the Company, and we endeavor to create an environment that encourages productivity, rewards performance and values diversity. There are several ways in which we attempt to attract, develop and retain highly qualified employees, as set forth below.

Our human capital objectives include, as applicable, identifying, recruiting, developing, retaining, incentivizing and integrating our existing and new employees. We strive to meet this objective by offering competitive compensation and benefits, in a diverse, inclusive and safe workplace, with opportunities for our employees to grow and develop in their careers. We hold our employees to high performance standards and our compensation plans are designed to deliver competitive base pay and attractive incentive opportunities. Our benefits programs are specifically tailored to the various countries in which we operate and maintain a significant workforce. We benchmark for market practices and adjust our compensation and benefits programs to ensure they remain both equitable and competitive.

*Diversity and Inclusion*

The Company believes in an inclusive workforce, where employees from a number of cultures and countries are engaged and encouraged to leverage their collective talents. We have employees in over 40 countries around the world. As of the date of filing of this annual report on Form 10-K, women comprised roughly 30% of our leadership positions on a global basis, which we define as director level and above. We expect to provide further information regarding our diversity demographics in our Corporate Social Responsibility (CSR) Report or elsewhere on our website at www.perkinelmer.com, including summarized data from our EEO-1 form. An EEO-1 form is a report filed with United States Equal Employment Opportunity Commission describing the racial, ethnic and gender composition of our US-based workforce. Information on our website, including the CSR Report, shall not be deemed incorporated by reference into this annual report.

We understand that our ability to operate in a multicultural world is critical to our long-term value creation. By maintaining a culture of diversity and inclusion, we believe that we are able to innovate more effectively. To that end, we seek to promote diverse perspectives throughout our organization and are an equal opportunity employer committed to making employment decisions without regard to race, religion, national or ethnic origin, sex, sexual orientation, gender identity or expression, age, disability, protected veteran status or other characteristics protected by law. Our commitment to diversity is evidenced by the establishment of a new internal Inclusion and Diversity Committee in fiscal year 2020. The Committee is comprised of a wide cross-section of the Company's leaders across all regions and backgrounds, with a focus on driving increased diversity within our workforce as well as creating a safe and engaging platform for dialogue on these issues for all of our employees.

*Training and Development*

We are committed to the continued development and training of our employees. We seek to provide our employees with meaningful learning opportunities to help grow their capabilities and careers. We provide learning through a variety of channels and formats, including formal (classroom-based, blended learning solutions, digital learning) and informal, on-the-job learning. We are also dedicated to our employees' professional development, with a pivotal component of our annual performance review and goal-setting process focused on providing employees with constructive and actionable feedback, as well as management support and engagement in the creation and completion of development goals. Our training opportunities are designed to promote learning across all levels of our organization. We seek to provide opportunities for our employees to grow their careers and regularly fill open vacancies with internal candidates. In addition, management periodically assesses succession planning for certain key positions and reviews our workforce to identify high potential employees for future growth and development. We also provide formal and informal training opportunities for our employees covering a variety of professional, technical and leadership topics.

*Health and Safety*

Our success depends on the well-being of our employees, and one of our top priorities is to protect the health and safety of our employees. We maintain a culture focused on safety and strive to identify, eliminate and control risk in the workplace in an effort to prevent injury and illness. Our employees have access to a global safety management system and are encouraged to report incidents, near misses or other observations in the system. The system has been widely adopted in our manufacturing locations across the globe, and management uses the information generated by it to set safety-related policies and to set goals for future performance. Further, we provide our employees with a comprehensive benefits package that includes health insurance and other resources that support their physical and mental well-being. In response to the COVID-19 pandemic, we have taken, and we continue to take, proactive, aggressive actions to protect the health and safety of our employees, customers, partners and suppliers. We enacted rigorous safety measures, including social distancing protocols, encouraging employees who do not need to be physically present on the manufacturing floor or in a lab to perform their work from home, suspending non-essential travel, implementing temperature checks and other access controls at the entrances to our facilities, extensively and frequently disinfecting our workspaces and providing appropriate personal protective equipment to employees who are physically present at our facilities. We expect to continue to implement these measures until the COVID-19 pandemic is adequately contained, and we may take further actions as government authorities require or recommend or as we determine to be in the best interests of our employees, customers, partners and suppliers.

*Community*

At PerkinElmer, we have long held the view that responsible global citizenship along with good governance principles and ethical business practices are essential tenets for sustainability and success. We encourage our employees to support the communities in which they live and where we operate, and to assist in that effort, we funded a long-term charitable matching program for our employees. In addition, we have established a group comprised of management and subject matter experts at the Company to focus on developing and delivering on measurable advancements in the areas of reducing waste, reducing carbon emissions and improving employee engagement and diversity.

## Item 1A. *Risk Factors*

The following important factors affect our business and operations generally or affect multiple segments of our business and operations:

### Risks Related to our Business Operations and Industry

***If the markets into which we sell our products decline or do not grow as anticipated due to a decline in general economic conditions, or there are uncertainties surrounding the approval of government or industrial funding proposals, or there are unfavorable changes in government regulations, we may see an adverse effect on the results of our business operations.***

Our customers include pharmaceutical and biotechnology companies, laboratories, academic and research institutions, public health authorities, private healthcare organizations, doctors and government agencies. Our quarterly revenue and results of operations are highly dependent on the volume and timing of orders received during the quarter. In addition, our revenues and earnings forecasts for future quarters are often based on the expected trends in our markets. However, the markets we serve do not always experience the trends that we may expect. Negative fluctuations in our customers' markets, the inability of our customers to secure credit or funding, restrictions in capital expenditures, general economic conditions, cuts in government funding or unfavorable changes in government regulations would likely result in a reduction in demand for our products and services. In addition, government funding is subject to economic conditions and the political process, which is inherently fluid and unpredictable. Our revenues may be adversely affected if our customers delay or reduce purchases as a result of uncertainties surrounding the approval of government or industrial funding proposals. Such declines could harm our consolidated financial position, results of operations, cash flows and trading price of our common stock, and could limit our ability to sustain profitability.

***The pandemic caused by coronavirus disease 2019 ("COVID-19") is having, and may continue to have, a negative effect on the demand for certain of our products and our global operations including our manufacturing capabilities, logistics and supply chain that may materially and adversely impact our business, financial conditions, results of operations and cash flows.***

We face risks related to public health crises and pandemics, including the COVID-19 pandemic that was first reported in China in December 2019 and has since spread to all geographic regions where our products are produced and sold. The global impact of COVID-19 has resulted in an adverse impact on our operations, supply chains and distribution systems, as significant global mitigation measures, including government-directed quarantines, social distancing and shelter-in-place mandates, travel restrictions and/or bans, have been implemented, and in some areas relaxed, and then implemented again. Continued uncertainty with respect to the severity and duration of the COVID-19 pandemic has contributed to the volatility of financial markets. The COVID-19 pandemic has caused extended global economic disruption, and a global recession is possible.

We have experienced significant reductions in demand for certain of our products in our Discovery & Analytical Solutions segment due to the COVID-19 pandemic and although the severity and duration of the COVID-19 pandemic cannot be reasonably estimated at this time, additional impacts that we may experience include, but are not limited to: fluctuations in our stock price due to market volatility; further decreases in demand for certain of our products; reduced profitability; large-scale supply chain disruptions impeding our ability to ship and/or receive product; potential interruptions of, or limitations on manufacturing operations imposed by local, state or federal governments; shortages of key raw materials; workforce absenteeism and distraction; labor shortages; customer credit concerns; cybersecurity risks and data accessibility disruptions due to remote working arrangements; reduced sources of liquidity; increased borrowing costs; fluctuations in foreign currency markets; potential impairment in the carrying value of goodwill; other asset impairment charges; increased obligations related to our pension and other postretirement benefit plans; and deferred tax valuation allowances.

The rapid and continually evolving development of the COVID-19 situation, and the extent to which ongoing mitigation measures will be effective, precludes any prediction as to its ultimate impact. However, we currently anticipate that business disruptions and market volatility resulting from the COVID-19 pandemic will continue to have a material adverse impact on the growth rate of certain of our businesses, particularly within the Discovery & Analytical Solutions segment, and may also have a material adverse impact on our overall financial condition, results of operations and cash flows.

Our Diagnostics segment has experienced an increase in revenue resulting from increased demand for our immunodiagnostics and applied genomics COVID-19 product offerings as well as from the COVID-19 testing laboratory facilities we have developed with the State of California and the United Kingdom. The increased demand for these products is expected to continue into the first half of our fiscal year 2021, but the overall sustainability of the increase in associated revenue remains largely contingent upon consumer demand for COVID-19 testing as well as our ability to develop and produce COVID-19 products and successfully staff and manage the laboratories.

***Our growth is subject to global economic and political conditions, and operational disruptions at our facilities.***

Our business is affected by global economic and political conditions as well as the state of the financial markets, particularly as the United States and other countries balance concerns around debt, inflation, growth and budget allocations in their policy initiatives. There can be no assurance that global economic conditions and financial markets will not worsen and that we will not experience any adverse effects that may be material to our consolidated cash flows, results of operations, financial position or our ability to access capital, such as the adverse effects resulting from a prolonged shutdown in government operations both in the United States and internationally. Our business is also affected by local economic environments, including inflation, recession, financial liquidity and currency volatility or devaluation. Political changes, some of which may be disruptive, could interfere with our supply chain, our customers and all of our activities in a particular location.

While we take precautions to prevent production or service interruptions at our global facilities, a major earthquake, fire, flood, power loss or other catastrophic event that results in the destruction or delay of any of our critical business operations could result in our incurring significant liability to customers or other third parties, cause significant reputational damage or have a material adverse effect on our business, operating results or financial condition.

Certain of these risks can be hedged to a limited degree using financial instruments, or other measures, and some of these risks are insurable, but any such mitigation efforts are costly and may not always be fully successful. Our ability to engage in such mitigation efforts has decreased or become even more costly as a result of recent market developments.

***If we do not introduce new products in a timely manner, we may lose market share and be unable to achieve revenue growth targets.***

We sell many of our products in industries characterized by rapid technological change, frequent new product and service introductions, and evolving customer needs and industry standards. Many of the businesses competing with us in these industries have significant financial and other resources to invest in new technologies, substantial intellectual property portfolios, substantial experience in new product development, regulatory expertise, manufacturing capabilities, and established distribution channels to deliver products to customers. Our products could become technologically obsolete over time, or we may invest in technology that does not lead to revenue growth or continue to sell products for which the demand from our customers is declining, in which case we may lose market share or not achieve our revenue growth targets. The success of our new product offerings will depend upon several factors, including our ability to:

- accurately anticipate customer needs,
- innovate and develop new reliable technologies and applications,
- receive regulatory approvals in a timely manner,
- successfully commercialize new technologies in a timely manner,
- price our products competitively, and manufacture and deliver our products in sufficient volumes and on time, and
- differentiate our offerings from our competitors' offerings.

Many of our products are used by our customers to develop, test and manufacture their products. We must anticipate industry trends and consistently develop new products to meet our customers' expectations. In developing new products, we may be required to make significant investments before we can determine the commercial viability of the new product. If we fail to accurately foresee our customers' needs and future activities, we may invest heavily in research and development of products that do not lead to significant revenue. We may also suffer a loss in market share and potential revenue if we are unable to commercialize our technology in a timely and efficient manner.

In addition, some of our licensed technology is subject to contractual restrictions, which may limit our ability to develop or commercialize products for some applications.

***We may not be able to successfully execute acquisitions or divestitures, license technologies, integrate acquired businesses or licensed technologies into our existing businesses, or make acquired businesses or licensed technologies profitable.***

We have in the past supplemented, and may in the future supplement, our internal growth by acquiring businesses and licensing technologies that complement or augment our existing product lines, such as our recent acquisition of Horizon Discovery Group plc. However, we may be unable to identify or complete promising acquisitions or license transactions for many reasons, such as:

- competition among buyers and licensees,

- the high valuations of businesses and technologies,
- the need for regulatory and other approval, and
- our inability to raise capital to fund these acquisitions.

Some of the businesses we acquire may be unprofitable or marginally profitable, or may increase the variability of our revenue recognition. If, for example, we are unable to successfully commercialize products and services related to significant in-process research and development that we have capitalized, we may have to impair the value of such assets. Accordingly, the earnings or losses of acquired businesses may dilute our earnings. For these acquired businesses to achieve acceptable levels of profitability, we would have to improve their management, operations, products and market penetration. We may not be successful in this regard and may encounter other difficulties in integrating acquired businesses into our existing operations, such as incompatible management, information or other systems, cultural differences, loss of key personnel, unforeseen regulatory requirements, previously undisclosed liabilities or difficulties in predicting financial results. Additionally, if we are not successful in selling businesses we seek to divest, the activity of such businesses may dilute our earnings and we may not be able to achieve the expected benefits of such divestitures. As a result, our financial results may differ from our forecasts or the expectations of the investment community in a given quarter or over the long term.

To finance our acquisitions, we may have to raise additional funds, either through public or private financings. We may be unable to obtain such funds or may be able to do so only on terms unacceptable to us. We may also incur expenses related to completing acquisitions or licensing technologies, or in evaluating potential acquisitions or technologies, which may adversely impact our profitability.

***If we do not compete effectively, our business will be harmed.***

We encounter aggressive competition from numerous competitors in many areas of our business. We may not be able to compete effectively with all of these competitors. To remain competitive, we must develop new products and periodically enhance our existing products. We anticipate that we may also have to adjust the prices of many of our products to stay competitive. In addition, new competitors, technologies or market trends may emerge to threaten or reduce the value of entire product lines.

***Our quarterly operating results could be subject to significant fluctuation, and we may not be able to adjust our operations to effectively address changes we do not anticipate, which could increase the volatility of our stock price and potentially cause losses to our shareholders.***

Given the nature of the markets in which we participate, we cannot reliably predict future revenue and profitability. Changes in competitive, market and economic conditions may require us to adjust our operations, and we may not be able to make those adjustments or make them quickly enough to adapt to changing conditions. A high proportion of our costs are fixed in the short term, due in part to our research and development and manufacturing costs. As a result, small declines in sales could disproportionately affect our operating results in a quarter. Factors that may affect our quarterly operating results include:

- demand for and market acceptance of our products,
- competitive pressures resulting in lower selling prices,
- changes in the level of economic activity in regions in which we do business, including as a result of COVID-19 and other global health crises or pandemics,
- changes in general economic conditions or government funding,
- settlements of income tax audits,
- expenses incurred in connection with claims related to environmental conditions at locations where we conduct or formerly conducted operations,
- contract termination and litigation costs,
- differing tax laws and changes in those laws, or changes in the countries in which we are subject to taxation,
- changes in our effective tax rate,
- changes in industries, such as pharmaceutical and biomedical,
- changes in the portions of our revenue represented by our various products and customers,
- our ability to introduce new products,
- our competitors’ announcement or introduction of new products, services or technological innovations,

- costs of raw materials, energy or supplies,
- changes in healthcare or other reimbursement rates paid by government agencies and other third parties for certain of our products and services,
- our ability to realize the benefit of ongoing productivity initiatives,
- changes in the volume or timing of product orders,
- fluctuation in the expense related to the mark-to-market adjustment on postretirement benefit plans,
- changes in our assumptions underlying future funding of pension obligations,
- changes in assumptions used to determine contingent consideration in acquisitions, and
- changes in foreign currency exchange rates.

***A significant disruption in third-party package delivery and import/export services, or significant increases in prices for those services, could interfere with 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 and import/export companies, including UPS and Federal Express in the United States; TNT, UPS and DHL in Europe; and UPS in Asia. We also ship our products through other carriers, including commercial airlines, freight carriers, national trucking firms, overnight carrier services and the United States Postal Service. If one or more of the package delivery or import/export providers experiences a significant disruption in services or institutes a significant price increase, including a service disruption as a result of the COVID-19 pandemic, we may have to seek alternative providers and the delivery of our products could be prevented or delayed. Such events could cause us to incur increased shipping costs that could not be passed on to our customers, negatively impacting our profitability and our relationships with certain of our customers.

***Disruptions in the supply of raw materials, certain key components and other goods from our limited or single source suppliers could have an adverse effect on the results of our business operations, and could damage our relationships with customers.***

The production of our products requires a wide variety of raw materials, key components and other goods that are generally available from alternate sources of supply. However, certain critical raw materials, key components and other goods required for the production and sale of some of our principal products are available from limited or single sources of supply. We generally have multi-year contracts with no minimum purchase requirements with these suppliers, but those contracts may not fully protect us from a failure by certain suppliers to supply critical materials or from the delays inherent in being required to change suppliers and, in some cases, validate new raw materials. Such raw materials, key components and other goods can usually be obtained from alternative sources with the potential for an increase in price, decline in quality or delay in delivery. A prolonged inability to obtain certain raw materials, key components or other goods is possible and could have an adverse effect on our business operations, and could damage our relationships with customers. In addition, a global health crisis or pandemic such as the COVID-19 pandemic could have a significant adverse effect on our supply chain.

We are subject to the rules of the Securities and Exchange Commission requiring disclosure as to whether certain materials known as conflict minerals (tantalum, tin, gold, tungsten and their derivatives) that may be contained in our products are mined from the Democratic Republic of the Congo and adjoining countries. As a result of these rules, we may incur additional costs in complying with the disclosure requirements and in satisfying those customers who require that the components used in our products be certified as conflict-free, and the potential lack of availability of these materials at competitive prices could increase our production costs.

***If we do not retain our key personnel, our ability to execute our business strategy will be limited.***

Our success depends to a significant extent upon the continued service of our executive officers and key management and technical personnel, particularly our experienced engineers and scientists, and on our ability to continue to attract, retain, and motivate qualified personnel. The competition for these employees is intense. The loss of the services of key personnel could have a material adverse effect on our operating results. In addition, there could be a material adverse effect on us should the turnover rates for key personnel increase significantly or if we are unable to continue to attract qualified personnel. We do not maintain any key person life insurance policies on any of our officers or employees.

Our success also depends on our ability to execute leadership succession plans. The inability to successfully transition key management roles could have a material adverse effect on our operating results.

***If we experience a significant disruption in, or breach in security of, our information technology systems or those of our customers, suppliers or other third parties, or cybercrime, resulting in inappropriate access to or inadvertent transfer of information or assets, or if we fail to implement new systems, software and technologies successfully, our business could be adversely affected.***

We rely on several centralized information technology systems throughout our company to develop, manufacture and provide products and services, keep financial records, process orders, manage inventory, process shipments to customers and operate other critical functions. Our and our third-party service providers' information technology systems may be susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors, catastrophes or other unforeseen events. If we were to experience a prolonged system disruption in the information technology systems that involve our interactions with customers, suppliers or other third parties, it could result in the loss of sales and customers and significant incremental costs, which could adversely affect our business. In addition, security breaches of our information technology systems or cybercrime, resulting in inappropriate access to or inadvertent transfer of information or assets, could result in losses or misappropriation of assets or unauthorized disclosure of confidential information belonging to us or to our employees, partners, customers or suppliers, which could result in our suffering significant financial or reputational damage.

***Our results of operations will be adversely affected if we fail to realize the full value of our intangible assets.***

As of January 3, 2021, our total assets included $4.8 billion of net intangible assets. Net intangible assets consist principally of goodwill associated with acquisitions and costs associated with securing patent rights, trademark rights, customer relationships, core technology and technology licenses and in-process research and development, net of accumulated amortization. We test certain of these items—specifically all of those that are considered “non-amortizing”—at least annually for potential impairment by comparing the carrying value to the fair market value of the reporting unit to which they are assigned. All of our amortizing intangible assets are also evaluated for impairment should events occur that call into question the value of the intangible assets.

Adverse changes in our business, adverse changes in the assumptions used to determine the fair value of our reporting units, or the failure to grow our Discovery & Analytical Solutions and Diagnostics segments may result in impairment of our intangible assets, which could adversely affect our results of operations.

**Risks Related to our Intellectual Property**

***We may not be successful in adequately protecting our intellectual property.***

Patent and trade secret protection is important to us because developing new products, processes and technologies gives us a competitive advantage, although it is time-consuming and expensive. We own many United States and foreign patents and intend to apply for additional patents. Patent applications we file, however, may not result in issued patents or, if they do, the claims allowed in the patents may be narrower than what is needed to protect fully our products, processes and technologies. The expiration of our previously issued patents may cause us to lose a competitive advantage in certain of the products and services we provide. Similarly, applications to register our trademarks may not be granted in all countries in which they are filed. For our intellectual property that is protected by keeping it secret, such as trade secrets and know-how, we may not use adequate measures to protect this intellectual property.

Third parties have in the past and may in the future also challenge the validity of our issued patents, may circumvent or “design around” our patents and patent applications, or claim that our products, processes or technologies infringe their patents. In addition, third parties may assert that our product names infringe their trademarks. We may incur significant expense in legal proceedings to protect our intellectual property against infringement by third parties or to defend against claims of infringement by third parties. Claims by third parties in pending or future lawsuits could result in awards of substantial damages against us or court orders that could effectively prevent us from manufacturing, using, importing or selling our products in the United States or other countries.

***If we are unable to renew our licenses or otherwise lose our licensed rights, we may have to stop selling products or we may lose competitive advantage.***

We may not be able to renew our existing licenses, or licenses we may obtain in the future, on terms acceptable to us, or at all. If we lose the rights to a patented or other proprietary technology, we may need to stop selling products incorporating that technology and possibly other products, redesign our products or lose a competitive advantage. Potential competitors could in-license technologies that we fail to license and potentially erode our market share.

Our licenses typically subject us to various economic and commercialization obligations. If we fail to comply with these obligations, we could lose important rights under a license, such as the right to exclusivity in a market, or incur losses for failing to comply with our contractual obligations. In some cases, we could lose all rights under the license. In addition, rights granted under the license could be lost for reasons out of our control. For example, the licensor could lose patent protection for a number of reasons, including invalidity of the licensed patent, or a third-party could obtain a patent that curtails our freedom to operate under one or more licenses.

**Risks Related to Legal, Government and Regulatory Matters**

***The manufacture and sale of products and services may expose us to product and other liability claims for which we could have substantial liability.***

We face an inherent business risk of exposure to product and other liability claims if our products, services or product candidates are alleged or found to have caused injury, damage or loss. We may be unable to obtain insurance with adequate levels of coverage for potential liability on acceptable terms or claims of this nature may be excluded from coverage under the terms of any insurance policy that we obtain. If we are unable to obtain such insurance or the amounts of any claims successfully brought against us substantially exceed our coverage, then our business could be adversely impacted.

***If we fail to maintain satisfactory compliance with the regulations of the United States Food and Drug Administration and other governmental agencies in the United States and abroad, we may be forced to recall products and cease their manufacture and distribution, and we could be subject to civil, criminal or monetary penalties.***

Our operations are subject to regulation by different state and federal government agencies in the United States and other countries, as well as to the standards established by international standards bodies. If we fail to comply with those regulations or standards, we could be subject to fines, penalties, criminal prosecution or other sanctions. Some of our products are subject to regulation by the United States Food and Drug Administration and similar foreign and domestic 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 those regulations or standards, we may have to recall products, cease their manufacture and distribution, and may be subject to fines or criminal prosecution.

We are also subject to a variety of laws, regulations and standards that govern, among other things, the importation and exportation of products, the handling, transportation and manufacture of toxic or hazardous substances, the collection, storage, transfer, use, disclosure, retention and other processing of personal data, and our business practices in the United States and abroad such as anti-bribery, anti-corruption and competition laws. This requires that we devote substantial resources to maintaining our compliance with those laws, regulations and standards. A failure to do so could result in the imposition of civil, criminal or monetary penalties having a material adverse effect on our operations.

***Changes in governmental regulations may reduce demand for our products or increase our expenses.***

We compete in markets in which we or our customers must comply with federal, state, local and foreign regulations, such as environmental, health and safety, data privacy and food and drug regulations. We develop, configure and market our products to meet customer needs created by these regulations. Any significant change in these regulations could reduce demand for our products or increase our costs of producing these products.

***The healthcare industry is highly regulated and if we fail to comply with its extensive system of laws and regulations, we could suffer fines and penalties or be required to make significant changes to our operations which could have a significant adverse effect on the results of our business operations.***

The healthcare industry, including the genetic screening market, is subject to extensive and frequently changing international and United States federal, state and local laws and regulations. In addition, legislative provisions relating to healthcare fraud and abuse, patient privacy violations and misconduct involving government insurance programs provide federal enforcement personnel with substantial powers and remedies to pursue suspected violations. We believe that our business will continue to be subject to increasing regulation as the federal government continues to strengthen its position on healthcare matters, the scope and effect of which we cannot predict. If we fail to comply with applicable laws and regulations, we could suffer civil and criminal damages, fines and penalties, exclusion from participation in governmental healthcare programs, and the loss of various licenses, certificates and authorizations necessary to operate our business, as well as incur liabilities from third-party claims, all of which could have a significant adverse effect on our business.

**Risks Related to our Foreign Operations**

***Economic, political and other risks associated with foreign operations could adversely affect our international sales and profitability.***

Because we sell our products worldwide, our businesses are subject to risks associated with doing business internationally. Our sales originating outside the United States represented the majority of our total revenue in fiscal year 2020. We anticipate that sales from international operations will continue to represent a substantial portion of our total revenue. In addition, many of our manufacturing facilities, employees and suppliers are located outside the United States. Accordingly, our future results of operations could be harmed by a variety of factors, including:

- changes in actual, or from projected, foreign currency exchange rates,
- a global health crisis of unknown duration, such as the COVID-19 pandemic,
- changes in a country's or region's political or economic conditions, particularly in developing or emerging markets,
- longer payment cycles of foreign customers and timing of collections in foreign jurisdictions,
- trade protection measures including embargoes and tariffs, such as the tariffs recently implemented by the U.S. government on certain imports from China and by the Chinese government on certain imports from the U.S., the extent and impact of which have yet to be fully determined,
- import or export licensing requirements and the associated potential for delays or restrictions in the shipment of our products or the receipt of products from our suppliers,
- policies in foreign countries benefiting domestic manufacturers or other policies detrimental to companies headquartered in the United States,
- differing tax laws and changes in those laws, or changes in the countries in which we are subject to tax,
- adverse income tax audit settlements or loss of previously negotiated tax incentives,
- differing business practices associated with foreign operations,
- difficulty in transferring cash between international operations and the United States,
- difficulty in staffing and managing widespread operations,
- differing labor laws and changes in those laws,
- differing protection of intellectual property and changes in that protection,
- expanded enforcement of laws related to data protection and personal privacy,
- increasing global enforcement of anti-bribery and anti-corruption laws, and
- differing regulatory requirements and changes in those requirements.

***The United Kingdom's withdrawal from the European Union could adversely impact our results of operations.***

Nearly 10% of our net sales from continuing operations in fiscal year 2020 came from the United Kingdom. Following the referendum vote in the United Kingdom in June 2016 in favor of leaving the European Union, on January 31, 2020, the country formally withdrew from the European Union (commonly referred to as "Brexit") and, on December 24, 2020, the United Kingdom and the European Union entered into a Trade and Cooperation Agreement to govern the relationship between the United Kingdom and the European Union following Brexit. The potential effects of Brexit remain uncertain. Brexit has caused, and may continue to create, volatility in global stock markets and regional and global economic uncertainty particularly in the United Kingdom financial and banking markets. Weakening of economic conditions or economic uncertainties tend to harm our business, and if such conditions worsen in the United Kingdom or in the rest of Europe, it may have a material adverse effect on our operations and sales.

Any significant weakening of the Great Britain Pound to the U.S. dollar will have an adverse impact on our European revenues due to the importance of our sales in the United Kingdom. Currency exchange rates in the pound sterling and the euro with respect to each other and the U.S. dollar have already been adversely affected by Brexit and that may continue to be the case.

## Risks Related to our Debt

***We have a substantial amount of outstanding debt, which could impact our ability to obtain future financing and limit our ability to make other expenditures in the conduct of our business.***

We have a substantial amount of debt and other financial obligations. Our debt level and related debt service obligations could have negative consequences, including:

- requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which reduces the funds we have available for other purposes, such as acquisitions and stock repurchases;
- reducing our flexibility in planning for or reacting to changes in our business and market conditions;
- exposing us to interest rate risk as a portion of our debt obligations are at variable rates;
- increasing our foreign currency risk as a portion of our debt obligations are in denominations other than the US dollar; and
- increasing the chances of a downgrade of our debt ratings due to the amount or intended purpose of our debt obligations.

We may incur additional indebtedness in the future to meet future financing needs. If we add new debt, the risks described above could increase. In addition, the market for both public and private debt offerings could experience liquidity concerns and increased volatility as a result of the COVID-19 pandemic, which could ultimately increase our borrowing costs and limit our ability to obtain future financing.

***Restrictions in our senior unsecured revolving credit facility and other debt instruments may limit our activities.***

Our senior unsecured revolving credit facility, senior unsecured notes due in 2021 ("2021 Notes"), senior unsecured notes due in 2026 ("2026 Notes") and senior unsecured notes due in 2029 ("2029 Notes") include restrictive covenants that limit our ability to engage in activities that could otherwise benefit our company. These include restrictions on our ability and the ability of our subsidiaries to:

- pay dividends on, redeem or repurchase our capital stock,
- sell assets,
- incur obligations that restrict our subsidiaries' ability to make dividend or other payments to us,
- guarantee or secure indebtedness,
- enter into transactions with affiliates, and
- consolidate, merge or transfer all, or substantially all, of our assets and the assets of our subsidiaries on a consolidated basis.

We are also required to meet specified financial ratios under the terms of certain of our existing debt instruments. 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, interest rates, changes in technology and changes in the level of competition. In addition, if we are unable to maintain our investment grade credit rating, our borrowing costs would increase and we would be subject to different and potentially more restrictive financial covenants under some of our existing debt instruments.

Any future indebtedness that we incur may include similar or more restrictive covenants. Our failure to comply with any of the restrictions in our senior unsecured revolving credit facility, the 2021 Notes, the 2026 Notes, the 2029 Notes or any future indebtedness may result in an event of default under those debt instruments, which could permit acceleration of the debt under those debt instruments, and require us to prepay that debt before its scheduled due date under certain circumstances.

***Discontinuation, reform, or replacement of LIBOR may adversely affect our variable rate debt.***

Our indebtedness under our senior unsecured revolving credit facility bears interest at fluctuating interest rates, primarily based on the London Interbank Offered Rate ("LIBOR") for deposits of U.S. dollars. In July 2017, the United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. The Alternative Reference Rates Committee in the United States has proposed that the Secured Overnight Financing Rate ("SOFR") is the rate that represents best practice as the alternative to U.S. dollar LIBOR for

use in derivatives and other financial contracts that are currently indexed to LIBOR. If LIBOR is discontinued, reformed or replaced, we expect that our indebtedness under our senior unsecured revolving credit facility will be indexed to a replacement benchmark based on SOFR. Any such change could cause the effective interest rate under our senior unsecured revolving credit facility and our overall interest expense to increase, in which event we may have difficulties making interest payments and funding our other fixed costs, and our available cash flow for general corporate requirements may be adversely affected.

**Risks Related to Ownership of our Common Stock**

***Our share price will fluctuate.***

Over the last several years, stock markets in general and our common stock in particular have experienced significant price and volume volatility. Both the market price and the daily trading volume of our common stock may continue to be subject to significant fluctuations due not only to general stock market conditions but also to a change in sentiment in the market regarding our operations and business prospects. In addition to the risk factors discussed above, the price and volume volatility of our common stock may be affected by:

- operating results that vary from our financial guidance or the expectations of securities analysts and investors,
- the financial performance of the major end markets that we target,
- the operating and securities price performance of companies that investors consider to be comparable to us,
- announcements of strategic developments, acquisitions and other material events by us or our competitors,
- changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, commodity and equity prices and the value of financial assets, and
- changes to economic conditions arising from global health crises such as the COVID-19 pandemic.

***Dividends on our common stock could be reduced or eliminated in the future.***

On October 22, 2020, we announced that our Board had declared a quarterly dividend of $0.07 per share for the fourth quarter of fiscal year 2020 that was paid in February 2021. On January 28, 2021, we announced that our Board had declared a quarterly dividend of $0.07 per share for the first quarter of fiscal year 2021 that will be payable in May 2021. In the future, our Board may determine to reduce or eliminate our common stock dividend in order to fund investments for growth, repurchase shares or conserve capital resources.

**Item 1B.** ***Unresolved Staff Comments***

Not applicable.

**Item 2.** ***Properties***

Not material.

**Item 3.** ***Legal Proceedings***

We are subject to various claims, legal proceedings and investigations covering a wide range of matters that arise in the ordinary course of our business activities. Although we have established accruals for potential losses that we believe are probable and reasonably estimable, in the opinion of our management, based on its review of the information available at this time, the total cost of resolving these contingencies at January 3, 2021 should not have a material adverse effect on our consolidated financial statements included in this annual report on Form 10-K. However, each of these matters is subject to uncertainties, and it is possible that some of these matters may be resolved unfavorably to us.

**Item 4.** ***Mine Safety Disclosures***

Not applicable.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Listed below are our executive officers as of March 2, 2021. No family relationship exists between any one of these executive officers and any of the other executive officers or directors.

| Name | Position | Age |
|---|---|---|
| Prahlad Singh | President and Chief Executive Officer | 56 |
| James M. Mock | Senior Vice President and Chief Financial Officer | 44 |
| Joel S. Goldberg | Senior Vice President, Administration, General Counsel and Secretary | 52 |
| Daniel R. Tereau | Senior Vice President, Strategy and Business Development | 54 |
| Miriame Victor | Senior Vice President, Chief Commercial Officer | 40 |
| Tajinder Vohra | Senior Vice President, Global Operations | 55 |
| Andrew Okun | Vice President, Chief Accounting Officer and Treasurer | 51 |

*Prahlad Singh, 56*. Dr. Singh currently serves as President and Chief Executive Officer of PerkinElmer, having previously served as President and Chief Operating Officer of PerkinElmer from January 2019 through December 2019. Dr. Singh joined PerkinElmer as the President of our Diagnostics business in May 2014. He was elected Senior Vice President in September 2016 and Executive Vice President in March 2018. Prior to joining PerkinElmer, Dr. Singh was General Manager of GE Healthcare's Women's Health business from 2012 to 2014, with responsibility for its mammography and bone densitometry businesses. Before that, Dr. Singh held senior executive level roles in strategy, business development and mergers & acquisitions at both GE Healthcare and Philips Healthcare. Earlier in his career, he held leadership roles of increasing responsibility at DuPont Pharmaceuticals and subsequently Bristol-Myers Squibb Medical Imaging, which included managing the Asia Pacific and Middle East region. Dr. Singh holds a doctoral degree in chemistry from the University of Missouri-Columbia and a Master of Business Administration from Northeastern University. His research work has resulted in several issued patents and publications in peer reviewed journals.

*James M. Mock, 44*. Mr. Mock joined PerkinElmer in May 2018 as our Senior Vice President and Chief Financial Officer. Prior to joining us, Mr. Mock served for nearly 20 years in a wide range of financial oversight capacities within General Electric Company (GE). Mr. Mock was most recently Vice President, Corporate Audit Staff, a position in which he served from October 2015 to April 2018, where he worked globally across GE's businesses on controllership reviews and operational excellence projects. Mr. Mock previously served in a number of progressively responsible leadership positions with GE both in the United States and overseas, including as Vice President and Chief Financial Officer for GE Oil & Gas, Subsea Systems, from 2014 to 2015. Mr. Mock received a Bachelor's degree in Economics from St. Lawrence University.

*Joel S. Goldberg, 52*. Mr. Goldberg currently serves as our Senior Vice President, Administration, General Counsel and Secretary, having joined as our Senior Vice President, General Counsel and Secretary in July 2008. Prior to joining us, Mr. Goldberg spent seven years at Millennium Pharmaceuticals, Inc., where he most recently served as Vice President, Chief Compliance Officer and Secretary. During his seven years with Millennium, he focused in the areas of mergers and acquisitions, strategic alliances, investment and financing transactions, securities and healthcare related compliance, and employment law. Previously, he was an associate of the law firm Edwards & Angell, LLP. Mr. Goldberg graduated from the Northeastern University School of Law and also holds a Master of Business Administration from Northeastern University. He completed his undergraduate degree at the University of Wisconsin-Madison.

*Daniel R. Tereau, 54*. Mr. Tereau was appointed Senior Vice President, Strategy and Business Development in January 2016, having joined PerkinElmer in April 2014 as Vice President, Strategy and Business Development. He is responsible for leading PerkinElmer's overall strategic planning and business development activities. Prior to joining PerkinElmer, Mr. Tereau served on Novartis' leadership team as Senior Vice President and Global Head of Strategy, Business Development and Licensing from 2011 to 2014, where he was responsible for global strategy and business development for the Consumer Health division. Prior to 2011, Mr. Tereau held similar roles at Thermo Fisher Scientific and GE Healthcare. Mr. Tereau holds a Bachelor of Science degree in finance from Ferris State University, a Juris Doctorate from Wayne State University, and earned his Master of Business Administration from Yale University.

*Miriame Victor*, 40. Ms. Victor joined PerkinElmer in October 2014 as Sales Leader for the Diagnostics business in Europe and most recently served as Vice President and General Manager for EMEAI, prior to being appointed Senior Vice President and Chief Commercial Officer in January 2021. In that role, she oversees PerkinElmer's product commercialization efforts across all businesses, having recently completed the successful consolidation of the Diagnostics and Discovery & Analytical Solutions businesses into one unified commercial organization. Prior to joining PerkinElmer, Ms. Victor held various commercial leadership positions in the pharmaceutical industry with MSD and Novartis, and in the medical device

industry with GE Healthcare. Ms. Victor holds a Bachelor of Science degree in pharmacy and pharmaceutical sciences from Cairo University and earned her Master of Business Administration from Arab Academy for Science, Technology and Maritime Transport.

*Tajinder Vohra, 55*. Mr. Vohra joined PerkinElmer in October 2015 as Vice President of Global Operations and was appointed Senior Vice President in January 2018. He oversees all of PerkinElmer's global operations, including manufacturing, supply chain, customer care and distribution. Prior to joining PerkinElmer, Mr. Vohra served at ABB as a Country Operations Leader from 2011 to 2015, where he was responsible for India-wide operations and Supply Chains for India, Middle East and Africa. Prior to 2011, Mr. Vohra was a Senior Vice President with Genpact, managing Supply Chain and IT businesses, and held a number of global management operational positions with GE Healthcare. Mr. Vohra received his Bachelor's degree in Mechanical Engineering from the University of Delhi, Master's degree in Industrial Engineering from the University of Alabama and Master's degree in Manufacturing Engineering from Lehigh University. Mr. Vohra is a certified Six Sigma Black Belt, and was trained in lean manufacturing at the Shingijitsu Training Institute in Japan.

*Andrew Okun, 51*. Mr. Okun serves as our Vice President, Chief Accounting Officer and Treasurer. Mr. Okun has served as Vice President and Chief Accounting Officer since April 2011 and was appointed Treasurer in February 2021. Mr. Okun joined us in 2001 and has served in financial and controllership positions of increasing responsibility, including Director of Finance for the Optoelectronics business from 2001 through 2005, Vice President of Finance from 2005 through 2009 and Vice President and Corporate Controller from 2009 through 2011. Prior to joining us, Mr. Okun most recently worked for Honeywell International as a Site Controller as well as for Coopers & Lybrand. Mr. Okun is a Certified Public Accountant and earned his Master of Business Administration from the University of Virginia. He completed his undergraduate degree at the University of California, Santa Barbara.

# PART II

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

### Common Equity

We only have one class of common stock. Our common stock is listed on the New York Stock Exchange under the symbol "PKI". As of February 26, 2021, we had approximately 3,410 holders of record of our common stock.

### Stock Repurchases

The following table provides information with respect to the shares of common stock repurchased by us for the periods indicated.

| | Issuer Repurchases of Equity Securities | | | |
|---|---|---|---|---|
| Period | Total Number of Shares Purchased[1] | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2] | Maximum Aggregate Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs |
| October 5, 2020 - November 1, 2020 | 466 | $ 122.58 | — | $ 250,000,000 |
| November 2, 2020 - November 29, 2020 | 315 | 132.12 | — | 250,000,000 |
| November 30, 2020 - January 3, 2021 | 120 | 142.60 | — | 250,000,000 |
| Activity for quarter ended January 3, 2021 | 901 | $ 128.58 | — | $ 250,000,000 |

(1) Our Board has authorized us to repurchase shares of common stock to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards and restricted stock unit awards granted pursuant to our equity incentive plans and to satisfy obligations related to the exercise of stock options made pursuant to our equity incentive plans. During the fourth quarter of fiscal year 2020, we repurchased 901 shares of common stock for this purpose at an aggregate cost of $0.1 million. During the fiscal year 2020, we repurchased 72,251 shares of common stock for this purpose at an aggregate cost of $6.9 million. The repurchased shares have been reflected as additional authorized but unissued shares, with the payments reflected in common stock and capital in excess of par value.

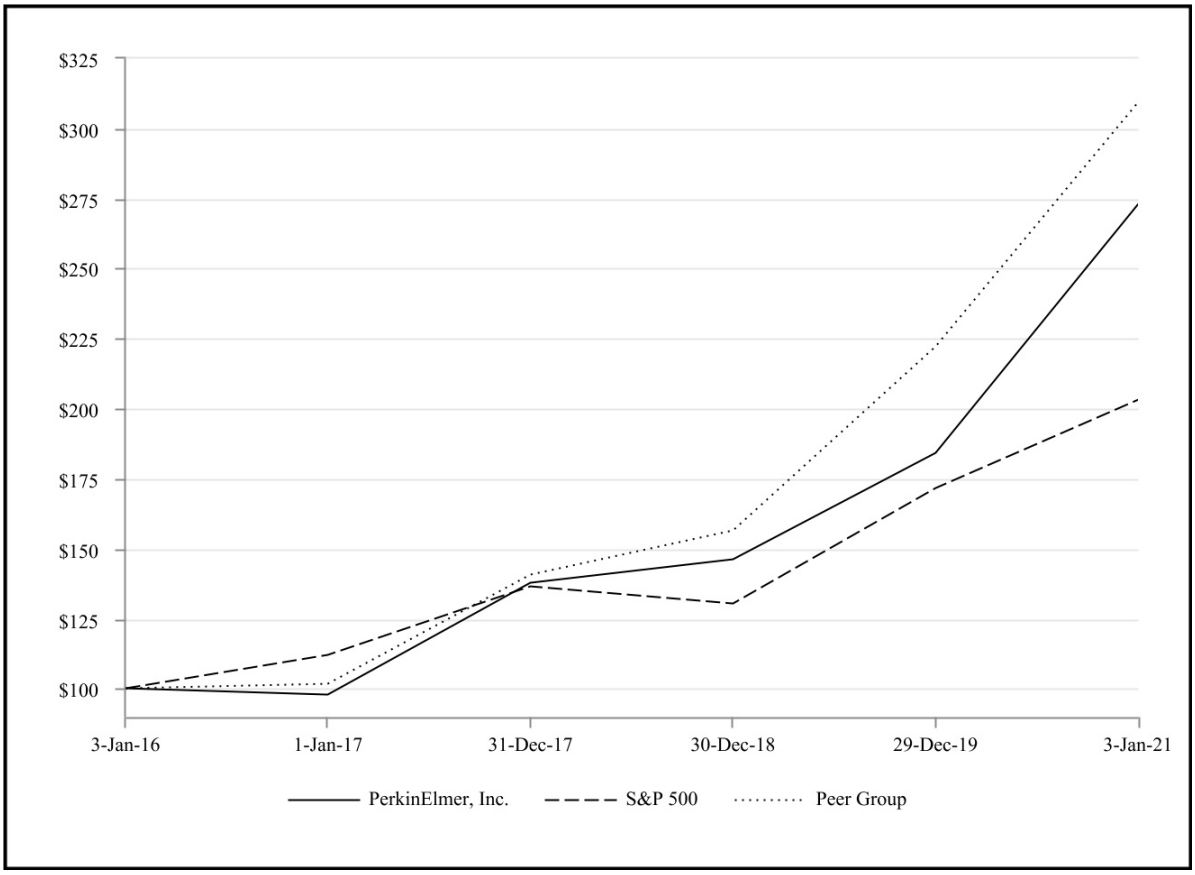
(2) On July 23, 2018, our Board authorized us to repurchase shares of common stock for an aggregate amount up to $250.0 million under a stock repurchase program (the "Repurchase Program"). The Repurchase Program expired on July 23, 2020, and no shares remain available for repurchase under the Repurchase Program due to its expiration. On July 31, 2020, our Board authorized us to repurchase shares of common stock for an aggregate amount up to $250.0 million under a new stock repurchase program (the "New Repurchase Program"). The New Repurchase Program will expire on July 27, 2022 unless terminated earlier by our Board and may be suspended or discontinued at any time. During fiscal year 2020, we had no stock repurchases under either the Repurchase Program or the New Repurchase Program. As of January 3, 2021, $250.0 million remained available for aggregate repurchases of shares under the New Repurchase Program.

**Stock Performance Graph**

Set forth below is a line graph comparing the cumulative total shareholder return on our common stock against the cumulative total return of the S&P Composite-500 Index and a Peer Group Index for the five fiscal years from January 3, 2016 to January 3, 2021. Our Peer Group Index consists of Agilent Technologies Inc., Thermo Fisher Scientific Inc., and Waters Corporation. The peer group is the same as the peer group used in the stock performance graph in our Annual Report on Form 10-K for the fiscal year ended December 29, 2019.

**Comparison of Five-Year Cumulative Total Return**
**Among PerkinElmer, Inc. Common Stock, S&P Composite-500 and**
**Peer Group Index**

**TOTAL RETURN TO SHAREHOLDERS**
**(Includes reinvestment of dividends)**




| | 3-Jan-16 | 1-Jan-17 | 31-Dec-17 | 30-Dec-18 | 29-Dec-19 | 3-Jan-21 |
|---|---|---|---|---|---|---|
| PerkinElmer, Inc. | $ 100.00 | $ 97.88 | $ 137.86 | $ 146.24 | $ 184.21 | $ 273.12 |
| S&P 500 Index | $ 100.00 | $ 111.96 | $ 136.40 | $ 130.42 | $ 171.49 | $ 203.04 |
| Peer Group | $ 100.00 | $ 101.63 | $ 140.85 | $ 156.45 | $ 222.18 | $ 309.40 |

**Item 6.** ***Selected Financial Data***

The following table sets forth selected historical financial information as of and for each of the fiscal years in the five-year period ended January 3, 2021. We derived the selected historical financial information for the balance sheets for the fiscal years ended January 3, 2021 and December 29, 2019 and the statements of operations for each of the fiscal years in the three-year period ended January 3, 2021 from our audited consolidated financial statements which are included elsewhere in this annual report on Form 10-K. We derived the selected historical financial information for the statements of operations for the fiscal years ended December 31, 2017 and January 1, 2017 from our audited consolidated financial statements which are not included in this annual report on Form 10-K. We derived the selected historical financial information for the balance sheets as of December 30, 2018, December 31, 2017 and January 1, 2017 from our audited consolidated financial statements which are not included in this annual report on Form 10-K.

Our historical financial information may not be indicative of our future results of operations or financial position.

The following selected historical financial information should be read together with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, including the related notes, included elsewhere in this annual report on Form 10-K.

| | Fiscal Years Ended | | | | |
|---|---|---|---|---|---|
| | January 3, 2021 | December 29, 2019 | December 30, 2018 | December 31, 2017 | January 1, 2017 |
| | (In thousands, except per share data) | | | | |
| ***Statement of Operations Data:*** | | | | | |
| Revenue | $ 3,782,745 | $ 2,883,673 | $ 2,777,996 | $ 2,256,982 | $ 2,115,517 |
| Operating income from continuing operations[(1)(2)] | 978,581 | 361,973 | 323,884 | 295,615 | 294,582 |
| Interest and other expense (income), net[(3)(4)] | 72,217 | 124,831 | 66,201 | (1,103) | 50,514 |
| Income from continuing operations before income taxes | 906,364 | 237,142 | 257,683 | 296,718 | 244,068 |
| Income from continuing operations, net of income taxes[(5)] | 728,098 | 227,753 | 237,475 | 156,890 | 215,706 |
| (Loss) gain from discontinued operations and dispositions, net of income taxes[(6)] | (211) | (195) | 452 | 135,743 | 18,593 |
| Net income | $ 727,887 | $ 227,558 | $ 237,927 | $ 292,633 | $ 234,299 |
| Basic earnings per share: | | | | | |
| Continuing operations | $ 6.53 | $ 2.06 | $ 2.15 | $ 1.43 | $ 1.97 |
| Discontinued operations | 0.00 | 0.00 | 0.00 | 1.24 | 0.17 |
| Net income | $ 6.53 | $ 2.06 | $ 2.15 | $ 2.66 | $ 2.14 |
| Diluted earnings per share: | | | | | |
| Continuing operations | $ 6.50 | $ 2.04 | $ 2.13 | $ 1.42 | $ 1.96 |
| Discontinued operations | 0.00 | 0.00 | 0.00 | 1.22 | 0.17 |
| Net income | $ 6.49 | $ 2.04 | $ 2.13 | $ 2.64 | $ 2.12 |
| Weighted-average common shares outstanding: | | | | | |
| Basic | 111,514 | 110,827 | 110,561 | 109,857 | 109,478 |
| Diluted | 112,085 | 111,501 | 111,534 | 110,859 | 110,313 |
| Cash dividends declared per common share | $ 0.28 | $ 0.28 | $ 0.28 | $ 0.28 | $ 0.28 |

| | As of | | | | |
|---|---|---|---|---|---|
| | January 3, 2021 | December 29, 2019 | December 30, 2018 | December 31, 2017 | January 1, 2017 |
| | (In thousands) | | | | |
| ***Balance Sheet Data:*** | | | | | |
| Total assets[7] | $ 7,960,315 | $ 6,538,564 | $ 5,975,522 | $ 6,091,463 | $ 4,276,683 |
| Short-term debt[3] | 380,948 | 9,974 | 14,856 | 217,306 | 1,172 |
| Long-term debt[3][4][7][8] | 1,609,701 | 2,064,041 | 1,876,624 | 1,788,803 | 1,045,254 |
| Stockholders' equity[7][9] | 3,735,492 | 2,813,824 | 2,584,955 | 2,503,188 | 2,153,570 |
| Common shares outstanding[9] | 112,090 | 111,140 | 110,597 | 110,361 | 109,617 |

(1) Activity related to the mark-to-market adjustment on postretirement benefit plans was a pre-tax loss of $25.4 million in fiscal year 2020, a pre-tax loss of $31.2 million in fiscal year 2019, a pre-tax loss of $21.4 million in fiscal year 2018, a pre-tax gain of $2.1 million in fiscal year 2017 and a pre-tax loss of $15.3 million in fiscal year 2016.

(2) We recorded pre-tax restructuring and other costs, net, of $8.0 million in fiscal year 2020, $29.4 million in fiscal year 2019, $11.1 million in fiscal year 2018, $12.7 million in fiscal year 2017 and $5.1 million in fiscal year 2016.

(3) In fiscal years 2020, 2019, 2018, 2017 and 2016, interest expense was $49.7 million, $63.6 million, $67.0 million, $43.9 million and $41.5 million, respectively.

(4) In October 2019, we redeemed all of the outstanding 5% senior unsecured notes due in November 2021 ("November 2021 Notes"). The redemption of the November 2021 Notes resulted in a pre-tax, non-operating charge of $32.3 million.

(5) In fiscal years 2020 and 2019, provision for income tax on continuing operations was $178.3 million and $9.4 million, respectively. The higher provision for income taxes in fiscal year 2020 compared to that of fiscal year 2019 was primarily due to significant increase in the overall business that resulted in higher net income before taxes in both U.S. federal and high tax rate jurisdictions. In fiscal years 2018, 2017 and 2016, tax expense on continuing operations was $20.2 million, $139.8 million and $28.4 million, respectively. The lower provision for income taxes in fiscal year 2019 compared to fiscal year 2018 was primarily due to the execution of U.S. federal and non-U.S. tax planning. The tax expense in fiscal year 2018 was primarily due to income in high tax rate jurisdictions, partially offset by losses in low tax rate jurisdictions and a tax benefit of $8.1 million related to discrete items. The higher provision for income taxes in fiscal year 2017 was primarily due to the $106.5 million discrete tax expense related to the Tax Cuts & Jobs Act of 2017. The tax expense in fiscal year 2016 was primarily due to income in high tax rate jurisdictions, partially offset by losses in low tax rate jurisdictions and a tax benefit of $9.6 million in fiscal year 2016 related to discrete items.

(6) In May 2017, we completed the sale of our Medical Imaging business. We recorded a pre-tax gain of $179.6 million and income tax expense of $43.1 million in fiscal year 2017. We accounted for this business as discontinued operations beginning in 2016.

(7) At the beginning of fiscal year 2019, we adopted Accounting Standards Codification No. 842, *Leases* ("ASC 842"), using a modified retrospective approach and as a result, the comparative information has not been restated and is reported under the accounting standards in effect for these years.

(8) In September 2019, we issued and sold ten-year senior notes at a rate of 3.3% with a face value of $850.0 million and received $847.2 million of net proceeds from the issuance. The debt, which matures in September 2029, is unsecured. In April 2018, we issued and sold three-year senior notes at a rate of 0.6% with a face value of €300.0 million and received €298.7 million of net proceeds from the issuance. The debt, which matures in April 2021, is unsecured. In July 2016, we issued and sold ten-year senior notes at a rate of 1.875% with a face value of €500.0 million and received €492.3 million of net proceeds from the issuance. The debt, which matures in July 2026, is unsecured.

(9) In fiscal year 2018, we repurchased in the open market 650,000 shares of our common stock at an aggregate cost of $52.2 million, including commissions, under the stock repurchase program authorized by our Board on July 23, 2018. In fiscal years 2018 and 2017, we did not repurchase any shares of our common stock under a stock repurchase program originally announced in July 2017 that was terminated in July 2018. In fiscal year 2016, we repurchased in the open market 3,200,000 shares of our common stock at an aggregate cost of $148.2 million, including commissions under a stock repurchase program originally announced in October 2014 that was terminated in July 2016.

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

*This annual report on Form 10-K, including the following management's discussion and analysis, contains forward-looking information that you should read in conjunction with the consolidated financial statements and notes to consolidated financial statements that we have included elsewhere in this annual report on Form 10-K. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Words such as "believes," "plans," "anticipates," "expects," "will" and similar expressions are intended to identify forward-looking statements. Our actual results may differ materially from the plans, intentions or expectations we disclose in the forward-looking statements we make. We have included important factors above under the heading "Risk Factors" in Item 1A above that we believe could cause actual results to differ materially from the forward-looking statements we make. We are not obligated to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.*

### Accounting Period

Our fiscal year ends on the Sunday nearest December 31. We report fiscal years under a 52/53 week format and as a result, certain fiscal years will contain 53 weeks. The fiscal year ended January 3, 2021 ("fiscal year 2020") included 53 weeks. The additional week in fiscal year 2021 has been reflected in our first quarter. Each of the fiscal years ended December 29, 2019 ("fiscal year 2019") and December 30, 2018 ("fiscal year 2018") included 52 weeks. The fiscal year ending January 2, 2022 ("fiscal year 2021") will include 52 weeks.

### Overview of Fiscal Year 2020

During fiscal year 2020, we continued to see strong returns from our acquisitions as well as our organic investments across technology, marketing and people. Our overall revenue in fiscal year 2020 increased $899.1 million, or 31%, as compared to fiscal year 2019, reflecting an increase of $929.4 million, or 82%, in our Diagnostics segment revenue partially offset by a decrease of $30.4 million, or 2%, in our Discovery & Analytical Solutions segment revenue. The increase in our Diagnostics segment revenue during fiscal year 2020 was primarily driven by increased demand for our COVID-19 product offerings resulting in an increase of $547.4 million from our immunodiagnostics revenue and an increase of $398.3 million from our applied genomics revenue partially offset by a decrease of $16.2 million from our reproductive health revenue. The decrease in our Discovery & Analytical Solutions segment during fiscal year 2020 was driven by a decrease of $85.4 million from our applied markets revenue partially offset by an increase of $55.0 million from our life sciences market revenue.

In our Diagnostics segment, we experienced tremendous demand for our immunodiagnostics and applied genomics COVID-19 product and service offerings across all regions. In our reproductive health business, an expanded range of product offerings and increased geographic reach partially offset the impact of declining birthrates.

In our Discovery & Analytical Solutions segment, the decrease in our applied markets revenue was driven by reduced demand as a result of the COVID-19 pandemic, resulting in a decrease in revenue from our industrial, environmental and food markets. The increase in our life sciences market revenue was the result of an increase in revenue in our pharmaceutical and biotechnology markets driven by continued growth of our Informatics and OneSource businesses, partially offset by a decrease in revenue from our academia and governmental markets.

Our consolidated gross margins increased 736 basis points in fiscal year 2020, as compared to fiscal year 2019, primarily due to higher sales volume, favorable shift in product mix and continued productivity initiatives to improve our supply chain, partially offset by increased amortization expense. Our consolidated operating margin increased 1,332 basis points in fiscal year 2020, as compared to fiscal year 2019, primarily due to higher sales volume, which was partially offset by increased amortization of intangible assets, investments in new product development and growth initiatives.

Overall, we believe that our strategic priorities and recent portfolio transformations, coupled with our expanded range of product offerings, leading market positions, global scale and financial strength provides us with a foundation for continued growth.

## Consolidated Results of Operations

### *Fiscal Year 2020 Compared to Fiscal Year 2019*

*Revenue*

Revenue for fiscal year 2020 was $3.8 billion, as compared to $2.9 billion for fiscal year 2019, an increase of $899.1 million, or 31%, which includes an approximate 2% increase in revenue attributable to acquisitions and divestitures. The analysis in the remainder of this paragraph compares segment revenue for fiscal year 2020 as compared to fiscal year 2019 and includes the effect of foreign exchange rate fluctuations, and acquisitions and divestitures. The total increase in revenue reflects an increase in our Diagnostics segment revenue of $929.4 million, or 82%, due to increased demand for our COVID-19 product offerings resulting in an increase of $547.4 million from our immunodiagnostics revenue and an increase of $398.3 million from our applied genomics revenue, partially offset by a decrease of $16.2 million in our reproductive health revenue. Our Discovery & Analytical Solutions segment revenue decreased by $30.4 million, or 2%, due to a decrease of $85.4 million from our applied markets revenue, partially offset by an increase of $55.0 million from our life sciences market revenue. As a result of adjustments to deferred revenue related to certain acquisitions required by business combination rules, we did not recognize $0.8 million of revenue primarily related to our Diagnostics segment for each of fiscal years 2020 and 2019 and $0.3 million of revenue primarily related to our Discovery & Analytical Solutions segment in fiscal year 2020 that otherwise would have been recorded by the acquired businesses during each of the respective periods.

*Cost of Revenue*

Cost of revenue for fiscal year 2020 was $1.7 billion, as compared to $1.5 billion for fiscal year 2019, an increase of approximately $185.3 million, or 12%. As a percentage of revenue, cost of revenue decreased to 44.2% in fiscal year 2020 from 51.6% in fiscal year 2019, resulting in an increase in gross margin of approximately 736 basis points to 55.8% in fiscal year 2020 from 48.4% in fiscal year 2019. Amortization of intangible assets increased and was $65.3 million for fiscal year 2020, as compared to $61.4 million for fiscal year 2019. Stock-based compensation expense was $1.4 million for fiscal year 2020, as compared to $1.6 million for fiscal year 2019. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions added an incremental expense of $2.8 million for fiscal year 2020, as compared to $21.6 million for fiscal year 2019. Asset impairment added an incremental expense of $7.9 million for fiscal year 2020. In addition to the factors noted above, the overall increase in gross margin is primarily the result of higher sales volume, favorable shift in product mix and continued productivity initiatives to improve our supply chain partially offset by increased amortization expense.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses for fiscal year 2020 were $917.9 million, as compared to $815.3 million for fiscal year 2019, an increase of approximately $102.6 million, or 12.6%. As a percentage of revenue, selling, general and administrative expenses decreased to 24.3% in fiscal year 2020 from 28.3% in fiscal year 2019. Amortization of intangible assets increased to $127.3 million for fiscal year 2020, as compared to $103.0 million for fiscal year 2019. Stock-based compensation expense decreased to $26.5 million for fiscal year 2020, as compared to $28.8 million for fiscal year 2019. Acquisition and divestiture-related expenses added an incremental expense of $8.7 million for fiscal year 2020 as compared to $4.0 million for fiscal year 2019. Other purchase accounting adjustments decreased expenses by $8.8 million for fiscal year 2020, as compared to increasing expenses by $3.9 million for fiscal year 2019. Legal costs for significant litigation matters and settlements were $7.1 million for fiscal year 2020, as compared to $2.3 million for fiscal year 2019. Costs for significant environmental matters added an incremental expense of $5.2 million for fiscal year 2020. Acceleration of executive compensation was $7.7 million for fiscal year 2019. In addition to the above items, the increase in selling, general and administrative expenses was primarily the result of costs related to investments in people, digital capabilities and innovation and the extra fiscal week, which were partially offset by lower costs resulting from cost containment and productivity initiatives.

*Research and Development Expenses*

Research and development expenses for fiscal year 2020 were $205.4 million, as compared to $189.3 million for fiscal year 2019, an increase of $16.1 million, or 8.5%. As a percentage of revenue, research and development expenses decreased to 5.4% in fiscal year 2020, as compared to 6.6% in fiscal year 2019, primarily driven by outsized volume increases. Stock-based compensation expense was $1.2 million in fiscal year 2020, as compared to $1.1 million in fiscal year 2019. In addition to the above items, the increase in research and development expenses was driven by investments in new product development.

*Restructuring and Other Costs, Net*

We have undertaken a series of restructuring actions related to the impact of acquisitions and divestitures, the alignment of our operations with our growth strategy and the integration of our business units and productivity initiatives. Restructuring and other costs, net were $8.0 million for fiscal year 2020 as compared to $29.4 million for fiscal year 2019.

We implemented a restructuring plan in the first quarter of fiscal year 2020 consisting of workforce reductions and closure of excess facilities principally intended to realign resources to emphasize growth initiatives (the "Q1 2020 Plan"). We implemented a restructuring plan in the third quarter of fiscal year 2020 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives ("Q3 2020 Plan"). We implemented a restructuring plan in each quarter of fiscal year 2019 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives (the "Q1 2019 Plan", "Q2 2019 Plan", "Q3 2019 Plan" and "Q4 2019 Plan", respectively). All other previous restructuring plans were workforce reductions or the closure of excess facility space principally intended to integrate our businesses in order to realign operations, reduce costs, achieve operational efficiencies and shift resources into geographic regions and end markets that are more consistent with our growth strategy (the "Previous Plans").

The following table summarizes the number of employees reduced, the initial restructuring or contract termination charges by operating segment, and the dates by which payments were substantially completed, or the expected dates by which payments will be substantially completed, for restructuring actions implemented during fiscal years 2020 and 2019 in continuing operations:

| | Workforce Reductions | | | Closure of Excess Facility | | | (Expected) Date Payments Substantially Completed by | |
|---|---|---|---|---|---|---|---|---|
| | Headcount Reduction | Diagnostics | Discovery & Analytical Solutions | Diagnostics | Discovery & Analytical Solutions | Total | Severance | Excess Facility |
| | (In thousands, except headcount data) | | | | | | | |
| Q3 2020 Plan | 23 | $ 901 | $ 2,080 | $ — | $ — | $ 2,981 | Q2 FY2021 | — |
| Q1 2020 Plan | 32 | 1,134 | 2,312 | 682 | 92 | 4,220 | Q4 FY2020 | Q1 FY2022 |
| Q4 2019 Plan | 22 | 2,404 | 177 | — | — | 2,581 | Q3 FY2020 | — |
| Q3 2019 Plan | 259 | 2,641 | 11,156 | — | — | 13,797 | Q2 FY2020 | — |
| Q2 2019 Plan | 44 | 1,129 | 4,461 | — | — | 5,590 | Q1 FY2020 | — |
| Q1 2019 Plan | 105 | 1,459 | 6,001 | — | — | 7,460 | Q4 FY2019 | — |

We expect to make payments under the Previous Plans for remaining residual lease obligations, with terms varying in length, through fiscal year 2022.

We also have terminated various contractual commitments in connection with certain disposal activities and have recorded charges, to the extent applicable, for the costs of terminating these contracts before the end of their terms and the costs that will continue to be incurred for the remaining terms without economic benefit to us. We recorded additional pre-tax charges of $0.2 million during each of fiscal years 2020 and 2019 in the Discovery & Analytical Solutions segment and $0.1 million and $0.2 million during fiscal years 2020 and 2019, respectively, in the Diagnostics segment, as a result of these contract terminations.

We recorded pre-tax charges of $4.3 million and $0.8 million associated with relocating facilities during fiscal years 2020 and 2019.

*Interest and Other Expense, Net*

Interest and other expense, net, consisted of the following:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Interest income | $ (1,010) | $ (1,495) |
| Interest expense | 49,712 | 63,627 |
| Loss on disposition of businesses and assets, net | — | 2,469 |
| Debt extinguishment costs | — | 32,541 |
| Other expense, net | 23,515 | 27,689 |
| Total interest and other expense, net | $ 72,217 | $ 124,831 |

Interest and other expense, net, for fiscal year 2020 was $72.2 million, as compared to $124.8 million for fiscal year 2019, a decrease of $52.6 million. The decrease in interest and other expense, net, in fiscal year 2020 as compared to fiscal year 2019 was largely due to a decrease in debt extinguishment costs of $32.5 million primarily associated with the redemption of the November 2021 Notes in the fourth quarter of fiscal year 2019; a decrease of $13.9 million in interest expense related to the full year benefit of the lower interest rate on the 2029 Notes that replaced the November 2021 Notes; a decrease in other expense, net of $4.2 million primarily due to a decrease in pension-related expenses; and a decrease in loss on disposition of businesses and assets, net of $2.5 million. A more complete discussion of our liquidity is set forth below under the heading “Liquidity and Capital Resources.”

*Provision for Income Taxes*

The effective tax rates on continuing operations were 19.7% and 4.0% for fiscal years 2020 and 2019, respectively. Certain of our subsidiaries have, at various times, been granted tax relief in their respective countries, resulting in lower income taxes than would otherwise be the case under ordinary tax rates. A reconciliation of income tax expense at the U.S. federal statutory income tax rate to the recorded tax provision is as follows for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Tax at statutory rate | $ 190,339 | $ 49,799 |
| Non-U.S. rate differential, net | (40,216) | (32,124) |
| U.S. taxation of multinational operations | 9,050 | 4,251 |
| State income taxes, net | 13,306 | 1,941 |
| Prior year tax matters | 8,262 | (5,103) |
| Effect of stock compensation | (8,818) | (2,053) |
| General business tax credits | (4,136) | (4,325) |
| Change in valuation allowance | 10 | (1,117) |
| Foreign consolidations | 15,222 | — |
| Tax elections | — | (3,700) |
| Impact of U.S. Tax Act | — | 2,718 |
| Others, net | (4,753) | (898) |
| Total | $ 178,266 | $ 9,389 |

The variation in our effective tax rate for each year is primarily a result of the recognition of earnings in foreign jurisdictions, predominantly Finland, Singapore and the United Kingdom in fiscal year 2020 and Finland, Singapore and The Netherlands in fiscal years 2019 and 2018, which are taxed at rates lower than the U.S. federal statutory rate, resulting in a benefit from income taxes of $42.5 million in fiscal year 2020 and $16.7 million in fiscal year 2019. These amounts include $21.8 million in fiscal year 2020 and $10.4 million in fiscal year 2019 of benefits derived from tax holidays in China and Singapore. The effect of these benefits, derived from tax holidays, on basic and diluted earnings per share for fiscal year 2020 was $0.20 and $0.19, respectively, and for fiscal year 2019 was $0.09 and $0.09, respectively. The tax holiday in China is renewed every three years. The Company expects to renew the tax holiday for two of our subsidiaries in China that expired in fiscal year 2020. The tax holiday for one of our subsidiaries in Singapore is scheduled to expire in fiscal year 2023.

*Disposition of Businesses and Assets*

As part of our continuing efforts to focus on higher growth opportunities, we have discontinued certain businesses. When the discontinued operations represented a strategic shift that will have a major effect on our operations and financial statements, we accounted for these businesses as discontinued operations and accordingly, have presented the results of operations and related cash flows as discontinued operations. Any business deemed to be a discontinued operation prior to the adoption of Accounting Standards Update 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of An Entity*, continues to be reported as a discontinued operation, and the results of operations and related cash flows are presented as discontinued operations for all periods presented. Any remaining assets and liabilities of these businesses have been presented separately, and are reflected within assets and liabilities from discontinued operations in the accompanying consolidated balance sheets as of January 3, 2021 and December 29, 2019.

We recorded a provision for income taxes of $0.1 million and $0.2 million on discontinued operations and dispositions in fiscal years 2020 and 2019.

***Fiscal Year 2019 Compared to Fiscal Year 2018***

For a discussion of our results of operations for fiscal year 2019 as compared to fiscal year 2018, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the fiscal year ended December 29, 2019 filed with the Securities and Exchange Commission on February 25, 2020.

**Business Combinations**

***Acquisitions in fiscal year 2020***

During the fiscal year 2020, we completed the acquisition of four businesses for aggregate consideration of $438.7 million. The acquired businesses include Horizon Discovery Group plc (“Horizon”), a company based in Cambridge, UK with approximately 400 employees, which was acquired on December 23, 2020 for a total consideration of $399.4 million (£296.0 million), and three other businesses which were acquired for a total consideration of $39.3 million. The excess of the purchase prices over the fair values of the acquired businesses' net assets represents cost and revenue synergies specific to us, as well as non-capitalizable intangible assets, such as the employee workforces acquired, and has been allocated to goodwill, which is not tax deductible. We reported the operations for these acquisitions within the results of our Diagnostics and Discovery & Analytical Solutions segments, as applicable, from the acquisition dates. Identifiable definite-lived intangible assets, such as core technology, trade names, customer relationships and in-process research and development ("IPR&D"), acquired as part of these acquisitions had a weighted average amortization period of 11.0 years.

***Acquisitions in Fiscal Year 2019***

During the fiscal year 2019, we completed the acquisition of five businesses for aggregate consideration of $433.1 million. The acquired businesses include Cisbio Bioassays SAS, a company based in Codolet, France, which was acquired for a total consideration of $219.9 million, Shandong Meizheng Bio-Tech Co., Ltd., a company headquartered in Beijing, China, for a total consideration of $166.5 million, and three other businesses were acquired for a total consideration of $46.6 million. We have a potential obligation to pay the former shareholders of certain of these acquired businesses additional contingent consideration of up to $31.8 million. The excess of the purchase prices over the fair values of the acquired businesses' net assets represents cost and revenue synergies specific to us, as well as non-capitalizable intangible assets, such as the employee workforces acquired, and has been allocated to goodwill, which is not tax deductible. We have reported the operations for these acquisitions within the results of our Diagnostics and Discovery & Analytical Solutions segments, as applicable, from the acquisition dates. Identifiable definite-lived intangible assets, such as core technology, trade names and customer relationships, acquired as part of these acquisitions had a weighted average amortization period of 11.0 years.

***Acquisitions in Fiscal Year 2018***

For a discussion of our acquisitions for fiscal year 2018, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the fiscal year ended December 29, 2019 filed with the Securities and Exchange Commission on February 25, 2020.

As of January 3, 2021, the allocations of purchase prices for acquisitions completed in fiscal years 2019 and 2018 were final. The preliminary allocations of the purchase prices for acquisitions completed in fiscal year 2020 were based upon initial valuations. Our estimates and assumptions underlying the initial valuations are subject to the collection of information necessary to complete our valuations within the measurement periods, which are up to one year from the respective acquisition dates. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the fair value of certain

tangible and intangible assets acquired and liabilities assumed, assets and liabilities related to income taxes and related valuation allowances, and residual goodwill. We expect to continue to obtain information to assist in determining the fair values of the net assets acquired at the acquisition dates during the measurement periods. During the measurement periods, we will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition dates that, if known, would have resulted in the recognition of those assets and liabilities as of those dates. These adjustments will be made in the periods in which the amounts are determined and the cumulative effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition dates. All changes that do not qualify as adjustments made during the measurement periods are also included in current period earnings.

During fiscal year 2020, we obtained information relevant to determining the fair values of certain tangible and intangible assets acquired, and liabilities assumed, related to recent acquisitions and adjusted our purchase price allocations. Based on this information, we recognized an increase in intangible assets of $1.9 million, an increase in deferred tax liabilities of $0.4 million, a decrease in goodwill of $1.8 million, and a decrease in liabilities assumed of $0.4 million.

Allocations of the purchase price for acquisitions are based on estimates of the fair value of the net assets acquired and are subject to adjustment upon finalization of the purchase price allocations. The accounting for business combinations requires estimates and judgments as to expectations for future cash flows of the acquired business, and the allocation of those cash flows to identifiable intangible assets, in determining the estimated fair values for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, including contingent consideration, are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. Contingent consideration is measured at fair value at the acquisition date, based on the probability that revenue thresholds or product development milestones will be achieved during the earnout period, with changes in the fair value after the acquisition date affecting earnings to the extent it is to be settled in cash. Increases or decreases in the fair value of contingent consideration liabilities primarily result from changes in the estimated probabilities of achieving revenue thresholds or product development milestones during the earnout period.

As of January 3, 2021, we may have to pay contingent consideration, related to acquisitions with open contingency periods, of up to $7.3 million. As of January 3, 2021, we have recorded contingent consideration obligations of $3.0 million, of which $2.9 million was recorded in accrued expenses and other current liabilities, and $0.1 million was recorded in long-term liabilities. As of December 29, 2019, we have recorded contingent consideration obligations of $35.5 million, of which $20.8 million was recorded in accrued expenses and other current liabilities, and $14.7 million was recorded in long-term liabilities. The expected maximum earnout period for acquisitions with open contingency periods does not exceed 2.9 years from January 3, 2021, and the remaining weighted average expected earnout period at January 3, 2021 was 1.9 years. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill, require acceleration of the amortization expense of definite-lived intangible assets or the recognition of additional contingent consideration which would be recognized as a component of operating expenses from continuing operations.

In connection with the purchase price allocations for acquisitions, we estimate the fair value of deferred revenue assumed with our acquisitions. The estimated fair value of deferred revenue is determined by the legal performance obligation at the date of acquisition, and is generally based on the nature of the activities to be performed and the related costs to be incurred after the acquisition date. The fair value of an assumed liability related to deferred revenue is estimated based on the current market cost of fulfilling the obligation, plus a normal profit margin thereon. The estimated costs to fulfill the deferred revenue are based on the historical direct costs related to providing the services. We do not include any costs associated with selling effort, research and development, or the related margins on these costs. In most acquisitions, profit associated with selling effort is excluded because the acquired businesses would have concluded the selling effort on the support contracts prior to the acquisition date. The estimated research and development costs are not included in the fair value determination, as these costs are not deemed to represent a legal obligation at the time of acquisition. The sum of the costs and operating income approximates, in theory, the amount that we would be required to pay a third-party to assume the obligation.

**Contingencies, Including Tax Matters**

We are conducting a number of environmental investigations and remedial actions at our current and former locations and, along with other companies, have been named a potentially responsible party ("PRP") for certain waste disposal sites. We accrue for environmental issues in the accounting period that our responsibility is established and when the cost can be reasonably estimated. We have accrued $12.9 million and $7.7 million as of January 3, 2021 and December 29, 2019, respectively, in accrued expenses and other current liabilities, which represents our management's estimate of the cost of the remediation of known environmental matters, and does not include any potential liability for related personal injury or property damage claims. Our environmental accrual is not discounted and does not reflect the recovery of any material amounts through insurance or indemnification arrangements. The cost estimates are subject to a number of variables, including the stage of the

environmental investigations, the magnitude of the possible contamination, the nature of the potential remedies, possible joint and several liability, the time period over which remediation may occur, and the possible effects of changing laws and regulations. For sites where we have been named a PRP, our management does not currently anticipate any additional liability to result from the inability of other significant named parties to contribute. We expect that the majority of such accrued amounts could be paid out over a period of up to ten years. As assessment and remediation activities progress at each individual site, these liabilities are reviewed and adjusted to reflect additional information as it becomes available. There have been no environmental problems to date that have had, or are expected to have, a material adverse effect on our consolidated financial statements. While it is possible that a loss exceeding the amounts recorded in the consolidated financial statements may be incurred, the potential exposure is not expected to be materially different from those amounts recorded.

Various tax years after 2010 remain open to examination by certain jurisdictions in which we have significant business operations, such as China, Finland, Germany, Luxembourg, The Netherlands, Singapore, the United Kingdom and the United States. The tax years under examination vary by jurisdiction. We regularly review our tax positions in each significant taxing jurisdiction in the process of evaluating our unrecognized tax benefits. We make adjustments to our unrecognized tax benefits when: (i) facts and circumstances regarding a tax position change, causing a change in management's judgment regarding that tax position; (ii) a tax position is effectively settled with a tax authority; and/or (iii) the statute of limitations expires regarding a tax position.

We are subject to various claims, legal proceedings and investigations covering a wide range of matters that arise in the ordinary course of our business activities. Although we have established accruals for potential losses that we believe are probable and reasonably estimable, in our opinion, based on our review of the information available at this time, the total cost of resolving these contingencies at January 3, 2021 should not have a material adverse effect on our consolidated financial statements included in this annual report on Form 10-K. However, each of these matters is subject to uncertainties, and it is possible that some of these matters may be resolved unfavorably to us.

**Reporting Segment Results of Continuing Operations**

***Discovery & Analytical Solutions***

*Fiscal Year 2020 Compared to Fiscal Year 2019*

Revenue for fiscal year 2020 was $1,715.8 million, as compared to $1,746.2 million for fiscal year 2019, a decrease of $30.4 million, or 2%, which includes an approximate 2% increase in revenue attributable to acquisitions and divestitures. As a result of adjustments to deferred revenue related to certain acquisitions required by business combination rules, we did not recognize $0.3 million of revenue primarily related to our Discovery & Analytical Solutions segment for fiscal year 2020 that otherwise would have been recorded by the acquired businesses during the period. The analysis in the remainder of this paragraph compares revenue by end-market for fiscal year 2020, as compared to fiscal year 2019, and includes the effect of foreign exchange fluctuations and acquisitions and divestitures. The decrease in revenue in our Discovery & Analytical Solutions segment was a result of a decrease of $85.4 million from our applied markets revenue, partially offset by an increase of $55.0 million from our life sciences market revenue. The decrease in our applied markets revenue was driven by reduced demand as a result of the COVID-19 pandemic, resulting in a decrease in revenue from our industrial, environmental and food markets. The increase in our life sciences market revenue was the result of an increase in revenue in our pharmaceutical and biotechnology markets driven by continued growth in our Informatics and OneSource businesses, which were partially offset by a decrease in revenue from our academia and governmental markets.

Operating income from continuing operations for fiscal year 2020 was $183.5 million, as compared to $238.3 million for fiscal year 2019, a decrease of $54.9 million, or 23%. Amortization of intangible assets increased to $76.3 million for fiscal year 2020 as compared to $52.9 million for fiscal year 2019. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions added an incremental expense of $1.3 million in fiscal year 2020, as compared to $20.5 million for fiscal year 2019. Acquisition and divestiture-related costs, contingent consideration and other costs decreased expenses by $4.0 million for fiscal year 2020, as compared to incremental expense of $2.1 million for fiscal year 2019. Legal costs for significant litigation matters and settlements were $5.9 million for fiscal year 2020, as compared to $2.2 million for fiscal year 2019. Restructuring and other costs, net decreased to $3.8 million for fiscal year 2020 as compared to $22.0 million for fiscal year 2019. In addition to the factors noted above, the overall decrease in operating income for fiscal year 2020 as compared to fiscal year 2019, was primarily as a result of lower sales volume and increased investments in new product development and growth initiatives, partially offset by pricing initiatives and services productivity.

*Fiscal Year 2019 Compared to Fiscal Year 2018*

For a discussion of our results of operations for fiscal year 2019 as compared to fiscal year 2018, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the fiscal year ended December 29, 2019 filed with the Securities and Exchange Commission on February 25, 2020.

***Diagnostics***

*Fiscal Year 2020 Compared to Fiscal Year 2019*

Revenue for fiscal year 2020 was $2,066.9 million, as compared to $1,137.5 million for fiscal year 2019, an increase of $929.4 million, or 82%. As a result of adjustments to deferred revenue related to certain acquisitions required by business combination rules, we did not recognize $0.8 million of revenue for each of fiscal years 2020 and 2019 that otherwise would have been recorded by the acquired businesses during each of the respective periods. The increase in our Diagnostics segment was driven by increased demand for our immunodiagnostics and applied genomics COVID-19 product offerings, partially offset by a decrease in revenue from our reproductive health business.

Operating income from continuing operations for fiscal year 2020 was $874.2 million, as compared to $189.3 million for fiscal year 2019, an increase of $684.9 million, or 362%. Amortization of intangible assets increased and was $116.3 million for fiscal year 2020 as compared to $111.4 million for fiscal year 2019. Restructuring and other costs, net decreased and were $4.3 million for fiscal year 2020 as compared to $7.5 million for fiscal year 2019. Acquisition and divestiture-related expenses, contingent consideration and other costs added an incremental expense of $5.0 million in fiscal year 2020, as compared to an incremental expense of $6.6 million for fiscal year 2019. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions added an incremental expense of $1.5 million in fiscal year 2020, as compared to $1.1 million for fiscal year 2019. Legal costs for significant litigation matters and settlements were $1.2 million for fiscal year 2020, as compared to $0.1 million for fiscal year 2019. Asset impairment was $7.9 million for fiscal year 2020. In addition to the factors noted above, operating income increased during fiscal year 2020, as compared to fiscal year 2019, primarily as a result of higher sales volume and favorable product mix, partially offset by increased investments in new product development and growth initiatives.

*Fiscal Year 2019 Compared to Fiscal Year 2018*

For a discussion of our results of operations for fiscal year 2019 as compared to fiscal year 2018, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the fiscal year ended December 29, 2019 filed with the Securities and Exchange Commission on February 25, 2020.

**Liquidity and Capital Resources**

We require cash to pay our operating expenses, make capital expenditures, make strategic acquisitions, service our debt and other long-term liabilities, repurchase shares of our common stock and pay dividends on our common stock. Our principal sources of funds are from our operations and the capital markets, particularly the debt markets. We anticipate that our internal operations will generate sufficient cash to fund our operating expenses, capital expenditures, smaller acquisitions, interest payments on our debt and dividends on our common stock. However, we expect to use external sources to satisfy the balance of our debt when due, any larger acquisitions and other long-term liabilities, such as contributions to our postretirement benefit plans.

Principal factors that could affect the availability of our internally generated funds include:

- changes in sales due to weakness in markets in which we sell our products and services, and
- changes in our working capital requirements.

Principal factors that could affect our ability to obtain cash from external sources include:

- financial covenants contained in the financial instruments controlling our borrowings that limit our total borrowing capacity,
- increases in interest rates applicable to our outstanding variable rate debt,
- a ratings downgrade that could limit the amount we can borrow under our senior unsecured revolving credit facility and our overall access to the corporate debt market,

- increases in interest rates or credit spreads, as well as limitations on the availability of credit, that affect our ability to borrow under future potential facilities on a secured or unsecured basis,
- a decrease in the market price for our common stock, and
- volatility in the public debt and equity markets.

***Cash Flows***

***Fiscal Year 2020 Compared to Fiscal Year 2019***

*Operating Activities.* Net cash provided by continuing operations was $892.2 million for fiscal year 2020, as compared to $363.5 million for fiscal year 2019, an increase of $528.7 million. The cash provided by operating activities for fiscal year 2020 was principally a result of income from continuing operations of $728.1 million, and non-cash charges, including depreciation and amortization of $246.5 million, stock based compensation expense of $29.1 million, a non-cash expense of $18.0 million related to our postretirement benefit plans, including the mark-to-market adjustment in the fourth quarter of fiscal year 2020, restructuring and other costs, net, of $8.0 million, asset impairment of $7.9 million, amortization of deferred debt issuance costs and accretion of discounts of $3.4 million, loss on disposition of businesses and assets, net, of $0.9 million and a net cash increase of $321.8 million in accrued expenses, other assets and liabilities and other items. The change in accrued expenses, other assets and liabilities and other items increased cash provided by operating activities by $321.8 million for fiscal year 2020, whereas the changes in accrued expenses, other assets and liabilities and other items decreased cash provided by operating activities by $40.6 million for fiscal year 2019. These changes primarily related to the timing of payments for pensions, taxes, restructuring, and salary and benefits, including the amortization of purchase accounting adjustments to record the inventory from certain acquisitions of $2.8 million for fiscal year 2020 as compared to $21.6 million for fiscal year 2019 and contingencies and non-cash tax matters, which increased cash provided by operating activities by $4.5 million for fiscal year 2020 as compared to decreasing cash provided by operating activities by $0.4 million for fiscal year 2019. The cash provided by continuing operations during fiscal year 2020 was partially offset by a net cash decrease in working capital of $433.7 million, deferred tax benefit of $29.1 million and change in fair value of contingent consideration of $8.8 million. Contributing to the net cash decrease in working capital for fiscal year 2020, excluding the effect of foreign exchange rate fluctuations, was an increase in accounts receivable of $373.9 million and an increase in inventory of $122.5 million, which were partially offset by an increase in accounts payable of $62.8 million. The increase in accounts receivable was a result of higher sales volume in our Diagnostics segment partially offset by a reduction in terms and improved linearity due to COVID-19 demand. The increase in inventory was primarily due to the ramp up of COVID-19 product offerings. The increase in accounts payable were primarily the result of term extensions and ramp-up in COVID-19 inventory. For fiscal year 2020, $13.3 million of contingent consideration payments were included in operating activities as compared to $20.9 million for fiscal year 2019. We paid stay bonuses associated with our acquisition of Tulip Diagnostics Private Limited ("Tulip") of $11.8 million for fiscal year 2019. During fiscal year 2020, we made contributions of $7.5 million, in the aggregate, to pension plans outside of the United States, as compared to $8.2 million during fiscal year 2019.

*Investing Activities.* Net cash used in the investing activities of our continuing operations was $504.5 million for fiscal year 2020, as compared to $487.6 million for fiscal year 2019, an increase of $16.9 million. For fiscal year 2020, we used $411.5 million of net cash for acquisitions, as compared to $400.4 million used in fiscal year 2019. Capital expenditures for fiscal year 2020 were $77.5 million, primarily for manufacturing equipment and other capital equipment purchases, as compared to $76.3 million for fiscal year 2019. During fiscal year 2020, we purchased investments amounting to $20.1 million as compared to $6.4 million in fiscal year 2019. We made purchases of licenses of $5.0 million in fiscal year 2019. These items were partially offset by $4.3 million in proceeds from disposition of businesses and assets in fiscal year 2020 as compared to $0.6 million in proceeds from disposition of businesses and assets in fiscal year 2019. Proceeds from surrender of life insurance policies were $0.3 million in fiscal year 2020.

*Financing Activities.* Net cash used in the financing activities of our continuing operations was $202.9 million for fiscal year 2020, as compared to net cash provided by the financing activities of our continuing operations of $150.1 million for fiscal year 2019, an increase of $353.0 million in net cash used in financing activities. The cash used in financing activities during fiscal year 2020 was principally a result of debt payments, net payments on other credit facilities, settlement of cash flow hedges, payments for acquisition-related contingent consideration, repurchases of our common stock pursuant to our equity incentive plans and payments of dividends. During fiscal year 2020, our debt payments totaled $897.7 million which were partially offset by debt borrowings of $714.7 million. This compares to debt payments of $1,692.5 million and payments of debt issuance costs of $9.9 million, which were partially offset by our debt borrowings of $1,599.4 million in fiscal year 2019. During fiscal year 2019, payments of our senior debt were $530.3 million, which were more than offset by proceeds from the issuance of the 2029 Notes which were $847.2 million. In addition, during fiscal year 2020, we had net payments on other credit facilities of $4.5 million as compared to $15.0 million in fiscal year 2019. During fiscal year 2020, we paid $4.6 million for settlement of forward foreign exchange contracts as compared to $1.3 million in fiscal year 2019. During fiscal year 2020,

we paid $10.4 million for acquisition-related contingent consideration as compared to $29.9 million in fiscal year 2019. During fiscal year 2020, we repurchased 72,251 shares of our common stock to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards and restricted stock unit awards granted pursuant to our equity incentive plans and to satisfy obligations related to the exercise of stock options made pursuant to our equity incentive plans, for a total cost of $6.9 million. This compares to repurchases of 68,536 shares of our common stock pursuant to our equity incentive plans in fiscal year 2019, for a total cost of $6.3 million. During fiscal year 2020, we paid $31.2 million in dividends as compared to $31.1 million for fiscal year 2019. The cash used in financing activities during fiscal year 2020 was partially offset by proceeds from the issuance of common stock under stock plans of $37.7 million during fiscal year 2020, as compared to $19.7 million in fiscal year 2019.

*Fiscal Year 2019 Compared to Fiscal Year 2018*

For a discussion of our results of operations for fiscal year 2019 as compared to fiscal year 2018, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the fiscal year ended December 29, 2019 filed with the Securities and Exchange Commission on February 25, 2020.

**Borrowing Arrangements**

*Senior Unsecured Revolving Credit Facility.* Our senior unsecured revolving credit facility provides for $1.0 billion of revolving loans that may be either US Dollar Base Rate loans or Eurocurrency Rate loans, as those terms are defined in the credit agreement, and has an initial maturity of September 17, 2024. As of January 3, 2021, undrawn letters of credit in the aggregate amount of $11.0 million were treated as issued and outstanding when calculating the borrowing availability under the senior unsecured revolving credit facility. As of January 3, 2021, we had $830.4 million available for additional borrowing under the facility. We plan to use the senior unsecured revolving credit facility for general corporate purposes, which may include working capital, refinancing existing indebtedness, capital expenditures, share repurchases, acquisitions and strategic alliances. The interest rates on the Eurocurrency Rate loans are based on the Eurocurrency Rate at the time of borrowing, plus a percentage spread based on the credit rating of our debt. The interest rates on the US Dollar Base Rate loans are based on the US Dollar Base Rate at the time of borrowing, plus a percentage spread based on the credit rating of our debt. The base rate is the higher of (i) the Federal Funds Rate (as defined in the credit agreement) plus 50 basis points (ii) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," or (iii) the Eurocurrency Rate plus 1.00%. The Eurocurrency margin as of January 3, 2021 was 101.5 basis points. The weighted average Eurocurrency interest rate as of January 3, 2021 was 0.02%, resulting in a weighted average effective Eurocurrency Rate, including the margin, of 1.04%, which was the interest applicable to the borrowings outstanding as of January 3, 2021. As of January 3, 2021, the senior unsecured revolving credit facility had outstanding borrowings of $158.6 million, and $2.6 million of unamortized debt issuance costs. As of December 29, 2019, the senior unsecured revolving credit facility had $325.4 million of outstanding borrowings, and $3.4 million of unamortized debt issuance costs. The credit agreement for the facility contains affirmative, negative and financial covenants and events of default. The financial covenants include a debt-to-capital ratio that remains applicable for so long as our debt is rated as investment grade. In the event that our debt is not rated as investment grade, the debt-to-capital ratio covenant is replaced with a maximum consolidated leverage ratio covenant and a minimum consolidated interest coverage ratio covenant. We were in compliance with all applicable debt covenants as of January 3, 2021.

*1.875% Senior Unsecured Notes due 2026.* On July 19, 2016, we issued €500.0 million aggregate principal amount of senior unsecured notes due in 2026 (the “2026 Notes”) in a registered public offering and received approximately €492.3 million of net proceeds from the issuance. The 2026 Notes were issued at 99.118% of the principal amount, which resulted in a discount of €4.4 million. The 2026 Notes mature in July 2026 and bear interest at an annual rate of 1.875%. Interest on the 2026 Notes is payable annually on July 19th each year. The proceeds from the 2026 Notes were used to pay in full the outstanding balance of our previous senior unsecured revolving credit facility. As of January 3, 2021, the 2026 Notes had an aggregate carrying value of $604.7 million, net of $3.3 million of unamortized original issue discount and $2.8 million of unamortized debt issuance costs. As of December 29, 2019, the 2026 Notes had an aggregate carrying value of $552.2 million, net of $3.5 million of unamortized original issue discount and $3.3 million of unamortized debt issuance costs.

Prior to April 19, 2026 (three months prior to their maturity date), we may redeem the 2026 Notes in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2026 Notes to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect to the 2026 Notes being redeemed, discounted on an annual basis, at the applicable Comparable Government Bond Rate (as defined in the indenture governing the 2026 Notes) plus 35 basis points; plus, in each case, accrued and unpaid interest. In addition, at any time on or after April 19, 2026 (three months prior to their maturity date), we may redeem the 2026 Notes, at our option, at a redemption price equal to 100% of the principal amount of the 2026 Notes due to be redeemed plus accrued and unpaid interest.

Upon a change of control (as defined in the indenture governing the 2026 Notes) and a contemporaneous downgrade of the 2026 Notes below investment grade, we will, in certain circumstances, make an offer to purchase the 2026 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest.

*0.6% Senior Unsecured Notes due in 2021.* On April 11, 2018, we issued €300.0 million aggregate principal amount of senior unsecured notes due in 2021 (the “2021 Notes”) in a registered public offering and received approximately €298.7 million of net proceeds from the issuance. The 2021 Notes were issued at 99.95% of the principal amount, which resulted in a discount of €0.2 million. As of January 3, 2021, the 2021 Notes had an aggregate carrying value of $366.2 million, net of $16,200 of unamortized original issue discount and $0.2 million of unamortized debt issuance costs. As of December 29, 2019, the 2021 Notes had an aggregate carrying value of $334.2 million, net of $0.1 million of unamortized original issue discount and $1.1 million of unamortized debt issuance costs. The 2021 Notes mature in April 2021 and bear interest at an annual rate of 0.6%. Interest on the 2021 Notes is payable annually on April 9th each year. Prior to the maturity date of the 2021 Notes, we may redeem them in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2021 Notes to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect to the 2021 Notes being redeemed, discounted on an annual basis, at the applicable Comparable Government Bond Rate (as defined in the indenture governing the 2021 Notes) plus 15 basis points; plus, in each case, accrued and unpaid interest. Upon a change of control (as defined in the indenture governing the 2021 Notes) and a contemporaneous downgrade of the 2021 Notes below investment grade, we will, in certain circumstances, make an offer to purchase the 2021 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest.

*3.3% Senior Unsecured Notes due in 2029.* On September 12, 2019, we issued $850.0 million aggregate principal amount of senior unsecured notes due in 2029 (the "2029 Notes”) in a registered public offering and received $847.2 million of net proceeds from the issuance. The 2029 Notes were issued at 99.67% of the principal amount, which resulted in a discount of $2.8 million. As of January 3, 2021, the 2029 Notes had an aggregate carrying value of $840.6 million, net of $2.5 million of unamortized original issue discount and $6.9 million of unamortized debt issuance costs. As of December 29, 2019, the 2029 Notes had an aggregate carrying value of $839.9 million, net of $2.7 million of unamortized original issue discount and $7.4 million of unamortized debt issuance costs. The 2029 Notes mature in September 2029 and bear interest at an annual rate of 3.3%. Interest on the 2029 Notes is payable semi-annually on March 15th and September 15th each year. Proceeds from the 2029 Notes were used to repay all outstanding borrowings under our previous senior unsecured revolving credit facility with the remaining proceeds used in the redemption of the 5% senior unsecured notes that were due in November 2021. Prior to June 15, 2029 (three months prior to their maturity date), we may redeem the 2029 Notes in whole or in part, at our option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2029 Notes to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect to the 2029 Notes being redeemed (not including any portion of such payments of interest accrued but unpaid as of the date of redemption) assuming that such 2029 Notes matured on June 15, 2029, discounted at the date of redemption on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate (as defined in the indenture governing the 2029 Notes) plus 25 basis points, plus accrued and unpaid interest. At any time on or after June 15, 2029 (three months prior to their maturity date), we may redeem the 2029 Notes, at our option, at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed plus accrued and unpaid interest. Upon a change of control (as defined in the indenture governing the 2029 Notes) and a contemporaneous downgrade of the 2029 Notes below investment grade, each holder of 2029 Notes will have the right to require us to repurchase such holder's 2029 Notes for 101% of their principal amount, plus accrued and unpaid interest.

*Other Debt Facilities.* Our other debt facilities include Euro-denominated bank loans with an aggregate carrying value of $17.0 million (or €13.9 million) and $23.8 million (or €21.3 million) as of January 3, 2021 and December 29, 2019, respectively. These bank loans are primarily utilized for financing fixed assets and are required to be repaid in monthly or quarterly installments with maturity dates extending to 2028. Of these bank loans, loans in the aggregate amount of $17.0 million bear fixed interest rates between 1.1% and 4.3% and a loan in the amount of $0.1 million bears a variable interest rate based on the Euribor rate plus a margin of 1.5%. An aggregate amount of $4.8 million of the bank loans are secured by mortgages on real property and the remaining $12.2 million are unsecured. Certain credit agreements for the unsecured bank loans include financial covenants which are based on an equity ratio or an equity ratio and minimum interest coverage ratio. We were in compliance with all applicable debt covenants as of January 3, 2021.

In addition, we had secured bank loans in the aggregate amount of $6.1 million and $1.9 million as of January 3, 2021 and December 29, 2019, respectively. The secured bank loans of $6.1 million bear fixed annual interest rates between 1.95% and 8.9% and are required to be repaid in monthly installments until 2027.

## Dividends

Our Board declared a regular quarterly cash dividend of $0.07 per share in each quarter of fiscal years 2020 and 2019, resulting in an annual dividend rate of $0.28 per share. At January 3, 2021, we had accrued $7.9 million for a dividend declared in October 2020 for the fourth quarter of fiscal year 2020 that was paid in February 2021. On January 28, 2021, we announced that our Board had declared a quarterly dividend of $0.07 per share for the first quarter of fiscal year 2021 that will be payable in May 2021. In the future, our Board may determine to reduce or eliminate our common stock dividend in order to fund investments for growth, repurchase shares or conserve capital resources.

## Contractual Obligations

The following table summarizes our contractual obligations at January 3, 2021 for continuing and discontinued operations. Purchase commitments are minimal and have been excluded from this table:

| | Operating Leases | Senior Unsecured Revolving Credit Facility Maturing 2024[1] | 2021 Notes[2] | 2026 Notes[3] | 2029 Notes[4] | Other Debt Facilities[5] | Employee Benefit Payments[6] | Tax Act Transition Tax Liability | Unrecognized Tax Benefits[7] | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | (In thousands) | | | | | | | | | |
| 2021 | $ 48,986 | $ — | $ 367,060 | $ 11,452 | $ 28,050 | $ 14,927 | $ 32,424 | $ 6,575 | $ — | $ 509,474 |
| 2022 | 40,097 | — | — | 11,452 | 28,050 | 4,199 | 32,532 | 12,328 | — | 128,658 |
| 2023 | 30,044 | — | — | 11,452 | 28,050 | 2,511 | 33,003 | 16,438 | — | 121,498 |
| 2024 | 26,667 | 158,595 | — | 11,452 | 28,050 | 1,397 | 33,807 | 20,547 | — | 280,515 |
| 2025 | 24,847 | — | — | 11,452 | 28,050 | 240 | 33,768 | — | — | 98,357 |
| 2026 and thereafter | 90,518 | — | — | 616,948 | 953,801 | 293 | 165,888 | — | — | 1,827,448 |
| Total | $ 261,159 | $ 158,595 | $ 367,060 | $ 674,208 | $ 1,094,051 | $ 23,567 | $ 331,422 | $ 55,888 | $ — | $ 2,965,950 |

(1) The credit facility borrowings carry variable interest rates. As of January 3, 2021, the senior unsecured revolving credit facility had a carrying value of $156.0 million.

(2) The 2021 Notes include interest obligations of $0.6 million. As of January 3, 2021, the 2021 Notes had a carrying value of $366.2 million.

(3) The 2026 Notes include interest obligations of $63.5 million. As of January 3, 2021, the 2026 Notes had a carrying value of $604.7 million.

(4) The 2029 Notes include interest obligations of $244.1 million. As of January 3, 2021, the 2029 Notes had a carrying value of $840.6 million.

(5) The other debt facilities include interest obligations of $0.4 million. As of January 3, 2021, the other debt facilities had a carrying value of $23.2 million.

(6) Employee benefit payments only include obligations through fiscal year 2030.

(7) We do not expect to cash settle any uncertain tax positions during fiscal year 2021. We have excluded $38.8 million related to uncertain tax positions, as we cannot make a reasonably reliable estimate of the amount and period of related future payments.

As of January 3, 2021, we may have to pay the former shareholders of certain of our acquisitions contingent consideration of up to $7.3 million. The table above does not reflect any of these obligations as the timing and amounts are uncertain. For further information related to our contingent consideration obligations, see Note 22 to our consolidated financial statements included in this annual report on Form 10-K.

## Capital Expenditures

During fiscal year 2021, we expect to invest an amount for capital expenditures similar to that in fiscal year 2020, primarily to introduce new products, to improve our operating processes, to shift the production capacity to lower cost

locations, and to develop information technology. We expect to use our available cash and internally generated funds to fund these expenditures.

**Other Potential Liquidity Considerations**

At January 3, 2021, we had cash and cash equivalents of $402.0 million, of which $345.2 million was held by our non-U.S. subsidiaries, and we had $830.4 million of additional borrowing capacity available under a senior unsecured revolving credit facility. We had no other liquid investments at January 3, 2021.

We utilize a variety of tax planning and financing strategies to ensure that our worldwide cash is available in the locations in which it is needed. We use our non-U.S. cash for needs outside of the U.S. including foreign operations,
capital investments, acquisitions and repayment of debt. In addition, we also transfer cash to the U.S. using nontaxable returns of capital, distributions of previously taxed income, as well as dividends, where the related income tax cost is managed efficiently. We have accrued tax expense on the unremitted earnings of foreign subsidiaries as required by the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) and also where the foreign earnings are not considered permanently reinvested. In accordance with the Tax Act, we are making scheduled annual cash payments on our accrued transition tax. The tax cost and related tax payments are not expected to be material to the execution of our business, investment and acquisition strategies.

On July 23, 2018, our Board of Directors (the "Board") authorized us to repurchase shares of common stock for an aggregate amount up to $250.0 million under a stock repurchase program (the "Repurchase Program"). The Repurchase Program expired on July 23, 2020, and no shares remain available for repurchase under the Repurchase Program due to its expiration. On July 31, 2020, the Board authorized us to repurchase shares of common stock for an aggregate amount up to $250.0 million under a new stock repurchase program (the "New Repurchase Program"). The New Repurchase Program will expire on July 27, 2022 unless terminated earlier by the Board and may be suspended or discontinued at any time. During fiscal year 2020, we had no stock repurchases under either the Repurchase Program or the New Repurchase Program. As of January 3, 2021, $250.0 million remained available for aggregate repurchases of shares under the New Repurchase Program. Subsequent to fiscal year 2020, we repurchased 233,000 shares of common stock under the New Repurchase Program at an aggregate cost of $33.6 million.

In addition, our Board has authorized us to repurchase shares of common stock to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards and restricted stock unit awards granted pursuant to our equity incentive plans and to satisfy obligations related to the exercise of stock options made pursuant to our equity incentive plans. During the fiscal year 2020, we repurchased 72,251 shares of common stock for this purpose at an aggregate cost of $6.9 million. During fiscal year 2019, we repurchased 68,536 shares of common stock for this purpose at an aggregate cost of $6.3 million.

The repurchased shares have been reflected as additional authorized but unissued shares, with the payments reflected in common stock and capital in excess of par value. Any repurchased shares will be available for use in connection with corporate programs. If we continue to repurchase shares, the New Repurchase Program will be funded using our existing financial resources, including cash and cash equivalents, and our existing senior unsecured revolving credit facility.

Subsequent to fiscal year 2020, we reached an agreement with Oxford Immunotec Global PLC (“Oxford Immunotec”) on terms under which we agreed to acquire Oxford Immunotec. It is intended that the acquisition will be implemented by means of a U.K. High Court of Justice-sanctioned scheme of arrangement under Part 26 of the U.K. Companies Act 2006 between Oxford Immunotec and its shareholders (the “Scheme”). Under the terms of the acquisition, Oxford Immunotec shareholders will be entitled to receive $22 in cash for each outstanding ordinary share. The terms of the acquisition value Oxford Immunotec’s entire issued and to be issued ordinary share capital at approximately $591.0 million. The Scheme has been approved by the shareholders of Oxford Immunotec. Subject to the satisfaction of other customary closing conditions, we currently anticipate that the transaction will close later this month. The acquisition will be funded using our existing financial resources, including cash and cash equivalents, and our existing senior unsecured revolving credit facility.

Distressed global financial markets could adversely impact general economic conditions by reducing liquidity and credit availability, creating increased volatility in security prices, widening credit spreads and decreasing valuations of certain investments. The widening of credit spreads may create a less favorable environment for certain of our businesses and may affect the fair value of financial instruments that we issue or hold. Increases in credit spreads, as well as limitations on the availability of credit at rates we consider to be reasonable, could affect our ability to borrow under future potential facilities on a secured or unsecured basis, which may adversely affect our liquidity and results of operations. In difficult global financial markets, we may be forced to fund our operations at a higher cost, or we may be unable to raise as much funding as we need to support our business activities.

Our pension plans have not experienced a material impact on liquidity or counterparty exposure due to the volatility and uncertainty in the credit markets. With respect to plans outside of the United States, we expect to contribute $7.6 million in the aggregate during fiscal year 2021. During fiscal years 2020 and 2019, we contributed $7.5 million and $8.2 million, in the aggregate, to pension plans outside of the United States, respectively. During fiscal year 2021, we contributed $20.0 million to our defined benefit pension plan in the United States for the plan year 2019. We could potentially have to make additional funding payments in future periods for all pension plans. We expect to use existing cash and external sources to satisfy future contributions to our pension plans.

**Effects of Recently Issued and Adopted Accounting Pronouncements**

See Note 1, *Nature of Operations and Accounting Policies*, in the Notes to Consolidated Financial Statements for a summary of recently adopted and issued accounting pronouncements.

**Application of Critical Accounting Policies and Estimates**

The preparation of consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, warranty costs, bad debts, inventories, accounting for business combinations and dispositions, long-lived assets, pensions and other postretirement benefits, restructuring, income taxes, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in preparation of our consolidated financial statements.

*Revenue recognition.* We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. We recognize revenue in an amount that reflects the consideration we expect to receive in exchange for the promised products or services when a performance obligation is satisfied by transferring control of those products or services to customers.

Taxes that are collected by us from a customer and assessed by a governmental authority, that are both imposed on and concurrent with a specific revenue-producing transaction, are excluded from revenue.

The majority of our sales relate to specific manufactured products or units rather than long-term customized projects, therefore we generally do not experience significant changes in original estimates. Further, we have not experienced any significant refunds or promotional allowances that require significant estimation.

*Warranty costs*. We provide for estimated warranty costs for products at the time of their sale. Warranty liabilities are estimated using expected future repair costs based on historical labor and material costs incurred during the warranty period.

*Allowances for doubtful accounts.* Prior to December 30, 2019, we maintained allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. Beginning on December 30, 2019, we maintain an allowance for current expected credit loss on trade receivables that, when deducted from the amortized cost basis of the trade receivables, presents the net amount expected to be collected on trade receivables. Under the new model, we segment our receivables and contract assets based on days past due and record an allowance for current expected credit losses using average rates applied against each account's applicable aggregate balance for each aging bucket. We establish the average rates based on consideration of the actual credit loss experience over the prior 3-year period, recent collection trends, current economic conditions and reasonable expectations of future payment delinquency. Therefore, if the economic conditions and financial condition of our customers were to deteriorate beyond our estimates, we may have to increase our allowance for current expected credit loss. This would reduce our earnings. Accounts are written-off only when all methods of recovery have been exhausted.

*Inventory valuation.* We value inventory at the lower of cost or market. Inventories are accounted for using the first-in, first-out method. We periodically review these values to ascertain that market value of the inventory continues to exceed its recorded cost. Generally, reductions in value of inventory below cost are caused by our maintenance of stocks of products in excess of demand, or technological obsolescence of the inventory. We regularly review inventory quantities on hand and, when necessary, record provisions for excess and obsolete inventory based on either our estimated forecast of product demand and production requirements, or historical trailing usage of the product. If our sales do not materialize as planned or at historic

levels, we may have to increase our reserve for excess and obsolete inventory. This would reduce our earnings. If actual market conditions are more favorable than anticipated, inventory previously written down may be sold, resulting in lower costs of sales and higher income from operations than expected in that period.

*Business combinations.* Business combinations are accounted for at fair value. Acquisition costs are expensed as incurred and recorded in selling, general and administrative expenses; previously held equity interests are valued at fair value upon the acquisition of a controlling interest; IPR&D is recorded at fair value as an intangible asset at the acquisition date; restructuring costs associated with a business combination are expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date affect income tax expense. Measurement period adjustments are made in the period in which the amounts are determined and the current period income effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition date. All changes that do not qualify as measurement period adjustments are also included in current period earnings. The accounting for business combinations requires estimates and judgment as to expectations for future cash flows of the acquired business, and the allocation of those cash flows to identifiable intangible assets, in determining the estimated fair value for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, including contingent consideration, are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from the estimates and judgments used in these estimates, the amounts recorded in the financial statements could result in a possible impairment of the intangible assets and goodwill, require acceleration of the amortization expense of finite-lived intangible assets, or the recognition of additional consideration which would be expensed. The fair value of contingent consideration is remeasured each period based on relevant information and changes to the fair value are included in the operating results for the period.

*Value of long-lived assets, including goodwill and other intangibles.* We carry a variety of long-lived assets on our consolidated balance sheets including property and equipment, operating lease right of use assets, investments, identifiable intangible assets, and goodwill. We periodically review the carrying value of all of these assets based, in part, upon current estimated market values and our projections of anticipated future cash flows. We undertake this review (i) on an annual basis for assets such as goodwill and non-amortizing intangible assets and (ii) on a periodic basis for other long-lived assets when facts and circumstances suggest that cash flows related to those assets may be diminished. Any impairment charge that we record reduces our earnings. The test consists of the comparison of the fair value to the carrying value of the reporting unit to determine if the carrying value exceeds the fair value. If the carrying value of the reporting unit exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of goodwill. We perform the annual impairment assessment on the later of January 1 or the first day of each fiscal year. This same impairment test will be performed at other times during the course of the year should an event occur which suggests that the recoverability of goodwill should be reconsidered. We completed the annual goodwill impairment test using a measurement date of January 1, 2020, and concluded that there was no goodwill impairment. At January 1, 2020, the fair value exceeded the carrying value by more than 20.0% for each reporting unit, except for our Meizheng Group reporting unit. The range of the long-term terminal growth rates for the reporting units was 3.0% to 5.0% for the fiscal year 2020 impairment analysis. The range for the discount rates for the reporting units was 9.0% to 14.5%. Keeping all other variables constant, a 10.0% change in any one of these input assumptions for the various reporting units, except for our Meizheng Group reporting unit, would still allow us to conclude that there was no impairment of goodwill. The fair value of our Meizheng Group reporting unit approximated its carrying value given that the reporting unit was a relatively new acquisition. At January 4, 2021, our Tulip reporting unit, which had a goodwill balance of $77.8 million at January 3, 2021, had a fair value that was between 10% and 20% more than its carrying value. Tulip is at increased risk of an impairment charge given its ongoing weakness due to the impact of COVID-19. Despite the increased risk associated with this reporting unit, we do not believe there will be a significant change in the key estimates or assumptions driving the fair value of this reporting unit that would lead to a material impairment charge.

We consistently employed the income approach to estimate the current fair value when testing for impairment of goodwill. A number of significant assumptions and estimates are involved in the application of the income approach to forecast operating cash flows, including markets and market share, sales volumes and prices, costs to produce, tax rates, capital spending, discount rates and working capital changes. Cash flow forecasts are based on approved business unit operating plans for the early years' cash flows and historical relationships in later years. The income approach is sensitive to changes in long-term terminal growth rates and the discount rates. The long-term terminal growth rates are consistent with our historical long-term terminal growth rates, as the current economic trends are not expected to affect our long-term terminal growth rates. We corroborate the income approach with a market approach. While we believe that our estimates of current value are reasonable, if actual results differ from the estimates and judgments used including such items as future cash flows and the volatility inherent in markets which we serve, impairment charges against the carrying value of those assets could be required in the future.

Non-amortizing intangibles are also subject to an annual impairment test. We consistently employed the relief from royalty model to estimate the current fair value when testing for impairment of non-amortizing intangible asset. The impairment

test consists of a comparison of the fair value of the non-amortizing intangible asset with its carrying amount. If the carrying amount of a non-amortizing intangible asset exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of the amortizing intangible asset. In addition, we evaluate the remaining useful life of our non-amortizing intangible asset at least annually to determine whether events or circumstances continue to support an indefinite useful life. If events or circumstances indicate that the useful life of our non-amortizing intangible asset is no longer indefinite, the asset will be tested for impairment. This intangible asset will then be amortized prospectively over their estimated remaining useful life and accounted for in the same manner as other intangible assets that are subject to amortization.

We performed our annual impairment testing as of January 1, 2020, and concluded that there was no impairment of the non-amortizing intangible asset. An assessment of the recoverability of amortizing intangible assets takes place when events have occurred that may give rise to an impairment. No such events occurred during fiscal year 2020.

*Employee compensation and benefits.* We sponsor both funded and unfunded U.S. and non-U.S. defined benefit pension plans and other postretirement benefits. Retirement and postretirement benefit plans are a significant cost of doing business, and represent obligations that will be ultimately settled far in the future, and therefore are subject to estimation. Retirement and postretirement benefit plan expenses are allocated to cost of revenue, research and development, and selling, general and administrative expenses, in our consolidated statements of operations. We immediately recognize actuarial gains and losses in operating results in the year in which the gains and losses occur. Actuarial gains and losses are measured annually as of the calendar month-end that is closest to our fiscal year end and accordingly will be recorded in the fourth quarter, unless we are required to perform an interim remeasurement.

We recognized losses of $18.0 million and $26.1 million in fiscal years 2020 and 2019, respectively, for our retirement and postretirement benefit plans, which include the charge or benefit for the mark-to-market adjustment for the postretirement benefit plans, which was recorded in the fourth quarter of each fiscal year. The loss or income related to the mark-to-market adjustment on postretirement benefit plans was a pre-tax loss of $25.4 million in fiscal year 2020 and $31.2 million in fiscal year 2019. We expect income of approximately $10.3 million in fiscal year 2021 for our retirement and postretirement benefit plans, excluding the charge for or benefit from the mark-to-market adjustment. It is difficult to reliably calculate and predict whether there will be a mark-to-market adjustment in fiscal year 2021. Mark-to-market adjustments are primarily driven by events and circumstances beyond our control, including changes in interest rates, the performance of the financial markets and mortality assumptions. To the extent the discount rates decrease or the value of our pension and postretirement investments decrease, mark-to market charges to operations will be recorded in fiscal year 2021. Conversely, to the extent the discount rates increase or the value of our pension and postretirement investments increase more than expected, mark-to market income will be recorded in fiscal year 2021. Pension accounting is intended to reflect the recognition of future benefit costs over the employee’s approximate service period based on the terms of the plans and the investment and funding decisions made. We are required to make assumptions regarding such variables as the expected long-term rate of return on assets, the discount rate applied and mortality assumptions, to determine service cost and interest cost, in order to arrive at expected pension income or expense for the year. Beginning in fiscal year 2016, the approach we use to calculate the service and interest components of net periodic benefit cost for certain non-U.S. benefit plans was changed to provide a more precise measurement of service and interest costs. Prior to fiscal year 2016, we calculated these service and interest components utilizing a single weighted-average discount rate derived from a yield curve used to measure the benefit obligation at the beginning of the period. Beginning in fiscal year 2016, we have elected to utilize an approach that discounts the individual expected cash flows using the applicable spot rates derived from a yield curve over the projected cash flow period.

As of January 3, 2021, we estimate the expected long-term rate of return on assets in our pension and other postretirement benefit plans in the United States to be 7.25% and to be 2.10% for all plans outside the United States. In addition, as of January 3, 2021, we estimate the discount rate for our pension and other postretirement benefit plans in the United States to be 2.21% and to be 0.92% for all plans outside the United States. During fiscal year 2019, the Society of Actuaries issued an updated projection scale, MP-2019, which incorporated an additional year (2017) of U.S. population data and reduced the life expectancy used to determine the projected benefit obligation. We adopted MP-2019 as of December 30, 2019. The adoption of MP-2019 resulted in a $4.4 million decrease to the projected benefit obligation at December 29, 2019. During fiscal year 2020, the Society of Actuaries issued an updated projection scale, MP-2020, which incorporated an additional year (2018) of U.S. population data and made a few adjustments to the long-term rate of mortality improvement assumed. We adopted MP-2020 as of January 3, 2021. The adoption of MP-2020 resulted in a $2.7 million decrease to the projected benefit obligation at January 3, 2021. The changes to the projected benefit obligations due to the adoption of the new projection scale are included within "Actuarial loss (gain)" in the Change in Benefit Obligations for fiscal years 2020 and 2019 above. We have analyzed the rates of return on assets used and determined that these rates are reasonable based on the plans’ historical performance relative to the overall markets in the countries where we invest the assets, as well as our current expectations for long-term rates of returns for our pension and other postretirement benefit assets. Our management will continue to assess the expected long-term rate of return on plan assets assumptions for each plan based on relevant market conditions, and will make adjustments to the assumptions as appropriate. Discount rate assumptions have been, and continue to

be, based on the prevailing market long-term interest rates corresponding with expected benefit payments at the measurement date.

If any of our assumptions were to change as of January 3, 2021, our pension plan expenses would also change.

| | | Increase (Decrease) at January 3, 2021 | |
|---|---|---|---|
| | Percentage Point Change | Non-U.S. | U.S. |
| Pension plans discount rate | +0.25 | (15,912) | (8,220) |
| | -0.25 | 16,973 | 8,597 |
| Rate of return on pension plan assets | +1.00 | (2,048) | (2,687) |
| | -1.00 | 2,048 | 2,687 |
| Postretirement medical plans discount rate | +0.25 | N/A | (90) |
| | -0.25 | N/A | 94 |
| Rate of return on postretirement medical plan assets | +1.00 | N/A | (220) |
| | -1.00 | N/A | 220 |

We have reduced the volatility in our healthcare costs provided to our retirees by adopting a defined dollar plan feature in fiscal year 2001. Under the defined dollar plan feature, our total annual liability for healthcare costs to any one retiree is limited to a fixed dollar amount, regardless of the nature or cost of the healthcare needs of that retiree. Our maximum future liability, therefore, cannot be increased by future changes in the cost of healthcare.

*Restructuring activities.* Our consolidated financial statements detail specific charges relating to restructuring activities as well as the actual spending that has occurred against the resulting accruals. Our pre-tax restructuring charges are estimates based on our preliminary assessments of (i) severance benefits to be granted to employees, based on known benefit formulas and contractual agreements, (ii) costs of terminating contracts in connection with certain disposal activities before the end of their terms and the costs that will continue to be incurred for the remaining terms without economic benefit to us, (iii) costs to relocate facilities and (iv) impairment of assets as discussed above under “Value of long-lived assets, including goodwill and other intangibles.” Because these accruals are estimates, they are subject to change as a result of deviations from initial restructuring plans or subsequent information that may come to our attention. For example, actual severance costs may be less than anticipated if employees voluntarily leave prior to the time at which they would be entitled to severance, or if anticipated legal hurdles in foreign jurisdictions prove to be less onerous than expected. In addition, unanticipated successes or difficulties in terminating contractual obligations may lead to changes in estimates. When such changes in estimates occur, they are reflected in our consolidated financial statements on our consolidated statements of operations line entitled “restructuring and other costs, net.”

*Dispositions.* When we record the disposition of an asset or discontinuance of an operation, which meets the criteria to be reported as a discontinued operation, we make an estimate relative to the amount we expect to realize on the sale or disposition. This estimate is based on a variety of factors, including current interest in the market, alternative markets for the assets, and other relevant factors. If anticipated proceeds are less than the current carrying amount of the asset or operation, we record a loss. If anticipated proceeds are greater than the current carrying amount of the asset or operation, we recognize a gain net of expected contingencies when the transaction has been consummated. Accordingly, we may realize amounts different than were first estimated. Any such changes decrease or increase current earnings. During the fiscal year ended January 3, 2021, we had no disposition of discontinued operations.

*Income taxes.* Our business operations are global in nature, and we are subject to taxes in numerous jurisdictions. Tax laws and tax rates vary substantially in these jurisdictions and are subject to change given the political and economic climate in those countries. We report and pay income tax based on operational results and applicable law. Our tax provision contemplates tax rates currently in effect to determine our current tax provision as well as enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled to determine our deferred tax provision. Any significant fluctuation in rates or changes in tax laws could cause our estimates of taxes we anticipate either paying or recovering in the future to change. Such changes could lead to either increases or decreases in our effective tax rate.

The Tax Act made broad and complex changes to the U.S. Internal Revenue Code, which included reducing the corporate income tax rate from 35% to 21% and implementing a modified territorial tax system that includes a one-time transition tax on deemed repatriated earnings of foreign subsidiaries. The end of the measurement period for purposes of Staff

Accounting Bulletin No. 118 was December 22, 2018. We have completed the analysis based on legislative updates relating to the Tax Act currently available and have recorded the impact in tax expense from continuing operations.

We are subject to the Global Intangible Low Tax Income ("GILTI") tax rules that are part of the modified territorial tax system imposed by the Tax Act. Under U.S. GAAP, we are allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the “period cost method”) or (2) factoring such amounts into our measurement of deferred taxes (the “deferred method”). We adopted the period cost method and thus have not recorded any potential deferred tax effects related to GILTI in our financial statements for the fiscal year ended January 3, 2021.

Significant judgment is required in determining our worldwide provision for income taxes and recording the related tax assets and liabilities. In the ordinary course of our business, there are operational decisions, transactions, facts and circumstances, and calculations for which the ultimate tax determination is not certain. Furthermore, our tax positions are periodically subject to challenge by taxing authorities throughout the world. Every quarter we review our tax positions in each significant taxing jurisdiction in the process of evaluating our unrecognized tax benefits. Adjustments are made to our unrecognized tax benefits when: (i) facts and circumstances regarding a tax position change, causing a change in our judgment regarding that tax position; (ii) a tax position is effectively settled with a tax authority at a differing amount; and/or (iii) the statute of limitations expires regarding a tax position. Any significant impact as a result of changes in underlying facts, law, tax rates, tax audit, or review could lead to adjustments to our income tax expense, our effective tax rate, or our cash flow.

Additionally, we have established valuation allowances against a variety of deferred tax assets, including state net operating loss carryforwards, state income tax credit carryforwards, and certain foreign tax attributes. Valuation allowances take into consideration our ability to use these deferred tax assets and reduce the value of such items to the amount that is deemed more likely than not to be recoverable. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and incorporate assumptions about the future pretax operating income adjusted for items that do not have tax consequences. These assumptions about future taxable income require significant judgment and are consistent with the plans and estimates we are using to manage the underlying business. Changes in our assumptions regarding the appropriate amount for valuation allowances could result in the increase or decrease in the valuation allowance, with a corresponding charge or benefit to our tax provision.

Prior to enactment of the Tax Act, we did not provide deferred income tax expense on the cumulative undistributed earnings of our international subsidiaries. The Tax Act required us to accrue a one-time transition tax on the unremitted earnings of foreign subsidiaries. At December 31, 2017, we recorded an income tax expense of $85.0 million in continuing operations in accordance with the Tax Act. The U.S. Treasury issued regulations in 2019 and accordingly we refined our calculations of the one-time transition tax and recorded a tax expense (benefit) of $2.7 million and $(4.6) million during fiscal years 2019 and 2018, respectively. At the end of fiscal year 2020, we evaluated our undistributed foreign earnings and identified certain earnings that we no longer consider indefinitely reinvested and therefore recognized $1.6 million of income tax expense during the year. Our intent is to continue to reinvest the remaining undistributed earnings of our international subsidiaries indefinitely. No additional deferred income taxes have been provided for any remaining undistributed foreign earnings, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested. However, should we change our business plans in the future and decide to repatriate a portion of these earnings to one of our U.S. subsidiaries, we will recognize additional income tax liabilities. As of January 3, 2021, we have approximately $1.5 billion of foreign earnings that we have the intent and ability to keep invested outside the U.S. indefinitely and for which no additional incremental U.S. tax cost has been provided. It is not practicable to calculate the unrecognized deferred tax liability related to such incremental tax costs on those earnings.

## Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

### Quantitative and Qualitative Disclosures about Market Risk

#### *Financial Instruments*

Financial instruments that potentially subject us to concentrations of credit risk consist principally of temporary cash investments, derivatives, marketable securities and accounts receivable. We believe we had no significant concentrations of credit risk as of January 3, 2021.

We use derivative instruments as part of our risk management strategy only, and include derivatives utilized as economic hedges that are not designated as hedging instruments. By nature, all financial instruments involve market and credit risks. We enter into derivative instruments with major investment grade financial institutions and have policies to monitor the credit risk of those counterparties. We do not enter into derivative contracts for trading or other speculative purposes, nor do we use leveraged financial instruments. Approximately 70% of our business is conducted outside of the United States, generally in foreign currencies. As a result, fluctuations in foreign currency exchange rates can increase the costs of financing, investing and operating the business.

In the ordinary course of business, we enter into foreign exchange contracts for periods consistent with our committed exposures to mitigate the effect of foreign currency movements on transactions denominated in foreign currencies. The intent of these economic hedges is to offset gains and losses that occur on the underlying exposures from these currencies, with gains and losses resulting from the forward currency contracts that hedge these exposures. Transactions covered by hedge contracts include intercompany and third-party receivables and payables. The contracts are primarily in European and Asian currencies, have maturities that do not exceed 12 months, have no cash requirements until maturity, and are recorded at fair value on our consolidated balance sheets. The unrealized gains and losses on our foreign currency contracts are recognized immediately in interest and other expense, net. The cash flows related to the settlement of these hedges are included in cash flows from operating activities within our consolidated statements of cash flows.

Principal hedged currencies include the Brazilian Real, British Pound, Chinese Yuan, Euro, Indian Rupee, Singapore Dollar and Swedish Krona. We held forward foreign exchange contracts, designated as economic hedges, with U.S. dollar equivalent notional amounts totaling $808.0 million at January 3, 2021, $277.6 million at December 29, 2019, and $223.3 million at December 30, 2018, and the fair value of these foreign currency derivative contracts was insignificant. The gains and losses realized on these foreign currency derivative contracts are not material. The duration of these contracts was generally 30 days or less during each of fiscal years 2020, 2019 and 2018.

In addition, in connection with certain intercompany loan agreements utilized to finance our acquisitions and stock repurchase program, we enter into forward foreign exchange contracts intended to hedge movements in foreign exchange rates prior to settlement of such intercompany loans denominated in foreign currencies. We record these hedges at fair value on our consolidated balance sheets. The unrealized gains and losses on these hedges, as well as the gains and losses associated with the remeasurement of the intercompany loans, are recognized immediately in interest and other expense, net. The cash flows related to the settlement of these hedges are included in cash flows from financing activities within our consolidated statements of cash flows.

The outstanding forward exchange contracts designated as economic hedges, which were intended to hedge movements in foreign exchange rates prior to the settlement of certain intercompany loan agreements, included combined Euro notional amounts of €33.4 million and U.S. Dollar notional amounts of $499.0 million as of January 3, 2021, combined Euro notional amounts of €105.8 million and combined U.S. Dollar notional amounts of $5.6 million as of December 29, 2019, and combined Euro notional amounts of €37.3 million and combined U.S. Dollar notional amounts of $5.7 million as of December 30, 2018. The net gains and losses on these derivatives, combined with the gains and losses on the remeasurement of the hedged intercompany loans were not material for each of the fiscal years 2020 and 2019. We paid $4.6 million and $1.3 million during the fiscal years 2020 and 2019, respectively, from the settlement of these hedges.

During fiscal year 2018, we designated a portion of the 2026 Notes to hedge our investments in certain foreign subsidiaries. Unrealized translation adjustments from a portion of the 2026 Notes were included in the foreign currency translation component of AOCI, which offsets translation adjustments on the underlying net assets of foreign subsidiaries. The cumulative translation gains or losses will remain in accumulated other comprehensive income ("AOCI") until the foreign subsidiaries are liquidated or sold. As of January 3, 2021, the total notional amount of the 2026 Notes that was designated to hedge investments in foreign subsidiaries was €497.2 million. The unrealized foreign exchange losses (gains) recorded in AOCI related to the net investment hedge were $49.6 million and $(4.9) million during the fiscal years 2020 and 2019, respectively.

During fiscal year 2018, we designated the 2021 Notes to hedge our investments in certain foreign subsidiaries. Unrealized translation adjustments from the 2021 Notes were included in the foreign currency translation component of AOCI, which offsets translation adjustments on the underlying net assets of foreign subsidiaries. The cumulative translation gains or losses will remain in AOCI until the foreign subsidiaries are liquidated or sold. During the second quarter of fiscal year 2020, we removed the hedging relationship of the first €100.0 million of the 2021 Notes and investments in certain foreign subsidiaries. During the third quarter of fiscal year 2020, we removed the hedging relationship of the remaining €200.0 million of the 2021 Notes and investments in certain foreign subsidiaries. The unrealized foreign exchange losses (gains) recorded in AOCI related to the net investment hedge were $1.8 million and $(8.0) million during the fiscal years 2020 and 2019, respectively.

During fiscal year 2019, we entered into a cross-currency swap designated as a net investment hedge to hedge the Euro currency exposure of our net investment in certain foreign subsidiaries. This agreement is a contract to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. Changes in the fair value of this swap are recorded in equity as a component of AOCI in the same manner as foreign currency translation adjustments. In assessing the effectiveness of this hedge, we use a method based on changes in spot rates to measure the impact of the foreign currency exchange rate fluctuations on both our foreign subsidiary net investment and the related swap. Under this method, changes in the fair value of the hedging instrument other than those due to changes in the spot rate are initially recorded in AOCI as a translation adjustment, and then are amortized into other (income) expense, net in the condensed consolidated statement of operations using a systematic and rational method over the instrument's term. Changes in the fair value associated with the effective portion (i.e. those changes due to the spot rate) are recorded in AOCI as a translation adjustment and are released and recognized in earnings only upon the sale or liquidation of the hedged net investment. The cross-currency swap has an initial notional value of €197.4 million or $220.0 million and matures on November 15, 2021. Interest on the cross-currency swap is payable semi-annually, in Euro, on May 15th and November 15th of each year based on the Euro notional value and a fixed rate of 2.47%. We receive interest in U.S. dollars on May 15th and November 15th of each year based on the U.S. dollar equivalent of the Euro notional value and a fixed rate of 5.00%. As of January 3, 2021, the fair value of the cross-currency swap was $(18.3) million, which was recorded in AOCI. The unrealized foreign exchange (losses) gains recorded in AOCI related to cross-currency swap were $(18.6) million and $0.3 million during the fiscal years 2020 and 2019, respectively.

During the second and third quarters of fiscal year 2020, we entered into forward foreign exchange contracts, designated as cash flow hedges, to hedge the 2021 Notes. The effective portion of the gain or loss of the cash flow hedges will be reported as a component of other comprehensive income and reclassified into earnings in the same period during which the hedged transaction affects earnings. As of January 3, 2021, the total notional amount of the forward foreign exchange contracts that were designated as cash flow hedges was €300.0 million. The unrealized foreign exchange gains recorded in earnings related to the cash flow hedges were $29.3 million during the fiscal year 2020.

We do not expect any material net pre-tax gains or losses to be reclassified from accumulated other comprehensive (loss) income into interest and other expense, net within the next twelve months.

***Market Risk***

*Market Risk.* We are exposed to market risk, including changes in interest rates and currency exchange rates. To manage the volatility relating to these exposures, we enter into various derivative transactions pursuant to our policies to hedge against known or forecasted market exposures.

*Foreign Exchange Risk.* The potential change in foreign currency exchange rates offers a substantial risk to us, as approximately 70% of our business is conducted outside of the United States, generally in foreign currencies. Our risk management strategy currently uses forward contracts to mitigate certain balance sheet foreign currency transaction exposures. The intent of these economic hedges is to offset gains and losses that occur on the underlying exposures, with gains and losses resulting from the forward contracts that hedge these exposures. Moreover, we are able to partially mitigate the impact that fluctuations in currencies have on our net income as a result of our manufacturing facilities located in countries outside the United States, material sourcing and other spending which occur in countries outside the United States, resulting in natural hedges.

Although we attempt to manage our foreign currency exchange risk through the above activities, when the U.S. dollar weakens against other currencies in which we transact business, sales and net income will in general be positively but not proportionately impacted. Conversely, when the U.S. dollar strengthens against other currencies in which we transact business, sales and net income will in general be negatively but not proportionately impacted.

*Foreign Currency Risk—Value-at-Risk Disclosure*. We utilize a Value-at-Risk model to determine the potential earning/fair value exposures presented by our foreign currency related financial instruments. As discussed above, we seek to minimize this exposure through our hedging program. Our Value-at-Risk computation is based on the Monte Carlo simulation, utilizing a 95% confidence interval and a holding period of 30 days. As of January 3, 2021, this computation estimated that there is a 5% chance that the market value of the underlying exposures and the corresponding derivative instruments either increase or decrease due to foreign currency fluctuations by more than $0.5 million. This Value-At-Risk measure is consistent with our financial statement disclosures relative to our foreign currency hedging program. Specifically, during each of the four quarters ended in fiscal year 2020, the Value-At-Risk ranged between $0.2 million and $0.5 million, with an average of approximately $0.4 million.

*Interest Rate Risk.* As of January 3, 2021, we had $158.6 million in outstanding borrowings under our senior unsecured revolving credit facility. As described above in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources," amounts drawn under our senior unsecured revolving credit facility

bear interest at variable rates. Our cash and cash equivalents, for which we receive interest at variable rates, were $402.0 million at January 3, 2021. Fluctuations in interest rates can therefore have a direct impact on both our short-term cash flows, as they relate to interest, and our earnings. To manage the volatility relating to these exposures, we periodically enter into various derivative transactions pursuant to our policies to hedge against known or forecasted interest rate exposures.

*Interest Rate Risk—Sensitivity*. Our current earnings exposure for changes in interest rates can be summarized as follows:

(i) Changes in interest rates can cause our cash flows to fluctuate. An increase of 10%, or approximately 10 basis points, in current interest rates would cause our cash outflows to increase by $0.2 million for fiscal year 2021.

(ii) Changes in interest rates can cause our interest income and cash flows to fluctuate.

**Item 8.** ***Financial Statements and Supplemental Data***

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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of PerkinElmer, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of PerkinElmer, Inc. and subsidiaries (the “Company”) as of January 3, 2021 and December 29, 2019, and the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended January 3, 2021, the related notes, and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 3, 2021 and December 29, 2019, and the results of its operations and its cash flows for each of the three years in the period ended January 3, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company’s internal control over financial reporting as of January 3, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2021 expressed an unqualified opinion on the Company’s internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Revenue Recognition – Refer to Note 2 to the financial statements**

**Critical Audit Matter Description**

The Company recognizes revenue as it fulfills its performance obligations and transfers control of products or renders services to its customers. The Company entered into a contract (the “Contract”) with the State of California to perform COVID-19 testing. The Contract includes variable consideration for monthly testing capacity as well as for completing testing on individual samples. The Company also received consideration upfront to set-up the testing location and ensure its readiness for the performance of testing as the testing samples were provided. The accounting for the Contract involves management judgment, particularly in the identification of the performance obligations and in the allocation of consideration to each performance obligation. The amount recognized per completed test is based on the Company’s forecast of tests to be performed per month over the period of contract performance.

We identified the revenue recognition related to this contract as a critical audit matter because of the significant estimates and assumptions management made in identifying performance obligations and in allocating consideration to each performance

obligation. This required a higher degree of auditor judgment and an increased extent of effort, when performing audit procedures to evaluate the reasonableness of the related revenue recognition.

**How the Critical Audit Matter Was Addressed in the Audit**

Our audit procedures related to the identification of performance obligations and allocation of consideration to each performance obligation included the following, among others:

- We tested the effectiveness of controls over the revenue recognition process, including management’s controls over the identification of performance obligations, allocation of consideration to performance obligations and forecasting testing levels.
- We assessed the reasonableness of management’s determination of performance obligations by independently reading the contract to determine each promise in the contract and evaluating the promise to determine if each promise represents a separate performance obligation.
- We assessed the reasonableness of management’s determination of transaction price; including variable consideration, by independently evaluating the determination of fixed consideration and constraints applied to variable consideration based on the forecasted testing levels and recalculating the consideration allocated to each performance obligation.

/s / DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 2, 2021

We have served as the Company's auditor since 2002.

## CONSOLIDATED STATEMENTS OF OPERATIONS

### For the Fiscal Years Ended

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | (In thousands, except per share data) | | |
| Revenue | | | |
| Product revenue | $ 2,778,725 | $ 2,017,042 | $ 1,935,493 |
| Service revenue | 1,004,020 | 866,631 | 842,503 |
| Total revenue | 3,782,745 | 2,883,673 | 2,777,996 |
| Cost of product revenue | 1,105,614 | 956,398 | 908,228 |
| Cost of service revenue | 567,254 | 531,220 | 528,829 |
| Selling, general and administrative expenses | 917,894 | 815,318 | 811,913 |
| Research and development expenses | 205,389 | 189,336 | 193,998 |
| Restructuring and other costs, net | 8,013 | 29,428 | 11,144 |
| **Operating income from continuing operations** | 978,581 | 361,973 | 323,884 |
| Interest and other expense, net | 72,217 | 124,831 | 66,201 |
| Income from continuing operations before income taxes | 906,364 | 237,142 | 257,683 |
| Provision for income taxes | 178,266 | 9,389 | 20,208 |
| **Income from continuing operations** | 728,098 | 227,753 | 237,475 |
| Loss on disposition of discontinued operations before income taxes | (76) | — | (859) |
| Provision for (benefit from) income taxes on discontinued operations and dispositions | 135 | 195 | (1,311) |
| **(Loss) gain from discontinued operations and dispositions** | (211) | (195) | 452 |
| **Net income** | $ 727,887 | $ 227,558 | $ 237,927 |
| **Basic earnings per share:** | | | |
| Income from continuing operations | $ 6.53 | $ 2.06 | $ 2.15 |
| (Loss) gain from discontinued operations and dispositions | (0.00) | 0.00 | 0.00 |
| Net income | $ 6.53 | $ 2.06 | $ 2.15 |
| **Diluted earnings per share:** | | | |
| Income from continuing operations | $ 6.50 | $ 2.04 | $ 2.13 |
| (Loss) gain from discontinued operations and dispositions | (0.00) | 0.00 | 0.00 |
| Net income | $ 6.49 | $ 2.04 | $ 2.13 |

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

### For the Fiscal Years Ended

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | (In thousands) | | |
| Net income | $ 727,887 | $ 227,558 | $ 237,927 |
| Other comprehensive income (loss) | | | |
| Foreign currency translation adjustments, net of tax | 169,500 | (23,978) | (123,388) |
| Reclassification of taxes on foreign currency translation adjustments to earnings upon adoption of ASU 2018-02 | — | — | (6,489) |
| Unrecognized prior service (cost) credit, net of tax | (1,799) | 807 | (77) |
| Unrealized (losses) gains on securities, net of tax | (16) | 6 | (9) |
| Other comprehensive income (loss) | 167,685 | (23,165) | (129,963) |
| Comprehensive income | $ 895,572 | $ 204,393 | $ 107,964 |

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

## CONSOLIDATED BALANCE SHEETS

### As of the Fiscal Years Ended

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands, except share and per share data) | |
| Current assets: | | |
| Cash and cash equivalents | $ 402,036 | $ 191,877 |
| Accounts receivable, net | 1,155,109 | 725,184 |
| Inventories | 514,567 | 356,937 |
| Other current assets | 167,208 | 100,381 |
| **Total current assets** | 2,238,920 | 1,374,379 |
| Property, plant and equipment, net | 368,304 | 318,223 |
| Operating lease right-of-use assets | 207,236 | 167,276 |
| Intangible assets, net | 1,365,693 | 1,283,286 |
| Goodwill | 3,447,114 | 3,111,227 |
| Other assets, net | 333,048 | 284,173 |
| **Total assets** | $ 7,960,315 | $ 6,538,564 |
| Current liabilities: | | |
| Current portion of long-term debt | $ 380,948 | $ 9,974 |
| Accounts payable | 327,325 | 235,855 |
| Short-term accrued restructuring and other costs | 4,716 | 11,559 |
| Accrued expenses and other current liabilities | 937,027 | 503,332 |
| Current liabilities of discontinued operations | 2,173 | 2,112 |
| **Total current liabilities** | 1,652,189 | 762,832 |
| Long-term debt | 1,609,701 | 2,064,041 |
| Long-term liabilities | 774,531 | 751,468 |
| Operating lease liabilities | 188,402 | 146,399 |
| **Total liabilities** | 4,224,823 | 3,724,740 |
| Commitments and contingencies (see Notes 14 and 17) | | |
| Stockholders' equity: | | |
| Preferred stock—$1 par value per share, authorized 1,000,000 shares; none issued or outstanding | — | — |
| Common stock—$1 par value per share, authorized 300,000,000 shares; issued and outstanding 112,090,000 and 111,140,000 shares at January 3, 2021 and December 29, 2019, respectively | 112,090 | 111,140 |
| Capital in excess of par value | 148,101 | 90,357 |
| Retained earnings | 3,507,262 | 2,811,973 |
| Accumulated other comprehensive loss | (31,961) | (199,646) |
| **Total stockholders' equity** | 3,735,492 | 2,813,824 |
| **Total liabilities and stockholders' equity** | $ 7,960,315 | $ 6,538,564 |

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

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

### For the Three Fiscal Years Ended January 3, 2021

| | Common Stock Amount | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| **Balance, December 31, 2017** | $ 110,361 | $ 58,828 | $ 2,380,517 | $ (46,518) | $ 2,503,188 |
| Cumulative effect of adopting ASC 606 | — | — | 10,209 | — | 10,209 |
| Impact of adopting ASU 2016-16 | — | — | (2,062) | — | (2,062) |
| Impact of adopting ASU 2018-02 | — | — | 6,489 | (6,489) | — |
| Net income | — | — | 237,927 | — | 237,927 |
| Other comprehensive loss | — | — | — | (123,474) | (123,474) |
| Dividends | — | — | (31,013) | — | (31,013) |
| Exercise of employee stock options and related income tax benefits | 709 | 24,124 | — | — | 24,833 |
| Issuance of common stock for employee stock purchase plans | 21 | 1,464 | — | — | 1,485 |
| Purchases of common stock | (717) | (56,676) | — | — | (57,393) |
| Issuance of common stock for long-term incentive program | 223 | 15,650 | — | — | 15,873 |
| Stock compensation | — | 5,382 | — | — | 5,382 |
| **Balance, December 30, 2018** | $ 110,597 | $ 48,772 | $ 2,602,067 | $ (176,481) | $ 2,584,955 |
| Impact of adopting ASC 842 (see Note 1) | — | — | 13,289 | — | 13,289 |
| Net income | — | — | 227,558 | — | 227,558 |
| Other comprehensive income | — | — | — | (23,165) | (23,165) |
| Dividends | — | — | (30,941) | — | (30,941) |
| Exercise of employee stock options and related income tax benefits | 415 | 19,317 | — | — | 19,732 |
| Issuance of common stock for employee stock purchase plans | 33 | 2,743 | — | — | 2,776 |
| Purchases of common stock | (67) | (6,246) | — | — | (6,313) |
| Issuance of common stock for long-term incentive program | 162 | 19,145 | — | — | 19,307 |
| Stock compensation | — | 6,626 | — | — | 6,626 |
| **Balance, December 29, 2019** | $ 111,140 | $ 90,357 | $ 2,811,973 | $ (199,646) | $ 2,813,824 |
| Impact of adopting ASU 2016-13 (see Note 1) | — | — | (1,328) | — | (1,328) |
| Net income | — | — | 727,887 | — | 727,887 |
| Other comprehensive income | — | — | — | 167,685 | 167,685 |
| Dividends | — | — | (31,270) | — | (31,270) |
| Exercise of employee stock options and related income tax benefits | 764 | 36,907 | — | — | 37,671 |
| Issuance of common stock for employee stock purchase plans | 39 | 4,062 | — | — | 4,101 |
| Purchases of common stock | (72) | (6,872) | — | — | (6,944) |
| Issuance of common stock for long-term incentive program | 219 | 19,985 | — | — | 20,204 |
| Stock compensation | — | 3,662 | — | — | 3,662 |
| **Balance, January 3, 2021** | $ 112,090 | $ 148,101 | $ 3,507,262 | $ (31,961) | $ 3,735,492 |

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

### For the Fiscal Years Ended

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Operating activities: | | | |
| Net income | $ 727,887 | $ 227,558 | $ 237,927 |
| Loss (gain) from discontinued operations and dispositions, net of income taxes | 211 | 195 | (452) |
| Income from continuing operations | 728,098 | 227,753 | 237,475 |
| Adjustments to reconcile income from continuing operations to net cash provided by continuing operations: | | | |
| Restructuring and other costs, net | 8,013 | 29,428 | 11,144 |
| Depreciation and amortization | 246,507 | 214,025 | 180,588 |
| Stock-based compensation | 29,126 | 31,514 | 28,767 |
| Pension and other post-retirement expense | 18,012 | 26,107 | 11,915 |
| Change in fair value of contingent consideration | (8,827) | 3,881 | 14,639 |
| Deferred taxes | (29,121) | (61,353) | (51,103) |
| Contingencies and non-cash tax matters | 4,518 | (424) | (671) |
| Amortization of deferred debt issuance costs and accretion of discounts | 3,391 | 3,846 | 3,341 |
| Loss (gain) on disposition of businesses and assets, net | 886 | 2,469 | (12,844) |
| Amortization of acquired inventory revaluation | 2,793 | 21,590 | 19,272 |
| Asset impairment | 7,937 | — | — |
| Change in fair value of financial securities | (35) | (3,249) | — |
| Debt extinguishment costs | — | 32,541 | — |
| Gain on sale of investments, net | — | — | (557) |
| Changes in assets and liabilities which provided (used) cash, excluding effects from companies acquired: | | | |
| Accounts receivable, net | (373,895) | (100,630) | (94,512) |
| Inventories | (122,513) | (9,607) | (30,183) |
| Accounts payable | 62,753 | 7,351 | 8,900 |
| Accrued expenses and other | 314,534 | (61,773) | (14,933) |
| Net cash provided by operating activities of continuing operations | 892,177 | 363,469 | 311,238 |
| Net cash used in operating activities of discontinued operations | — | — | (200) |
| Net cash provided by operating activities | 892,177 | 363,469 | 311,038 |
| Investing activities: | | | |
| Capital expenditures | (77,506) | (76,331) | (93,253) |
| Purchases of investments | (20,059) | (6,387) | (7,019) |
| Purchases of licenses | — | (5,000) | — |
| Proceeds from disposition of businesses and assets | 4,280 | 550 | 38,027 |
| Proceeds from surrender of life insurance policies | 282 | — | 72 |
| Activity related to acquisitions, net of cash, cash equivalents and restricted cash acquired | (411,495) | (400,405) | (97,686) |
| Net cash used in investing activities of continuing operations | (504,498) | (487,573) | (159,859) |
| Net cash provided by investing activities of discontinued operations | — | — | — |
| Net cash used in investing activities | (504,498) | (487,573) | (159,859) |

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Financing activities: | | | |
| Payments on borrowings | (897,674) | (1,692,489) | (1,264,000) |
| Proceeds from borrowings | 714,698 | 1,599,416 | 857,000 |
| Payments of senior debt | — | (530,276) | — |
| Proceeds from sale of senior debt | — | 847,195 | 369,340 |
| Payments of debt financing costs | — | (9,879) | (2,634) |
| Net payments on other credit facilities | (4,494) | (14,975) | (28,383) |
| Settlement of cash flow hedges | (4,554) | (1,280) | (34,132) |
| Payments for acquisition-related contingent consideration | (10,363) | (29,942) | (12,800) |
| Proceeds from issuance of common stock under stock plans | 37,671 | 19,732 | 24,833 |
| Purchases of common stock | (6,944) | (6,313) | (57,445) |
| Dividends paid | (31,212) | (31,059) | (31,009) |
| Net cash (used in) provided by financing activities of continuing operations | (202,872) | 150,130 | (179,230) |
| Net cash used in financing activities of discontinued operations | — | — | — |
| Net cash (used in) provided by financing activities | (202,872) | 150,130 | (179,230) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 25,913 | (447) | (8,004) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 210,720 | 25,579 | (36,055) |
| Cash, cash equivalents and restricted cash at beginning of year | 191,894 | 166,315 | 202,370 |
| Cash, cash equivalents and restricted cash at end of year | $ 402,614 | $ 191,894 | $ 166,315 |
| | | | |
| Supplemental disclosures of cash flow information | | | |
| Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total shown in the consolidated statements of cash flows: | | | |
| Cash and cash equivalents | 402,036 | 191,877 | 163,111 |
| Restricted cash included in other current assets | 578 | 17 | 3,204 |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | $ 402,614 | $ 191,894 | $ 166,315 |
| | | | |
| Cash paid during the year for: | | | |
| Interest | $ 42,142 | $ 82,693 | $ 56,451 |
| Income taxes | $ 162,454 | $ 77,059 | $ 59,844 |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1: Nature of Operations and Accounting Policies

*Nature of Operations:* PerkinElmer, Inc. is a leading provider of products, services and solutions to the diagnostics, life sciences and applied markets. Through its advanced technologies and differentiated solutions, critical issues are addressed that help to improve lives and the world around us.

The consolidated financial statements include the accounts of PerkinElmer, Inc. and its subsidiaries (the “Company”). All intercompany balances and transactions have been eliminated in consolidation.

The Company has two operating segments: Discovery & Analytical Solutions and Diagnostics. The Company's Discovery & Analytical Solutions segment focuses on service and innovating for customers spanning the life sciences and applied markets. The Company's Diagnostics segment is targeted towards meeting the needs of clinically-oriented customers, especially within the growing areas of reproductive health, emerging market diagnostics and applied genomics.

The Company's fiscal year ends on the Sunday nearest December 31. The Company reports fiscal years under a 52/53 week format and as a result, certain fiscal years will contain 53 weeks. The fiscal year ended January 3, 2021 ("fiscal year 2020") included 53 weeks. Each of the fiscal years ended December 29, 2019 ("fiscal year 2019") and December 30, 2018 ("fiscal year 2018") included 52 weeks. The fiscal year ending January 2, 2022 ("fiscal year 2021") will include 52 weeks.

*Accounting Policies and Estimates:* The preparation of consolidated financial statements in accordance with United States (“U.S.”) Generally Accepted Accounting Principles (“GAAP”) requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

*Revenue Recognition:* The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company recognizes revenue in an amount that reflects the consideration the Company expects to receive in exchange for the promised products or services when a performance obligation is satisfied by transferring control of those products or services to customers. See Note 2 below for additional details.

Taxes that are collected by the Company from a customer and assessed by a governmental authority, that are both imposed on and concurrent with a specific revenue-producing transaction, are excluded from revenue.

*Warranty Costs:* The Company provides for estimated warranty costs for products at the time of their sale. Warranty liabilities are estimated using expected future repair costs based on historical labor and material costs incurred during the warranty period.

*Shipping and Handling Costs:* The Company reports shipping and handling revenue in revenue, to the extent they are billed to customers, and the associated costs in cost of product revenue.

*Inventories*: Inventories, which include material, labor and manufacturing overhead, are valued at the lower of cost or market. Inventories are accounted for using the first-in, first-out method of determining inventory costs. Inventory quantities on-hand are regularly reviewed, and where necessary, provisions for excess and obsolete inventory are recorded based primarily on the Company’s estimated forecast of product demand and production requirements.

*Income Taxes:* The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. This method also requires the recognition of future tax benefits such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. A valuation allowance is established for any deferred tax asset for which realization is not more likely than not. With respect to earnings expected to be indefinitely reinvested offshore, the Company does not accrue tax for the repatriation of such foreign earnings. When the Company determines during the period that previously undistributed earnings of certain international subsidiaries no longer meet the requirements of indefinite reinvestment, the Company recognizes the income tax expense in that period.

The Company provides reserves for potential payments of tax to various tax authorities related to uncertain tax positions and other issues. These reserves are based on a determination of whether and how much of a tax benefit taken by the Company in its tax filings or positions is more likely than not to be realized following resolution of any potential contingencies present related to the tax benefit. Potential interest and penalties associated with such uncertain tax positions is recorded as a component of income tax expense. See Note 7 below for additional details.

The Company uses an individual unit of account approach for releasing the income tax effects of unrealized gains and losses from accumulated other comprehensive income ("AOCI").

*Property, Plant and Equipment:* The Company depreciates property, plant and equipment using the straight-line method over its estimated useful lives, which generally fall within the following ranges: buildings- 10 to 40 years; leasehold improvements-estimated useful life or remaining term of lease, whichever is shorter; and machinery and equipment- 3 to 8 years. Certain tooling costs are capitalized and amortized over a 3-year life, while repairs and maintenance costs are expensed.

*Pension and Other Postretirement Benefits:* The Company sponsors both funded and unfunded U.S. and non-U.S. defined benefit pension plans and other postretirement benefits. The Company immediately recognizes actuarial gains and losses in operating results in the year in which the gains and losses occur. Actuarial gains and losses are measured annually as of the calendar month-end that is closest to the Company's fiscal year end and accordingly will be recorded in the fourth quarter, unless the Company is required to perform an interim remeasurement. The remaining components of pension expense, primarily service and interest costs and assumed return on plan assets, are recorded on a quarterly basis. The Company’s funding policy provides that payments to the U.S. pension trusts shall at least be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974. Non-U.S. plans are accrued for, but generally not fully funded, and benefits are paid from operating funds.

*Translation of Foreign Currencies:* For foreign operations, asset and liability accounts are translated at current exchange rates; income and expenses are translated using weighted average exchange rates for the reporting period. Resulting translation adjustments, as well as translation gains and losses from certain intercompany transactions considered permanent in nature, are reported in AOCI, a separate component of stockholders’ equity. Gains and losses arising from transactions and translation of period-end balances denominated in currencies other than the functional currency are included in other expense, net.

*Business Combinations:* Business combinations are accounted for at fair value. Acquisition costs are expensed as incurred and recorded in selling, general and administrative expenses; previously held equity interests are valued at fair value upon the acquisition of a controlling interest; in-process research and development (“IPR&D”) is recorded at fair value as an intangible asset at the acquisition date; restructuring costs associated with a business combination are expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date affect income tax expense. Measurement period adjustments are made in the period in which the amounts are determined and the current period income effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition date. All changes that do not qualify as measurement period adjustments are also included in current period earnings. The accounting for business combinations requires estimates and judgment as to expectations for future cash flows of the acquired business, and the allocation of those cash flows to identifiable intangible assets, in determining the estimated fair value for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, including contingent consideration, are based on management’s estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from the estimates and judgments used in these estimates, the amounts recorded in the financial statements could result in a possible impairment of the intangible assets and goodwill, require acceleration of the amortization expense of finite-lived intangible assets, or the recognition of additional consideration which would be expensed.

*Goodwill and Other Intangible Assets:* The Company’s intangible assets consist of (i) goodwill, which is not being amortized; (ii) indefinite lived intangibles, which consist of a trade name that is not subject to amortization; and (iii) amortizing intangibles, which consist of patents, trade names and trademarks, licenses, customer relationships and purchased technologies, which are being amortized over their estimated useful lives.

The process of testing goodwill for impairment involves the determination of the fair value of the applicable reporting units. The test consists of the comparison of the fair value to the carrying value of the reporting unit to determine if the carrying value exceeds the fair value. If the carrying value of the reporting unit exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of goodwill. This annual impairment assessment is performed by the Company on the later of January 1 or the first day of each fiscal year. Non-amortizing intangibles are also subject to an annual impairment test. The impairment test consists of a comparison of the fair value of the non-amortizing intangible asset with its carrying amount. If the carrying amount of a non-amortizing intangible asset exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of the amortizing intangible asset. In addition, the Company

evaluates the remaining useful life of its non-amortizing intangible asset at least annually to determine whether events or circumstances continue to support an indefinite useful life. If events or circumstances indicate that the useful life of non-amortizing intangible asset is no longer indefinite, the asset will be tested for impairment. The intangible asset will then be amortized prospectively over its estimated remaining useful life and accounted for in the same manner as other intangible assets that are subject to amortization. Amortizing intangible assets are reviewed for impairment when indicators of impairment are present. When a potential impairment has been identified, forecasted undiscounted net cash flows of the operations to which the asset relates are compared to the current carrying value of the long-lived assets present in that operation. If such cash flows are less than such carrying amounts, long-lived assets, including such intangibles, are written down to their respective fair values. See Note 13 below for additional details.

*Stock-Based Compensation:* The Company accounts for stock-based compensation expense based on estimated grant date fair value, generally using the Black-Scholes option-pricing model. The fair value is recognized as expense in the consolidated financial statements over the requisite service period. The determination of fair value and the timing of expense using option pricing models such as the Black-Scholes model require the input of highly subjective assumptions, including the expected term and the expected price volatility of the underlying stock. The Company estimates the expected term assumption based on historical experience. In determining the Company's expected stock price volatility assumption, the Company reviews both the historical and implied volatility of the Company's common stock, with implied volatility based on the implied volatility of publicly traded options on the Company's common stock. The Company has one stock-based compensation plan from which it makes grants, which is described more fully in Note 19 below.

*Marketable Securities and Investments:* Investments in debt securities that are classified as available for sale are recorded at their fair values with unrealized gains and losses included in accumulated other comprehensive (loss) income until realized. Investments in equity securities are recorded at their fair values with unrealized holding gains and losses included in earnings. Investments in equity securities without a readily determinable fair value are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, with changes included in earnings. Upon the Company's adoption of ASU 2019-04, beginning on December 30, 2019, equity investments without readily determinable fair value are carried at cost minus impairment, if any. When an observable price change in orderly transactions for the identical or a similar investment of the same issuer has occurred, the Company elects to carry those equity investments at fair value as of the date that the observable transaction occurred.

*Cash and Cash Equivalents:* The Company considers all highly liquid unrestricted instruments with a purchased maturity of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates fair value due to the short maturities of these instruments.

*Environmental Matters:* The Company accrues for costs associated with the remediation of environmental pollution when it is probable that a liability has been incurred and the Company's proportionate share of the amount can be reasonably estimated. The recorded liabilities have not been discounted.

*Research and Development:* Research and development costs are expensed as incurred. The fair value of acquired IPR&D costs are recorded at fair value as an intangible asset at the acquisition date and amortized once the product is ready for sale or expensed if abandoned.

*Restructuring and Other Costs:* In recent fiscal years, the Company has undertaken a series of restructuring actions related to the impact of acquisitions and divestitures, the alignment of its operations with its growth strategy, the integration of its business units and its productivity initiatives. In connection with these initiatives, the Company has recorded restructuring and other charges, as more fully described in Note 5 below, which include employee severance, other exit costs as well as costs of terminating certain lease agreements or contracts and other costs associated with relocating facilities. Generally, costs associated with an exit or disposal activity are recognized when the liability is incurred. Prior to recording restructuring charges for employee separation agreements, the Company notifies all employees of termination. Costs related to employee separation arrangements requiring future service beyond a specified minimum retention period are recognized over the service period. Prior to adoption of Accounting Standards Codification ("ASC") 842, *Leases*, costs related to lease terminations were recorded at the fair value of the liability based on the remaining lease rental payments, reduced by estimated sublease rentals that could be reasonably obtained for the property, at the date the Company ceased use.

*Comprehensive Income:* Comprehensive income is defined as net income or loss and other changes in stockholders' equity from transactions and other events from sources other than stockholders. Comprehensive income is reflected in the consolidated statements of comprehensive income.

*Derivative Instruments and Hedging:* Derivatives are recorded on the consolidated balance sheets at fair value. Accounting for gains or losses resulting from changes in the values of those derivatives depends on the use of the derivative instrument and whether it qualifies for hedge accounting.

For a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently amortized into net earnings when the hedged exposure affects net earnings. Cash flow hedges related to anticipated transactions are designated and documented at the inception of each hedge by matching the terms of the contract to the underlying transaction. The Company classifies the cash flows from hedging transactions in the same categories as the cash flows from the respective hedged items. Once established, cash flow hedges are generally recorded in other comprehensive income, unless an anticipated transaction is no longer likely to occur, and subsequently amortized into net earnings when the hedged exposure affects net earnings. Discontinued or dedesignated cash flow hedges are immediately settled with counterparties, and the related accumulated derivative gains or losses are recognized into net earnings on the consolidated financial statements. Settled cash flow hedges related to forecasted transactions that remain probable are recorded as a component of other comprehensive (loss) income and are subsequently amortized into net earnings when the hedged exposure affects net earnings. Forward contract effectiveness for cash flow hedges is calculated by comparing the fair value of the contract to the change in value of the anticipated transaction using forward rates on a monthly basis. The Company also has entered into other foreign currency forward contracts that are not designated as hedging instruments for accounting purposes. These contracts are recorded at fair value, with the changes in fair value recognized into interest and other expense, net on the consolidated financial statements.

The Company also uses foreign currency denominated debt to hedge its investments in certain foreign subsidiaries. Realized and unrealized translation adjustments from these hedges are included in the foreign currency translation component of AOCI, as well as the offset translation adjustments on the underlying net assets of foreign subsidiaries. The cumulative translation gains or losses will remain in AOCI until the foreign subsidiaries are liquidated or sold.

*Leases:* Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the Company's consolidated balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities were recognized based on the present value of the remaining lease payments over the lease term. When the Company's lease did not provide an implicit rate, the Company used its incremental borrowing rate in determining the present value of lease payments. The Company used the implicit rate when readily determinable. The operating lease ROU asset excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as cars, the Company accounts for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

The Company has made an accounting policy election not to recognize ROU assets and lease liabilities that arise from short-term leases for facilities and equipment. Instead, the Company recognizes the lease payments in the consolidated statement of operations on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

As a lessor, the Company applies the practical expedient to not separate non-lease components from the associated lease component and instead accounts for those components as a single component if the non-lease components otherwise would be accounted for under ASC 606, *Revenue From Contracts With Customers* ("ASC 606"), and both of the following criteria are met: 1) the timing and pattern of transfer of the non-lease component or components and associated lease component are the same; and 2) the lease component, if accounted for separately, would be classified as an operating lease. If the non-lease component or components associated with the lease component are the predominant component of the combined component, the Company accounts for the combined component in accordance with ASC 606. Otherwise, the Company accounts for the combined component as an operating lease in accordance with ASC 842.

*Recently Issued Accounting Pronouncements:* From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the "FASB") and are adopted by the Company as of the specified effective dates. Unless otherwise discussed, such pronouncements did not have or will not have a significant impact on the Company's consolidated financial position, results of operations and cash flows or do not apply to the Company's operations.

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). This update provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments in ASU 2020-04 provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another

reference rate expected to be discontinued because of reference rate reform. The following optional expedients for applying the requirements of certain Topics or Industry Subtopics in the FASB's ASC are permitted for contracts that are modified because of reference rate reform and that meet certain scope guidance: (1) modifications of contracts within the scope of Topic 310, *Receivables*, and Topic 470, *Debt*, should be accounted for by prospectively adjusting the effective interest rate; and (2) modifications of contracts within the scope of Topic 840, *Leases*, and Topic 842, *Leases*, should be accounted for as a continuation of the existing contracts with no reassessments of the lease classification and the discount rate or remeasurements of lease payments. For other Topics or Industry Subtopics in the ASC, the amendments also include a general principle that permits an entity to consider contract modification due to reference rate reform to be an event that does not require contract remeasurement at the modification date or reassessment of a previous accounting determination. When elected, the optional expedients for contract modifications must be applied consistently for all eligible contracts or eligible transactions within the relevant Topic or Industry Subtopic. ASU 2020-04 is effective for any contract modifications or hedging relationships as of March 12, 2020 through December 31, 2022. In accordance with ASU 2020-04, the Company adopted the guidance as of March 12, 2020. The adoption did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In March 2020, the FASB issued Accounting Standards Update No. 2020-03, *Codification Improvements to Financial Instruments* ("ASU 2020-03"). This guidance clarifies various ASC Topics related to financial instruments, including the following, among others: (1) Fair Value Option Disclosures: all entities are required to provide the fair value option disclosures in paragraphs 825-10-50-24 through 50-32 of the ASC; (2) Cross-Reference to Line-of-Credit or Revolving-Debt Arrangements Guidance in Subtopic 470-50, *Modifications and Extinguishments*: the amendments improve the understandability of the guidance; (3) Interaction of Topic 842 and Topic 326: the contractual term of a net investment in a lease determined in accordance with Topic 842, *Leases* should be the contractual term used to measure expected credit losses under Topic 326, *Financial Instruments - Credit Losses*; and (4) Interaction of Topic 326 and Subtopic 860-20: the amendments to Subtopic 860- 20 clarify that when an entity regains control of financial assets sold, an allowance for credit losses should be recorded in accordance with Topic 326. For Fair Value Option Disclosures and Cross-Reference to Line-of-Credit or Revolving-Debt Arrangements Guidance, the provisions are effective upon issuance of this guidance. For Interaction of Topic 842 and Topic 326 and Interaction of Topic 326 and 860-20, the effective dates and transition requirements for the amendments are the same as the effective dates and transition requirements in ASU 2016-13, as described below. In accordance with ASU 2020-03, the Company adopted the guidance as of April 5, 2020. The adoption did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In January 2020, the FASB issued Accounting Standards Update No. 2020-01, *Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815* ("ASU 2020-01"). This guidance addresses the accounting for the transition into and out of the equity method and provides clarification of the interaction of rules for equity securities, the equity method of accounting, and forward contracts and purchase options on certain types of securities. The amendments clarify that: (a) an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method; and (b) an entity should not consider whether, upon the settlement of the forward contract or exercise of the purchased option, individually or with existing investments, the underlying securities would be accounted for under the equity method in Topic 323 or the fair value option in accordance with the financial instruments guidance in Topic 825. The provisions of this guidance are to be applied prospectively upon their effective date. ASU 2020-01 is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those years. The standard was effective for the Company beginning on January 4, 2021, the first day of fiscal year 2021. The adoption is not expected to have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In December 2019, the FASB issued Accounting Standards Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). ASU 2019-12 eliminates certain exceptions and adds guidance to reduce complexity in accounting for income taxes. Specifically, this guidance: (1) removes the intraperiod tax allocation exception to the incremental approach; (2) removes the ownership changes in investments exception in determining when a deferred tax liability is recognized after an investor in a foreign entity transitions to or from the equity method of accounting and applies this provision on a modified retrospective basis through a cumulative-effect adjustment to retained earnings at the beginning of the period of adoption; and (3) removes the exception to using the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. ASU 2019-12 also simplifies accounting principles by making other changes, including requiring an entity to: (1) evaluate whether a step-up in tax basis of goodwill relates to a business combination or a separate transaction; (2) make a policy election to not allocate consolidated income taxes when a member of a consolidated tax return is not subject to income tax and to apply this provision retrospectively to all periods presented; and (3) recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and apply this provision either retrospectively for all periods presented or on a modified retrospective basis through a cumulative-effect

adjustment to retained earnings as of the beginning of the period of adoption. The provisions of this guidance (except as specifically mentioned above) are to be applied prospectively upon their effective date. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those years. The standard was effective for the Company beginning on January 4, 2021, the first day of fiscal year 2021. The adoption is not expected to have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In April 2019, the FASB issued Accounting Standards Update No. 2019-04, Codification Impro*vements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* ("ASU 2019-04"). ASU 2019-04 clarifies certain aspects of previously issued accounting standards related to: (1) ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements* ("ASU 2016-13"), in areas of accrued interest receivable, transfers of loans and debt securities between classifications, recoveries and prepayments, (2) ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"), in areas of partial-term fair value hedges, fair value hedge basis adjustments, certain disclosures and transition requirements and (3) ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), in areas of remeasurement of equity securities under ASC 820, *Fair Value Measurement*, when using the measurement alternative and remeasurement of equity securities at historical exchange rates. The amendments related to ASU 2016-13 are required to be adopted in conjunction with that accounting standards update, as further described below. Since the Company has already adopted ASU 2017-12 and ASU 2016-01, the related amendments in ASU 2019-04 are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted in any interim period. The amendments to ASU 2017-12 can either be adopted retrospectively as of the date of adoption of ASU 2017-12 or they can be adopted prospectively. The amendments to ASU 2016-01 are required to be applied using a modified-retrospective adoption approach with a cumulative-effect adjustment to retained earnings as of the date of adoption of ASU 2016-01, except for those related to equity securities without readily determinable fair values that are measured using the measurement alternative, which are required to be applied prospectively. The standard was effective for the Company beginning on December 30, 2019, the first day of the Company's fiscal year 2020. The Company applied the provisions of this guidance prospectively. The adoption did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In August 2018, the FASB issued Accounting Standards Update No. 2018-15, *Intangibles-Goodwill and Other- Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract* ("ASU 2018-15"). ASU 2018-15 aligns the accounting for implementation costs incurred in a hosting arrangement that is a service contract with the guidance on capitalizing costs associated with developing or obtaining internal-use software (and hosting arrangements that include an internal-use software license). The provisions of this guidance are to be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The standard was effective for the Company beginning on December 30, 2019, the first day of the Company's fiscal year 2020. The Company applied the provisions of this guidance prospectively. The adoption did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In August 2018, the FASB issued Accounting Standards Update No. 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans* ("ASU 2018-14"). ASU 2018-14 adds, removes, and clarifies disclosure requirements related to defined benefit pension and other postretirement plans. ASU 2018-14 adds requirements for an entity to disclose the weighted-average interest crediting rates used in the entity’s cash balance pension plans and other similar plans; and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. Further, ASU 2018-14 removes guidance that currently requires the following disclosures: the amounts in accumulated other comprehensive income expected to be recognized as part of net periodic benefit cost over the next year; the amount and timing of plan assets expected to be returned to the employer; information about (1) benefits covered by related-party insurance and annuity contracts and (2) significant transactions between the plan and related parties; and the effects of a one-percentage-point change on the assumed health care costs and the effect of this change in rates on service cost, interest cost, and the benefit obligation for postretirement health care benefits. ASU 2018-14 also clarifies the guidance in *Compensation-Retirement Benefits (Topic 715-20-50-3)* on defined benefit plans to require disclosure of (1) the projected benefit obligation ("PBO") and fair value of plan assets for pension plans with PBOs in excess of plan assets (the same disclosure with reference to the accumulated postretirement benefit obligation rather than the PBO is required for other postretirement benefit plans) and (2) the accumulated benefit obligation ("ABO") and fair value of plan assets for pension plans with ABOs in excess of plan assets. The provisions of this guidance are to be applied retrospectively to all periods presented upon their effective date. ASU 2018-14 is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those years with early adoption permitted. The standard was effective for the Company beginning on January 4, 2021, the first day of fiscal year 2021. The adoption is not expected to have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In August 2018, the FASB issued Accounting Standards Update No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). ASU 2018-13 adds, removes, and modifies certain disclosures related to fair value measurements. ASU 2018-13 adds requirements for an entity to disclose the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Further, ASU 2018-13 removes the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; and the valuation processes for Level 3 fair value measurements. ASU 2018-13 also modifies existing disclosure requirements related to measurement uncertainty. The amendments regarding changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty are to be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments are to be applied retrospectively to all periods presented upon their effective date. The standard was effective for the Company beginning on December 30, 2019, the first day of the Company's fiscal year 2020. The adoption did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard requires entities to use the expected loss impairment model and will apply to most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, loans, held-to-maturity debt securities, net investments in leases and off-balance sheet credit exposures. Entities are required to estimate the lifetime “expected credit loss” for each applicable financial asset and record an allowance that, when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. The standard also amends the impairment model for available-for-sale (“AFS”) debt securities and requires entities to determine whether all or a portion of the unrealized loss on an AFS debt security is a credit loss. An entity will recognize an allowance for credit losses on an AFS debt security as a contra-account to the amortized cost basis rather than as a direct reduction of the amortized cost basis of the investment. The provisions of this guidance are to be applied using a modified-retrospective approach. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. Subsequent to the issuance of ASU 2016-13, in November 2018, the FASB issued Accounting Standards Update No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* ("ASU 2018-19"), in April 2019, the FASB issued ASU 2019-04, and in May 2019, the FASB issued Accounting Standards Update No. 2019-05, *Financial Instruments - Credit Losses (Topic 326), Targeted Transition Relief* ("ASU 2019-05"). The amendments in ASU 2018-19 clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20, *Financial Instruments - Credit Losses - Measured at Amortized Cost*. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, *Leases*. The amendments in ASU 2019-04 clarify the measurement of allowance for credit losses on accrued interest receivable; the inclusion of expected recoveries in the allowance for credit losses; the permission of a prepayment-adjusted effective interest rate when determining the allowance for credit losses; and the steps entities should take when recording the transfer of loans or debt securities between measurement classifications. The amendments in ASU 2019-05 provide an option to irrevocably elect the fair value option in Subtopic 825-10, *Financial Instruments-Overall*, on an instrument-by-instrument basis, for eligible financial assets measured at amortized cost basis upon adoption of ASU 2016-13, but this fair value option election does not apply to held-to-maturity debt securities. The effective date and transition requirements for the amendments in ASU 2018-19, ASU 2019-04 and ASU 2019-05 are the same as the effective date and transition requirements of ASU 2016-13, which is effective for annual reporting periods beginning after December 15, 2019, and interim periods within those years. The standards were effective for the Company beginning on December 30, 2019, the first day of the Company's fiscal year 2020. The Company adopted these standards using the modified-retrospective approach. The adoption of the standard resulted in a decrease in retained earnings at December 30, 2019 of approximately $1.3 million from the cumulative effect of initially applying the standards as of that date. In addition, the adoption of the standard resulted in an increase in reserve for doubtful accounts of $1.7 million and an increase in deferred tax assets of $0.4 million from the tax impact of the cumulative adjustments. The adoption did not have an impact on cash from or used in operating, investing or financing activities in the Company's consolidated statement of cash flows at December 30, 2019.

## Note 2: Revenue

***Nature of goods and services***

The following is a description of principal activities, by reportable segments, from which the Company generates its revenue. For more detailed information about the reportable segments, see Note 24.

i. Discovery & Analytical Solutions

The Discovery & Analytical Solutions segment of the Company principally generates revenue from sales of (a) instruments, consumables and services in the applied markets and (b) instruments, reagents, informatics, detection and imaging technologies, extended warranties, training and services in the life sciences market. Products and services may be sold separately or in bundled packages. The typical length of a contract for service is 12 to 36 months.

For bundled packages, the Company accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the products, extended warranties, and services. For items that are not sold separately, the Company estimates stand-alone selling prices by reference to the amount charged for similar items on a stand-alone basis.

The Company sells products and services predominantly through its direct sales force. As a result, the use of distributors is generally limited to geographic regions where the Company has no direct sales force. The Company does not offer product return or exchange rights (other than those relating to defective goods under warranty) or price protection allowances to its customers, including distributors. Payment terms granted to distributors are the same as those granted to end-customers and payments are not dependent upon the distributor's receipt of payment from their end-user customers.

In instances where the timing of revenue recognition differs from the timing of invoicing, the Company determined that the contracts generally do not include a significant financing component. The primary purpose of its invoicing terms is to provide customers with simplified and predictable ways of purchasing products and services, rather than to receive financing from the customers or to provide customers with financing. Examples include invoicing at the beginning of a subscription term with revenue recognized ratably over the contract period, and multi-year software licenses or software subscriptions that are invoiced annually with revenue recognized upfront. In limited circumstances where the Company provides the customer with a significant benefit of financing, the Company uses the practical expedient and only adjusts the transaction price for the effects of the time value of money and only on contracts where the duration of financing is more than one year.

| Products and services | Nature, timing of satisfaction of performance obligations, and significant payment terms |
|---|---|
| Instruments | For instruments that include installation, and if the installation meets the criteria to be considered a separate performance obligation, product revenue is generally recognized upon delivery or when title has transferred to the customer, which is generally the point in time where control of the products has been transferred to customers, and installation revenue is recognized when the installation is complete. Certain of the Company's products require specialized installation and configuration at the customer's site. Revenue for these products is deferred until installation is complete and customer acceptance has been received. Payment terms and conditions vary, although terms generally include a requirement of payment within 30 to 60 days. |
| Consumables and reagents | The Company recognizes revenue from the sale of consumables and reagents upon delivery or when title has transferred to the customer, which is generally the point in time where control of the products has been transferred to customers. Payment terms and conditions vary, although terms generally include a requirement of payment within 30 days. |
| Software licenses and subscriptions | Customers may purchase perpetual or term licenses, or subscribe to licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software.<br><br>The Company sells its software subscriptions or software licenses with maintenance services and, in some cases, with consulting services. The Company recognizes revenue for the software upfront at the point in time when the software is made available to the customer. For maintenance and consulting services, revenue is recognized ratably over the period in which the services are provided. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. Subscription contracts are typically billed annually on the anniversary date of the contract. Software subscriptions and maintenance service contracts are non-cancelable. |
| Cloud services | Cloud services, which allow customers to use hosted software over the contract period without taking possession of the software, are provided on either a subscription or consumption basis. Revenue related to cloud services provided on a subscription basis is recognized ratably over the contract period. Revenue related to cloud services provided on a consumption basis, such as the amount of storage used in a period, is recognized based on the customer utilization of such resources. Payment terms are generally net 30 days from signing of contract and contracts are non-cancelable. |
| Extended warranty | The Company recognizes revenue for extended warranties on a straight-line basis over the extended warranty period in service revenue. In the majority of countries in which the Company operates, the customary warranty period is one year and the extended warranty covers periods beyond year one. Customers typically pay for extended warranties on an annual basis over the term of the warranty. In general, customers can cancel the extended warranty at any time with 30 days notice without significant penalty. |
| Laboratory services and training | The Company's service offerings include service contracts, field service, including related time and materials, and training. The Company recognizes revenue as the services are performed. Revenue for the service contracts is recognized over the contract period or at a point in time when the service is billable based on time and materials. The Company recognizes revenue as training is provided in service revenue. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In general, customers can cancel the service contracts at any time with 30 to 90 days notice without significant penalty. |

ii. Diagnostics

The Diagnostics segment of the Company principally generates revenue from sales of instruments, solutions, consumables, reagents, extended warranties and services in the diagnostics market. Products and services may be sold separately or in bundled packages.

For bundled packages, the Company accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the products, extended warranties, and services. For items that are not sold separately, the Company estimates stand-alone selling prices by reference to the amount charged for similar items on a stand-alone basis.

The Company sells products and services predominantly through its direct sales force. As a result, the use of distributors is generally limited to geographic regions where the Company has no direct sales force. The Company does not offer product return or exchange rights (other than those relating to defective goods under warranty) or price protection allowances to its customers, including distributors. Payment terms granted to distributors are the same as those granted to end-customers and payments are not dependent upon the distributor's receipt of payment from their end-user customers.

In instances where the timing of revenue recognition differs from the timing of invoicing, the Company determined that the contracts generally do not include a significant financing component. The primary purpose of its invoicing terms is to provide customers with simplified and predictable ways of purchasing products and services, rather than to receive financing from the customers or to provide customers with financing. Examples include invoicing at the beginning of a storage period with revenue recognized ratably over the contract period. In limited circumstances where the Company provides the customer with a significant benefit of financing, the Company uses the practical expedient and only adjusts the transaction price for the effects of the time value of money and only on contracts where the duration of financing is more than one year.

| Products and services | Nature, timing of satisfaction of performance obligations, and significant payment terms |
|---|---|
| Instruments | For instruments that include installation, and if the installation meets the criteria to be considered a separate performance obligation, product revenue is generally recognized upon delivery or when title has transferred to the customer, which is generally the point in time where control of the products has been transferred to customers, and installation revenue is recognized when the installation is complete. Certain of the Company's products require specialized installation and configuration at the customer's site. Revenue for these products is deferred until installation is complete and customer acceptance has been received. Payment terms and conditions vary, although terms generally include a requirement of payment within 30 to 60 days. |
| Consumables and reagents | The Company recognizes revenue from the sale of consumables and reagents upon delivery or when title has transferred to the customer, which is generally the point in time where control of the products has been transferred to customers. Payment terms and conditions vary, although terms generally include a requirement of payment within 30 days. |
| Solutions | When the Company sells the instrument and reagents that work only on those instruments to a customer or distributor, the Company considers the instrument and reagents as separate performance obligations. The Company recognizes revenue when an instrument is sold to the customer upon delivery or when title has transferred to the customer, which is generally the point in time where control of the products has been transferred to customers. Revenue from the sale of reagents is also recognized at the time of delivery or when title has transferred to the customer. Payment terms for instrument and reagent sales are usually net 30 days from invoice date.<br><br>When the Company places the instrument at the customer's site and sells the reagents to a customer, the instrument and reagents are accounted for together as one performance obligation. The Company does not charge a fee for the use of the instrument and retains ownership of the placed instrument. The Company has a right to remove the instrument and replace it with another instrument at the customer's site at any time throughout the contract term. The Company recognizes revenue upon delivery of reagents, which is the point in time where the Company has performed its obligation to provide a screening solution to the customer. Payment terms are usually net 30 days from invoice date. Payment terms for certain contracts are based on equal installments over the duration of the contract. |

| | |
|---|---|
| Extended warranty | The Company recognizes revenue for extended warranties on a straight-line basis over the extended warranty period in service revenue. In the majority of countries in which the Company operates, the customary warranty period is one year and the extended warranty covers periods beyond year one. Customers typically pay for extended warranties on an annual basis over the term of the warranty. In general, customers can cancel the extended warranty at any time with 30 days notice without significant penalty. |
| Services | The Company's service offerings include genetic testing, COVID-19 testing, cord blood processing and storage, and training. The Company recognizes revenue for the genetic testing, cord blood processing and training as the services are performed in service revenue. Revenue for the storage contracts are recognized over the contract period. Storage is typically for a period of 1, 20, or 25 years or lifetime. Lifetime storage is recognized over a certain period that is based on the life expectancy estimate from Social Security data. For genetic testing and cord blood processing, customers pay the fee in full at the point of sale. The fee is non-refundable unless the cord blood is non-viable for storage. For storage, customers are required to pay the storage fees in full upfront. Storage fees are refundable to the customer on a pro-rated basis if the contract is canceled.<br><br>In August 2020, the Company entered into a contract with the State of California to perform COVID-19 testing for a term of 14 months with automatic renewal for two successive terms of one year unless the State of California provides notice of termination within 90 days prior to expiration of the current term. The Company has determined that providing monthly testing capacity and individual tests are two separate performance obligations. The pricing in the contract is variable based on the testing capacity and the number of testing results provided in a month. The customer is entitled to a credit on previous tests such that, at the conclusion of the contract, the customer will pay, on average, the price per test result based on the highest volume. The Company allocates the contract consideration to each of these performance obligations based on estimated stand-alone selling price. As the stand-alone selling price is not directly observable, the Company estimates stand-alone selling prices based on the expected cost plus margin approach. The Company recognizes revenue for the monthly testing capacity on a per day basis once the Company has confirmed that it has met the requested capacity level. The Company recognizes revenue for the individual tests as the tests are performed. The amount recognized per test is based on the Company's forecast of tests to be performed per month over the contract period. The contract includes upfront prepayments based on completion of milestones that are non-refundable except due to breach of contract. These prepayments are recorded as contract liabilities and will be recognized as revenue on a per test basis. Monthly testing capacity is billed one month in advance and individual tests are billed monthly for the duration of the contract. Payment terms are net 45 days from invoice date. |

***Disaggregation of revenue***

In the following tables, revenue is disaggregated by primary geographical market, end-markets and timing of revenue recognition. The tables also include a reconciliation of the disaggregated revenue with the reportable segments revenue.

| | Reportable Segments | | | | | |
|---|---|---|---|---|---|---|
| | For the fiscal year ended | | | | | |
| | January 3, 2021 | | | December 29, 2019 | | |
| | Discovery & Analytical Solutions | Diagnostics | Total | Discovery & Analytical Solutions | Diagnostics | Total |
| | (In thousands) | | | | | |
| **Primary geographical markets** | | | | | | |
| Americas | $ 695,960 | $ 750,641 | $ 1,446,601 | $ 717,205 | $ 401,591 | $ 1,118,796 |
| Europe | 490,789 | 864,687 | 1,355,476 | 495,768 | 291,610 | 787,378 |
| Asia | 529,054 | 451,614 | 980,668 | 533,188 | 444,311 | 977,499 |
| | $ 1,715,803 | $ 2,066,942 | $ 3,782,745 | $ 1,746,161 | $ 1,137,512 | $ 2,883,673 |
| **Primary end-markets** | | | | | | |
| Diagnostics | $ — | $ 2,066,942 | $ 2,066,942 | $ — | $ 1,137,512 | $ 1,137,512 |
| Life sciences | 1,032,209 | — | 1,032,209 | 977,200 | — | 977,200 |
| Applied markets | 683,594 | — | 683,594 | 768,961 | — | 768,961 |
| | $ 1,715,803 | $ 2,066,942 | $ 3,782,745 | $ 1,746,161 | $ 1,137,512 | $ 2,883,673 |
| **Timing of revenue recognition** | | | | | | |
| Products and services transferred at a point in time | $ 1,195,249 | $ 1,891,482 | $ 3,086,731 | $ 1,276,499 | $ 1,053,974 | $ 2,330,473 |
| Services transferred over time | 520,554 | 175,460 | 696,014 | 469,662 | 83,538 | 553,200 |
| | $ 1,715,803 | $ 2,066,942 | $ 3,782,745 | $ 1,746,161 | $ 1,137,512 | $ 2,883,673 |

***Contract Balances***

*Contract assets:* The unbilled receivables (contract assets) primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. The unbilled receivables are transferred to trade receivables when billed to customers. Contract assets are generally classified as current assets and are included in "Accounts receivable, net" in the consolidated balance sheets. The balances of contract assets as of January 3, 2021 and December 29, 2019 were $59.5 million and $37.0 million, respectively. The amount of unbilled receivables recognized at the beginning of fiscal year 2020 that were transferred to trade receivables during the fiscal year ended January 3, 2021 was $33.2 million. The increase in unbilled receivables during the fiscal year ended January 3, 2021 as a result of recognition of revenue before billing to customers, excluding amounts transferred to trade receivables during the period, amounted to $55.7 million. The amount of unbilled receivables recognized at the beginning of fiscal year 2019 that were transferred to trade receivables during the fiscal year ended December 29, 2019 was $17.3 million. The increase in unbilled receivables during the fiscal year ended December 29, 2019 as a result of recognition of revenue before billing to customers, excluding amounts transferred to trade receivables during the period, amounted to $22.4 million.

*Contract liabilities:* The contract liabilities primarily relate to the advance consideration received from customers for products and related installation for which transfer of control has not occurred at the balance sheet date. Contract liabilities are classified as either current in "Accounts payable" or "Accrued expenses and other current liabilities" or as long-term in "Long-term liabilities" in the consolidated balance sheets based on the timing of when the Company expects to recognize revenue. The balances of contract liabilities as of January 3, 2021 and December 29, 2019 were $238.1 million and $29.9 million, respectively. The increase in contract liabilities during the fiscal year ended January 3, 2021 due to cash received, excluding amounts recognized as revenue during the period, was $235.5 million. The amount of revenue recognized during the fiscal year ended January 3, 2021 that was included in the contract liability balance at the beginning of the period was $27.3 million. The increase in contract liabilities during the fiscal year ended December 29, 2019 due to cash received, excluding amounts recognized as revenue during the period, was $20.4 million. The amount of revenue recognized during the fiscal year ended December 29, 2019 that was included in the contract liability balance at the beginning of the period was $21.2 million.

*Contract costs:* The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if it expects the benefit of those costs to be longer than one year. The Company determined that certain sales incentive programs meet the requirements to be capitalized. Total capitalized costs to obtain a contract were immaterial during the period and are included in other current and long-term assets on the consolidated balance sheet. The Company applies a practical expedient to

expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include the Company's internal sales force compensation program, as the Company determined that annual compensation is commensurate with annual sales activities.

***Transaction price allocated to the remaining performance obligations***

The Company applies the practical expedient in ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The estimated revenue expected to be recognized beyond one year in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the period are not material to the Company. The remaining performance obligations primarily include noncancelable purchase orders and noncancelable software subscriptions and cloud service contracts.

## Note 3: Business Combinations

***Acquisitions in fiscal year 2020***

During the fiscal year 2020, the Company completed the acquisition of four businesses for aggregate consideration of $438.7 million. The acquired businesses include Horizon Discovery Group plc (“Horizon”), a company based in Cambridge, UK with approximately 400 employees, which was acquired on December 23, 2020 for a total consideration of $399.4 million (£296.0 million), and three other businesses which were acquired for a total consideration of $39.3 million. The excess of the purchase prices over the fair values of the acquired businesses' net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforces acquired, and has been allocated to goodwill, which is not tax deductible. The Company has reported the operations for these acquisitions within the results of the Company's Diagnostics and Discovery & Analytical Solutions segments, as applicable, from the acquisition dates. Identifiable definite-lived intangible assets, such as core technology, trade names, customer relationships and IPR&D, acquired as part of these acquisitions had a weighted average amortization period of 11.0 years.

The total purchase price for the acquisitions in fiscal year 2020 has been allocated to the estimated fair values of assets acquired and liabilities assumed as follows:

| | Preliminary | |
|---|---|---|
| | Horizon | Other |
| | (In thousands) | |
| Fair value of business combination: | | |
| Cash payments | $ 399,005 | $ 38,243 |
| Other liability | 396 | 1,263 |
| Working capital and other adjustments | — | (176) |
| Less: cash acquired | (25,539) | (1,300) |
| Total | $ 373,862 | $ 38,030 |
| Identifiable assets acquired and liabilities assumed: | | |
| Current assets | $ 29,762 | $ 5,770 |
| Property, plant and equipment | 17,729 | 2,673 |
| Other assets | 17,743 | 371 |
| Identifiable intangible assets: | | |
| Core technology | 60,000 | 5,730 |
| Trade names | 4,900 | 680 |
| Customer relationships | 96,600 | 10,923 |
| IPR&D | 10,800 | — |
| Goodwill | 200,745 | 16,224 |
| Deferred taxes | (22,480) | (1,132) |
| Deferred revenue | (2,031) | — |
| Debt assumed | — | (29) |
| Liabilities assumed | (39,906) | (3,180) |
| Total | $ 373,862 | $ 38,030 |

***Acquisitions in fiscal year 2019***

During the fiscal year 2019, the Company completed the acquisition of five businesses for aggregate consideration of $433.1 million. The acquired businesses include Cisbio Bioassays SAS (“Cisbio”), a company based in Codolet, France, which was acquired for a total consideration of $219.9 million, Shandong Meizheng Bio-Tech Co., Ltd. ("Meizheng Group"), a company headquartered in Beijing, China, for a total consideration of $166.5 million, and three other businesses which were acquired for a total consideration of $46.6 million. The Company has a potential obligation to pay the former shareholders of certain of these acquired businesses additional contingent consideration of up to $31.8 million. The excess of the purchase prices over the fair values of the acquired businesses' net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforces acquired, and has been allocated to goodwill, which is not tax deductible. The Company has reported the operations for these acquisitions within the results of the Company's Diagnostics and Discovery & Analytical Solutions segments, as applicable, from the acquisition dates. Identifiable definite-lived intangible assets, such as core technology, trade names and customer relationships, acquired as part of these acquisitions had a weighted average amortization period of 11.0 years.

The total purchase price for the acquisitions in fiscal year 2019 has been allocated to the estimated fair values of assets acquired and liabilities assumed as follows:

| | Cisbio | Meizheng Group | Other |
|---|---|---|---|
| | | (In thousands) | |
| Fair value of business combination: | | | |
| Cash payments | $ 219,795 | $ 145,000 | $ 45,042 |
| Other liability | — | 6,446 | 638 |
| Contingent consideration | — | 12,100 | 634 |
| Working capital and other adjustments | 138 | 2,961 | 302 |
| Less: cash acquired | (12,542) | (2,108) | (1,334) |
| Total | $ 207,391 | $ 164,399 | $ 45,282 |
| Identifiable assets acquired and liabilities assumed: | | | |
| Current assets | $ 43,554 | $ 15,077 | $ 4,125 |
| Property, plant and equipment | 4,835 | 6,278 | 727 |
| Other assets | 100 | 24 | 502 |
| Identifiable intangible assets: | | | |
| Core technology | 89,000 | 36,600 | 27,667 |
| Trade names | 5,000 | 4,900 | 1,310 |
| Customer relationships | 39,000 | 55,800 | 6,700 |
| Goodwill | 73,417 | 78,612 | 17,079 |
| Deferred taxes | (34,962) | (21,548) | (6,603) |
| Debt assumed | — | (706) | (2,698) |
| Liabilities assumed | (12,553) | (10,638) | (3,527) |
| Total | $ 207,391 | $ 164,399 | $ 45,282 |

***Acquisitions in fiscal year 2018***

During fiscal year 2018, the Company completed the acquisition of four businesses for aggregate consideration of $105.8 million. The excess of the purchase prices over the fair values of the acquired businesses' net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforces acquired, and has been allocated to goodwill, which is not tax deductible. The Company has reported the operations for these acquisitions within the results of the Company's Diagnostics and Discovery & Analytical Solutions segments from the acquisition dates. Identifiable definite-lived intangible assets, such as core technology, trade names and customer relationships, acquired as part of these acquisitions had a weighted average amortization period of 11.2 years.

The total purchase price for the acquisitions in fiscal year 2018 has been allocated to the estimated fair values of assets acquired and liabilities assumed as follows:

| | | (In thousands) |
|---|---|---|
| Fair value of business combination: | | |
| Cash payments | $ | 95,950 |
| Other liability | | 3,354 |
| Contingent consideration | | 6,200 |
| Working capital and other adjustments | | 261 |
| Less: cash acquired | | (1,132) |
| Total | $ | 104,633 |
| Identifiable assets acquired and liabilities assumed: | | |
| Current assets | $ | 4,905 |
| Property, plant and equipment | | 1,166 |
| Other assets | | 776 |
| Identifiable intangible assets: | | |
| Core technology | | 31,956 |
| Trade names | | 1,070 |
| GC Libraries | | 2,065 |
| Customer relationships | | 10,200 |
| Goodwill | | 65,886 |
| Deferred taxes | | (9,049) |
| Debt assumed | | (461) |
| Liabilities assumed | | (3,881) |
| Total | $ | 104,633 |

The Company does not consider the acquisitions completed during fiscal years 2020, 2019 and 2018 to be material to its consolidated results of operations; therefore, the Company is not presenting pro forma financial information of operations for these acquisitions. The aggregate revenue and the results of operations for the acquisitions completed during fiscal year 2020 for the period from their acquisition dates to January 3, 2021 were not material. The aggregate revenue and the results of operations for the acquisitions completed during fiscal year 2019 for the period from their acquisition dates to December 29, 2019 were not material. The aggregate revenue for the acquisitions completed during fiscal year 2018 for the period from their acquisition dates to December 30, 2018 were not material. The Company has also determined that the presentation of the results of operations for each of those acquisitions, from the date of acquisition, is impracticable due to the integration of the operations upon acquisition.

As of January 3, 2021, the allocations of purchase prices for acquisitions completed in fiscal years 2019 and 2018 were final. The preliminary allocations of the purchase prices for acquisitions completed in fiscal year 2020 were based upon initial valuations. The Company's estimates and assumptions underlying the initial valuations are subject to the collection of information necessary to complete its valuations within the measurement periods, which are up to one year from the respective acquisition dates. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the fair value of certain tangible and intangible assets acquired and liabilities assumed, assets and liabilities related to income taxes and related valuation allowances, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair values of the net assets acquired at the acquisition dates during the measurement periods. During the measurement periods, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition dates that, if known, would have resulted in the recognition of those assets and liabilities as of those dates. These adjustments will be made in the periods in which the amounts are determined and the cumulative effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition dates. All changes that do not qualify as adjustments made during the measurement periods are also included in current period earnings.

During fiscal year 2020, the Company obtained information relevant to determining the fair values of certain tangible and intangible assets acquired, and liabilities assumed, related to recent acquisitions and adjusted its purchase price allocations. Based on this information, the Company recognized an increase in intangible assets of $1.9 million, an increase in deferred tax liabilities of $0.4 million, a decrease in goodwill of $1.8 million, and a decrease in liabilities assumed of $0.4 million.

Allocations of the purchase price for acquisitions are based on estimates of the fair value of the net assets acquired and are subject to adjustment upon finalization of the purchase price allocations. The accounting for business combinations requires estimates and judgments as to expectations for future cash flows of the acquired business, and the allocation of those cash flows to identifiable intangible assets, in determining the estimated fair values for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, including contingent consideration, are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. Contingent consideration is measured at fair value at the acquisition date, based on the probability that revenue thresholds or product development milestones will be achieved during the earnout period, with changes in the fair value after the acquisition date affecting earnings to the extent it is to be settled in cash. Increases or decreases in the fair value of contingent consideration liabilities primarily result from changes in the estimated probabilities of achieving revenue thresholds or product development milestones during the earnout period.

As of January 3, 2021, the Company may have to pay contingent consideration, related to acquisitions with open contingency periods, of up to $7.3 million. As of January 3, 2021, the Company has recorded contingent consideration obligations of $3.0 million, of which $2.9 million was recorded in accrued expenses and other current liabilities, and $0.1 million was recorded in long-term liabilities. As of December 29, 2019, the Company has recorded contingent consideration obligations of $35.5 million, of which $20.8 million was recorded in accrued expenses and other current liabilities, and $14.7 million was recorded in long-term liabilities. The expected maximum earnout period for acquisitions with open contingency periods does not exceed 2.9 years from January 3, 2021, and the remaining weighted average expected earnout period at January 3, 2021 was 1.9 years. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill, require acceleration of the amortization expense of definite-lived intangible assets or the recognition of additional contingent consideration which would be recognized as a component of operating expenses from continuing operations.

In connection with the purchase price allocations for acquisitions, the Company estimates the fair value of deferred revenue assumed with its acquisitions. The estimated fair value of deferred revenue is determined by the legal performance obligation at the date of acquisition, and is generally based on the nature of the activities to be performed and the related costs to be incurred after the acquisition date. The fair value of an assumed liability related to deferred revenue is estimated based on the current market cost of fulfilling the obligation, plus a normal profit margin thereon. The estimated costs to fulfill the deferred revenue are based on the historical direct costs related to providing the services. The Company does not include any costs associated with selling effort, research and development, or the related margins on these costs. In most acquisitions, profit associated with selling effort is excluded because the acquired businesses would have concluded the selling effort on the support contracts prior to the acquisition date. The estimated research and development costs are not included in the fair value determination, as these costs are not deemed to represent a legal obligation at the time of acquisition. The sum of the costs and operating income approximates, in theory, the amount that the Company would be required to pay a third-party to assume the obligation.

Total acquisition and divestiture-related costs for fiscal years 2020 and 2019 were $9.3 million and $6.6 million, respectively. These amounts included $4.7 million of incentive award associated with the Company's acquisition of Meizheng Group for fiscal year 2020, and $0.5 million of compensation expense related to Tulip Diagnostics Private Limited ("Tulip") and $2.6 million of net foreign exchange loss related mainly to the Company's acquisition of Cisbio for fiscal year 2019. Acquisition-related interest expenses was $0.5 million in fiscal year 2020. These acquisition and divestiture-related costs were expensed as incurred and recorded in selling, general and administrative expenses and interest and other expense, net in the Company's consolidated statements of operations.

## Note 4: Disposition of Businesses and Assets

As part of the Company's continuing efforts to focus on higher growth opportunities, the Company has discontinued certain businesses. When the discontinued operations represented a strategic shift that will have a major effect on the Company's operations and financial statements, the Company has accounted for these businesses as discontinued operations and accordingly, has presented the results of operations and related cash flows as discontinued operations. Any business deemed to be a discontinued operation prior to the adoption of Accounting Standards Update 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of An Entity,* continues to be reported as a discontinued operation, and the results of operations and related cash flows are presented as discontinued operations for all periods presented. Any remaining assets and liabilities of these businesses have been presented separately, and are reflected within assets and liabilities from discontinued operations in the accompanying consolidated balance sheets as of January 3, 2021 and December 29, 2019.

The Company recorded the following pre-tax losses, which have been reported as a net loss on disposition of discontinued operations during the three fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | (In thousands) | | |
| Loss on disposition of the Medical Imaging business | $ — | $ — | $ (793) |
| Loss on disposition of Fluid Sciences business | (76) | — | (66) |
| Loss on disposition of discontinued operations before income taxes | $ (76) | $ — | $ (859) |

During fiscal year 2018, the Company completed the sale of substantially all of the assets and liabilities related to its multispectral imaging business for aggregate consideration of $37.3 million, recognizing a pre-tax gain of $13.0 million. The pre-tax gain is included in interest and other expense, net in the consolidated statement of operations. The multispectral imaging business was a component of the Company's Discovery & Analytical Solutions segment. The divestiture of the multispectral imaging business has not been classified as a discontinued operation in this Form 10-K because the disposition does not represent a strategic shift that will have a major effect on the Company's operations and financial statements.

The Company recorded a provision for (benefit from) income taxes of $0.1 million, $0.2 million and $(1.3) million on discontinued operations and dispositions in fiscal years 2020, 2019 and 2018, respectively.

## Note 5: Restructuring and Other Costs, Net

The Company has undertaken a series of restructuring actions related to the impact of acquisitions and divestitures, the alignment of the Company's operations with its growth strategy, the integration of its business units and its productivity initiatives. The activities associated with these plans have been reported as restructuring and other costs, net, as applicable, and are included as a component of income from continuing operations. The current portion of restructuring and other costs is recorded in short-term accrued restructuring and other costs, accrued expense and other current liabilities, and operating lease right-of-use-assets. The long-term portion of restructuring and other costs is recorded in operating lease liabilities and long-term liabilities.

The Company implemented a restructuring plan in the first quarter of fiscal year 2020 consisting of workforce reductions and closure of excess facilities principally intended to realign resources to emphasize growth initiatives (the "Q1 2020 Plan"). The Company implemented a restructuring plan in the third quarter of fiscal year 2020 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives ("Q3 2020 Plan"). The Company implemented a restructuring plan in each quarter of fiscal year 2019 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives (the "Q1 2019 Plan", "Q2 2019 Plan", "Q3 2019 Plan" and "Q4 2019 Plan", respectively). The Company implemented a restructuring plan in each of the first, third and fourth quarters of fiscal year 2018 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives (the "Q1 2018 Plan", "Q3 2018 Plan" and "Q4 2018 Plan", respectively). All other previous restructuring plans were workforce reductions or the closure of excess facility space principally intended to integrate the Company's businesses in order to realign operations, reduce costs, achieve operational efficiencies and shift resources into geographic regions and end markets that are more consistent with the Company's growth strategy (the "Previous Plans").

The following table summarizes the number of employees reduced, the initial restructuring or contract termination charges by operating segment, and the dates by which payments were substantially completed, or the expected dates by which payments will be substantially completed, for restructuring actions implemented during fiscal years 2020, 2019 and 2018 in continuing operations:

| | Workforce Reductions | | | Closure of Excess Facility | | | (Expected) Date Payments Substantially Completed by | |
|---|---|---|---|---|---|---|---|---|
| | Headcount Reduction | Diagnostics | Discovery & Analytical Solutions | Diagnostics | Discovery & Analytical Solutions | Total | Severance | Excess Facility |
| | (In thousands, except headcount data) | | | | | | | |
| Q3 2020 Plan | 23 | $ 901 | $ 2,080 | $ — | $ — | $ 2,981 | Q2 FY2021 | — |
| Q1 2020 Plan | 32 | 1,134 | 2,312 | 682 | 92 | 4,220 | Q4 FY2020 | Q1 FY2022 |
| Q4 2019 Plan | 22 | 2,404 | 177 | — | — | 2,581 | Q3 FY2020 | — |
| Q3 2019 Plan | 259 | 2,641 | 11,156 | — | — | 13,797 | Q2 FY2020 | — |
| Q2 2019 Plan | 44 | 1,129 | 4,461 | — | — | 5,590 | Q1 FY2020 | — |
| Q1 2019 Plan | 105 | 1,459 | 6,001 | — | — | 7,460 | Q4 FY2019 | — |
| Q4 2018 Plan | 1 | — | 348 | — | — | 348 | Q1 FY2019 | — |
| Q3 2018 Plan | 61 | 618 | 1,146 | — | — | 1,764 | Q4 FY2019 | — |
| Q1 2018 Plan | 47 | 902 | 5,096 | — | — | 5,998 | Q4 FY2019 | — |

The Company expects to make payments under the Previous Plans for remaining residual lease obligations, with terms varying in length, through fiscal year 2022.

The Company has terminated various contractual commitments in connection with certain disposal activities and has recorded charges, to the extent applicable, for the costs of terminating these contracts before the end of their terms and the costs that will continue to be incurred for the remaining terms without economic benefit to the Company. The Company recorded additional pre-tax charges of $0.2 million, $0.2 million, $5.0 million in the Discovery & Analytical Solutions segment during fiscal years 2020, 2019 and 2018, respectively, and $0.1 million and $0.2 million during fiscal years 2020 and 2019, respectively, in the Diagnostics segment as a result of these contract terminations.

The Company recorded pre-tax charges of $4.3 million and $0.8 million associated with relocating facilities during fiscal years 2020 and 2019. The Company expects to make payments on these relocation activities through fiscal year 2021.

At January 3, 2021, the Company had $8.3 million recorded for accrued restructuring and other costs, of which $4.7 million was recorded in short-term accrued restructuring and other costs, $0.3 million was recorded in operating lease right-of-use assets, $2.0 million was recorded in accrued expenses and other current liabilities, and $1.3 million was recorded in operating lease liabilities. At December 29, 2019, the Company had $13.9 million recorded for accrued restructuring and other costs, of which $11.6 million was recorded in short-term accrued restructuring and other costs, $0.4 million was recorded in accrued expenses and other current liabilities, $0.8 million was recorded in long-term liabilities, and $1.1 million was recorded in operating lease liabilities. The following table summarizes the Company's restructuring accrual balances and related activity by restructuring plan, as well as other accrual balances and related activity, during fiscal years 2020, 2019 and 2018 in continuing operations:

| | Balance at December 31, 2017 | 2018 Charges and Changes in Estimates, Net | 2018 Amounts Paid | Balance at December 30, 2018 | 2019 Charges and Changes in Estimates, Net | 2019 Amounts Paid | Balance at December 29, 2019 | 2020 Charges and Changes in Estimates, Net | 2020 Amounts Paid | Balance at January 3, 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Severance:** | | | | | | | | | | |
| Q3 2020 Plan | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ 2,981 | $ (1,814) | $ 1,167 |
| Q1 2020 Plan | — | — | — | — | — | — | — | 3,446 | (2,574) | 872 |
| Q4 2019 Plan[1] | — | — | — | — | 2,581 | (1,692) | 889 | (386) | (454) | 49 |
| Q3 2019 Plan[2] | — | — | — | — | 13,797 | (7,486) | 6,311 | (2,025) | (2,779) | 1,507 |
| Q2 2019 Plan[3] | — | — | — | — | 5,590 | (3,701) | 1,889 | (376) | (1,241) | 272 |
| Q1 2019 Plan[4] | — | — | — | — | 7,483 | (5,354) | 2,129 | (867) | (669) | 593 |
| Q4 2018 Plan | — | 348 | — | 348 | 3 | (351) | — | — | — | — |
| Q3 2018 Plan | — | 2,054 | (639) | 1,415 | (77) | (1,314) | 24 | — | — | 24 |
| Q1 2018 Plan[5] | — | 5,998 | (4,389) | 1,609 | (1,069) | (282) | 258 | (255) | — | 3 |
| **Facility:** | | | | | | | | | | |
| Q1 2020 Plan | — | — | — | — | — | — | — | 774 | (380) | 394 |
| Previous Plans[6] | 10,921 | (1,998) | (6,252) | 2,671 | (159) | (1,147) | 1,365 | 219 | (482) | 1,102 |
| Restructuring | 10,921 | 6,402 | (11,280) | 6,043 | 28,149 | (21,327) | 12,865 | 3,511 | (10,393) | 5,983 |
| Contract Termination | 3,048 | 4,742 | (7,653) | 137 | 452 | (401) | 188 | 212 | (82) | 318 |
| Other Costs | — | — | — | — | 827 | — | 827 | 4,290 | (3,119) | 1,998 |
| Total Restructuring and Other Liabilities | $ 13,969 | $ 11,144 | $ (18,933) | $ 6,180 | $ 29,428 | $ (21,728) | $ 13,880 | $ 8,013 | $ (13,594) | $ 8,299 |

(1) During fiscal year 2020, the Company recognized pre-tax restructuring reversals of $0.3 million in the Discovery & Analytical Solutions segment and $0.1 million in the Diagnostics segment related to lower than expected costs associated with workforce reductions for the Q4 2019 Plan.

(2) During fiscal year 2020, the Company recognized pre-tax restructuring reversals of $1.9 million in the Discovery & Analytical Solutions segment and $0.1 million in the Diagnostics segment related to lower than expected costs associated with workforce reductions for the Q3 2019 Plan.

(3) During fiscal year 2020, the Company recognized pre-tax restructuring reversals of $0.4 million in the Discovery & Analytical Solutions segment related to lower than expected costs associated with workforce reductions for the Q2 2019 Plan.

(4) During fiscal year 2020, the Company recognized pre-tax restructuring reversals of $0.9 million in the Discovery & Analytical Solutions segment related to lower than expected costs associated with workforce reductions for the Q1 2019 Plan.

(5) During fiscal year 2020, the Company recognized pre-tax restructuring reversals of $0.2 million in the Discovery & Analytical Solutions segment and $0.1 million in the Diagnostics segment related to lower than expected costs associated with workforce reductions for the Q1 2018 Plan.

(6) During fiscal year 2020, the Company recognized pre-tax restructuring reversals of $0.1 million in each of the Discovery & Analytical Solutions and Diagnostics segments related to lower than expected costs associated with workforce reductions for the Previous Plans.

## Note 6: Interest and Other Expense, Net

Interest and other expense, net, consisted of the following for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Interest income | $ (1,010) | $ (1,495) | $ (1,141) |
| Interest expense | 49,712 | 63,627 | 66,976 |
| Loss (gain) on disposition of businesses and assets, net (see Note 4) | — | 2,469 | (12,844) |
| Debt extinguishment costs (see Note 14) | — | 32,541 | — |
| Other expense, net | 23,515 | 27,689 | 13,210 |
| Total interest and other expense, net | $ 72,217 | $ 124,831 | $ 66,201 |

Foreign currency transaction (gains) losses were $(2.7) million, $6.5 million and $(9.4) million in fiscal years 2020, 2019 and 2018, respectively. Net losses (gains) from forward currency hedge contracts were $7.7 million, $(3.5) million and $11.7 million in fiscal years 2020, 2019 and 2018, respectively. The other components of net periodic pension cost were $18.8 million, $25.3 million and $11.5 million in fiscal years 2020, 2019 and 2018, respectively. These amounts were included in other expense, net.

## Note 7: Income Taxes

The Company regularly reviews its tax positions in each significant taxing jurisdiction in the process of evaluating its unrecognized tax benefits. The Company makes adjustments to its unrecognized tax benefits when: (i) facts and circumstances regarding a tax position change, causing a change in management's judgment regarding that tax position; (ii) a tax position is effectively settled with a tax authority at a differing amount; and/or (iii) the statute of limitations expires regarding a tax position.

The tabular reconciliation of the total amounts of unrecognized tax benefits is as follows for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Unrecognized tax benefits, beginning of year | $ 35,547 | $ 33,009 | $ 30,308 |
| Gross increases—tax positions in prior periods | 4,974 | 4,433 | 6,931 |
| Gross decreases—tax positions in prior periods | (2,471) | (2,183) | (1,622) |
| Gross increases—current-period tax positions | 309 | 152 | — |
| Settlements | — | (45) | (2,253) |
| Lapse of statute of limitations | — | — | (181) |
| Foreign currency translation adjustments | 414 | 181 | (174) |
| Unrecognized tax benefits, end of year | $ 38,773 | $ 35,547 | $ 33,009 |

The Company classifies interest and penalties as a component of income tax expense. At January 3, 2021 and December 29, 2019, the Company had accrued interest and penalties of $5.8 million and $4.1 million, respectively. During fiscal years 2020, 2019 and 2018, the Company recognized a net expense of $4.7 million, $1.6 million and $0.4 million, respectively, for interest and penalties in its total tax provision which includes settlements and statutes of limitations that had lapsed. At January 3, 2021, the Company had gross tax effected unrecognized tax benefits of $38.8 million, of which $37.1 million, if recognized, would affect the continuing operations effective tax rate. The remaining amount, if recognized, would affect discontinued operations.

The Company believes that it is reasonably possible that approximately $0.2 million of its uncertain tax positions at January 3, 2021, including accrued interest and penalties, and net of tax benefits, may be resolved over the next twelve months

as a result of lapses in applicable statutes of limitations and potential settlements. Various tax years after 2010 remain open to examination by certain jurisdictions in which the Company has significant business operations, such as China, Finland, Germany, Luxembourg, The Netherlands, Singapore, the United Kingdom and the United States. The tax years under examination vary by jurisdiction.

During fiscal year 2020, the Company recorded net discrete income tax expense of $10.8 million, which primarily consisted of a $15.2 million assessment related to foreign entities for which the Company had previously believed, in error, that the relevant tax authority had granted fiscal unity to consolidate in fiscal years 2019 and 2018. The Company determined that this is not material to any of the previous periods or the current fiscal year. The Company filed an appeal for relief on this matter with the foreign tax authority but cannot be assured of a favorable outcome and has therefore recorded the full impact in the current year's tax provision as a result of not being granted fiscal unity in fiscal years 2019 and 2018. The Company also provided for interest on uncertain tax positions of $4.5 million, foreign tax rate changes of $2.5 million, return to provision adjustments of $1.2 million and other tax matters of $1.6 million, offset by recognition of excess tax benefits on stock compensation of $11.7 million and a valuation allowance reversal of $2.5 million. During fiscal years 2019 and 2018, the Company recorded net discrete income tax benefits of $23.4 million and $8.1 million, respectively. The $23.4 million tax benefits in fiscal year 2019 was primarily due to a valuation allowance reversal of $12.3 million, recognition of excess tax benefits on stock compensation of $4.9 million, return to provision adjustments of $6.7 million and benefits from tax elections made during fiscal year 2019 of $3.7 million, partially offset by a tax expense of $2.7 million related to the one-time transition tax under the Tax Cut and Jobs Act ("Tax Act") and additional discrete expense of $1.4 million expense related to other tax matters. The $8.1 million of tax benefits in fiscal year 2018 was primarily due to a discrete benefit of $7.2 million related to the recognition of excess tax benefits on stock compensation, along with an additional discrete benefit of $2.0 million as a result of the Tax Act, partially offset by discrete benefits of $1.1 million related to other tax matters.

The components of income from continuing operations before income taxes were as follows for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | (In thousands) | | |
| U.S. | $ 183,452 | $ 29,252 | $ 32,627 |
| Non-U.S. | 722,912 | 207,890 | 225,056 |
| Total | $ 906,364 | $ 237,142 | $ 257,683 |

On a U.S. income tax basis, the Company has reported significant taxable income over the three-year period ended January 3, 2021. The Company has utilized tax attributes to minimize cash taxes paid on that taxable income.

The components of the provision for income taxes on continuing operations were as follows:

| | Current Expense | Deferred Expense (Benefit) | Total |
|---|---|---|---|
| | | (In thousands) | |
| Fiscal year ended January 3, 2021 | | | |
| Federal | $ 21,262 | $ 15,951 | $ 37,213 |
| State | 13,688 | (967) | 12,721 |
| Non-U.S. | 172,437 | (44,105) | 128,332 |
| Total | $ 207,387 | $ (29,121) | $ 178,266 |
| Fiscal year ended December 29, 2019 | | | |
| Federal | $ 3,735 | $ (267) | $ 3,468 |
| State | 4,425 | (1,574) | 2,851 |
| Non-U.S. | 62,582 | (59,512) | 3,070 |
| Total | $ 70,742 | $ (61,353) | $ 9,389 |
| Fiscal year ended December 30, 2018 | | | |
| Federal | $ 7,938 | $ (5,250) | $ 2,688 |
| State | 2,345 | 2,572 | 4,917 |
| Non-U.S. | 61,028 | (48,425) | 12,603 |
| Total | $ 71,311 | $ (51,103) | $ 20,208 |

The total provision for (benefit from) income taxes included in the consolidated financial statements is as follows for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Continuing operations | $ 178,266 | $ 9,389 | $ 20,208 |
| Discontinued operations | 135 | 195 | (1,311) |
| Total | $ 178,401 | $ 9,584 | $ 18,897 |

A reconciliation of income tax expense at the U.S. federal statutory income tax rate to the recorded tax provision is as follows for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Tax at statutory rate | $ 190,339 | $ 49,799 | $ 54,114 |
| Non-U.S. rate differential, net | (40,216) | (32,124) | (27,281) |
| U.S. taxation of multinational operations | 9,050 | 4,251 | 7,047 |
| State income taxes, net | 13,306 | 1,941 | 2,028 |
| Prior year tax matters | 8,262 | (5,103) | 1,124 |
| Effect of stock compensation | (8,818) | (2,053) | (6,331) |
| General business tax credits | (4,136) | (4,325) | (3,738) |
| Change in valuation allowance | 10 | (1,117) | (759) |
| Foreign consolidations | 15,222 | — | — |
| Tax elections | — | (3,700) | — |
| Impact of U.S. Tax Act | — | 2,718 | (2,025) |
| Others, net | (4,753) | (898) | (3,971) |
| Total | $ 178,266 | $ 9,389 | $ 20,208 |

The variation in the Company's effective tax rate for each year is primarily a result of the recognition of earnings in foreign jurisdictions, predominantly Finland, Singapore and the United Kingdom in fiscal year 2020 and Finland, Singapore and The Netherlands in fiscal years 2019 and 2018, which are taxed at rates lower than the U.S. federal statutory rate, resulting in a benefit from income taxes of $42.5 million in fiscal year 2020, $16.7 million in fiscal year 2019 and $18.7 million in fiscal year 2018. These amounts include $21.8 million in fiscal year 2020, $10.4 million in fiscal year 2019 and $10.3 million in fiscal year 2018 of benefits derived from tax holidays in China and Singapore. The effect of these benefits, derived from tax holidays, on basic and diluted earnings per share for fiscal year 2020 was $0.20 and $0.19, respectively, for fiscal year 2019 was $0.09 and $0.09, respectively, and for fiscal year 2018 was $0.09 and $0.09, respectively. The tax holiday in China is renewed every three years. The Company expects to renew the tax holiday for two of the Company's subsidiaries in China that expired in fiscal year 2020. The tax holiday for one of the Company's subsidiaries in Singapore is scheduled to expire in fiscal year 2023.

The tax effects of temporary differences and attributes that gave rise to deferred income tax assets and liabilities as of January 3, 2021 and December 29, 2019 were as follows:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Deferred tax assets: | | |
| Inventory | $ 4,788 | $ 4,662 |
| Reserves and accruals | 51,107 | 46,817 |
| Accrued compensation | 20,881 | 18,953 |
| Net operating loss and credit carryforwards | 131,884 | 116,751 |
| Accrued pension | 34,192 | 35,890 |
| Restructuring reserve | 1,579 | 2,983 |
| Deferred revenue | 29,838 | 30,412 |
| Operating lease liabilities | 42,220 | 46,477 |
| Unrealized foreign exchange loss | 21,614 | — |
| Total deferred tax assets | 338,103 | 302,945 |
| Deferred tax liabilities: | | |
| Postretirement health benefits | (8,168) | (4,106) |
| Depreciation and amortization | (355,876) | (330,768) |
| Operating lease right-of-use assets | (38,598) | (42,774) |
| All other, net | (4,160) | (1,780) |
| Total deferred tax liabilities | (406,802) | (379,428) |
| Valuation allowance | (99,740) | (88,449) |
| Net deferred tax liabilities | $ (168,439) | $ (164,932) |

The components of net deferred tax liabilities as of January 3, 2021 and December 29, 2019 were recognized in the consolidated balance sheets as follows:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Other assets, net | $ 65,518 | $ 60,004 |
| Long-term liabilities | (233,957) | (224,936) |
| Total | $ (168,439) | $ (164,932) |

At January 3, 2021, for income tax return purposes, the Company had U.S. federal net operating loss carryforwards of $36.6 million, state net operating loss carryforwards of $11.5 million, foreign net operating loss carryforwards of $495.3 million, state tax credit carryforwards of $15.3 million, general business tax credit carryforwards of $0.3 million, and foreign tax credit carryforwards of $0.1 million. These are subject to expiration in years ranging from 2021 to 2038, and without expiration for certain foreign net operating loss carryforwards and certain state credit carryforwards.

Valuation allowances take into consideration limitations imposed upon the use of the tax attributes and reduce the value of such items to the likely net realizable amount. The Company regularly evaluates positive and negative evidence available to determine if valuation allowances are required or if existing valuation allowances are no longer required. Valuation allowances have been provided on state net operating loss and state tax credit carryforwards and on certain foreign tax attributes that the Company has determined are not more likely than not to be realized. The increase in the valuation allowance of $11.3 million in fiscal year 2020 is primarily due to a net build of tax attributes related to the generation and utilization of net operating loss carryforwards by some of the Company's non-U.S. subsidiaries, as well as realization of certain U.S. state tax credit carryforwards.

The components of net deferred tax (liabilities) assets as of January 3, 2021 and December 29, 2019 were as follows:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| U.S. | $ 50,302 | $ 43,683 |
| Non-U.S. | (218,741) | (208,615) |
| Total | $ (168,439) | $ (164,932) |

Prior to enactment of the Tax Act, the Company did not provide deferred income tax expense on the cumulative undistributed earnings of its international subsidiaries. The Tax Act required the Company to accrue a one-time transition tax on the unremitted earnings of its foreign subsidiaries. At December 31, 2017, the Company recorded an income tax expense of $85.0 million in continuing operations in accordance with the Tax Act. The U.S. Treasury issued regulations in 2019 and accordingly the Company refined its calculations of the one-time transition tax and recorded a tax expense (benefit) of $2.7 million and $(4.6) million during fiscal years 2019 and 2018, respectively. At the end of fiscal year 2020, the Company evaluated its undistributed foreign earnings and identified certain earnings that it no longer considered indefinitely reinvested and therefore recognized $1.6 million of income tax expense during the year. The Company's intent is to continue to reinvest the remaining undistributed earnings of its international subsidiaries indefinitely. No additional deferred income taxes have been provided for any remaining undistributed foreign earnings, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested. However, should the Company change its business plans in the future and decide to repatriate a portion of these earnings to one of its U.S. subsidiaries, the Company will recognize additional income tax liabilities. As of January 3, 2021, the Company has approximately $1.5 billion of foreign earnings that it has the intent and ability to keep invested outside the U.S. indefinitely and for which no additional incremental U.S. tax cost has been provided. It is not practicable to calculate the unrecognized deferred tax liability related to such incremental tax costs on those earnings.

## Note 8: Earnings Per Share

Basic earnings per share was computed by dividing net income by the weighted-average number of common shares outstanding during the period less restricted unvested shares. Diluted earnings per share was computed by dividing net income by the weighted-average number of common shares outstanding plus all potentially dilutive common stock equivalents, primarily shares issuable upon the exercise of stock options using the treasury stock method. The following table reconciles the number of shares utilized in the earnings per share calculations for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Number of common shares—basic | 111,514 | 110,827 | 110,561 |
| Effect of dilutive securities: | | | |
| Stock options | 466 | 541 | 761 |
| Restricted stock awards | 105 | 133 | 212 |
| Number of common shares—diluted | 112,085 | 111,501 | 111,534 |
| Number of potentially dilutive securities excluded from calculation due to antidilutive impact | 220 | 364 | 349 |

Antidilutive securities include outstanding stock options with exercise prices and average unrecognized compensation cost in excess of the average fair market value of common stock for the related period. Antidilutive options were excluded from the calculation of diluted net income per share and could become dilutive in the future.

**Note 9: Accounts Receivable, Net**

Accounts receivable, net as of January 3, 2021 and December 29, 2019 consisted of the following:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Accounts receivable, net, current | $ 1,155,109 | $ 725,184 |
| Long-term accounts receivable, net, included in Other assets | 22,510 | 19,677 |
| Total accounts receivable, net | $ 1,177,619 | $ 744,861 |

Accounts receivable were net of reserves for doubtful accounts of $47.6 million and $35.2 million as of January 3, 2021 and December 29, 2019, respectively.

**Note 10: Inventories**

Inventories as of January 3, 2021 and December 29, 2019 consisted of the following:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Raw materials | $ 205,022 | $ 130,673 |
| Work in progress | 35,160 | 26,409 |
| Finished goods | 274,385 | 199,855 |
| Total inventories | $ 514,567 | $ 356,937 |

**Note 11: Property, Plant and Equipment, Net**

Property, plant and equipment as of January 3, 2021 and December 29, 2019, consisted of the following:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| At cost: | | |
| Land | $ 3,937 | $ 5,272 |
| Building and leasehold improvements | 291,526 | 250,639 |
| Machinery and equipment | 522,734 | 445,669 |
| Total property, plant and equipment | 818,197 | 701,580 |
| Accumulated depreciation | (449,893) | (383,357) |
| Total property, plant and equipment, net | $ 368,304 | $ 318,223 |

Depreciation expense on property, plant and equipment for the fiscal years ended January 3, 2021, December 29, 2019 and December 30, 2018 was $54.0 million, $49.7 million and $44.7 million, respectively.

## Note 12: Marketable Securities and Investments

Investments as of January 3, 2021 and December 29, 2019 consisted of the following:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Marketable securities | $ 2,154 | $ 2,906 |
| Equity investments | 48,626 | 29,228 |
| | $ 50,780 | $ 32,134 |

*Marketable securities.* Marketable securities include equity and fixed-income securities held to meet obligations associated with the Company's supplemental executive retirement plan and other deferred compensation plans. The Company has, accordingly, classified these securities as long-term.

The net unrealized holding gain and loss on marketable securities, net of deferred income taxes, reported as a component of other comprehensive income (loss) in the statements of stockholders' equity, were not material in fiscal years 2020 and 2019. The proceeds from the sales of securities and the related gains and losses are not material for any period presented.

Marketable securities classified as available for sale as of January 3, 2021 and December 29, 2019 consisted of the following:

| | | Gross Unrealized Holding | | |
|---|---|---|---|---|
| | Market Value | Cost | Gains | (Losses) |
| | | (In thousands) | | |
| January 3, 2021 | | | | |
| Equity securities | $ 203 | $ 584 | $ — | $ (381) |
| Fixed-income securities | 7 | 7 | — | — |
| Other | 1,944 | 2,007 | — | (63) |
| | $ 2,154 | $ 2,598 | $ — | $ (444) |
| December 29, 2019 | | | | |
| Equity securities | $ 752 | $ 1,109 | $ — | $ (357) |
| Fixed-income securities | 7 | 7 | — | — |
| Other | 2,147 | 2,210 | — | (63) |
| | $ 2,906 | $ 3,326 | $ — | $ (420) |

*Equity investments.* The Company has equity interests in privately-held entities over which the Company neither has significant influence nor control.

Equity investments without readily determinable fair values as of January 3, 2021 and December 29, 2019 consisted of the following:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Equity investments, carried at cost minus impairment, if any | $ 27,438 | $ 29,228 |
| Equity investments, carried at fair value | 21,188 | — |
| | $ 48,626 | $ 29,228 |

The amount of upward adjustments during fiscal years 2020 and 2019 were $35,000 and $8.2 million, respectively. The cumulative amount of upward adjustments as of each of January 3, 2021 and December 29, 2019 was $8.2 million. The amount of impairments and downward adjustments during fiscal year 2019 was $4.9 million. The cumulative amount of impairments and downward adjustments as of each of January 3, 2021 and December 29, 2019 was $4.9 million.

## Note 13: Goodwill and Intangible Assets, Net

The Company tests goodwill and non-amortizing intangible assets at least annually for possible impairment. Accordingly, the Company completes the annual testing of impairment for goodwill and non-amortizing intangible assets on the later of January 1 or the first day of each fiscal year. In addition to its annual test, the Company regularly evaluates whether events or circumstances have occurred that may indicate a potential impairment of goodwill or non-amortizing intangible assets.

The process of testing goodwill for impairment involves the determination of the fair value of the applicable reporting units. The test consists of the comparison of the fair value to the carrying value of the reporting unit to determine if the carrying value exceeds the fair value. If the carrying value of the reporting unit exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of goodwill. The Company performed its annual impairment testing for its reporting units as of January 1, 2020, its annual impairment testing date for fiscal year 2020. The Company concluded based on the first step of the process that there was no goodwill impairment, and the fair value exceeded the carrying value by more than 20% for each reporting unit, except for the Meizheng Group reporting unit. The fair value of the Meizheng Group reporting unit approximated its carrying value given that the reporting unit was a relatively new acquisition.

At January 4, 2021, the Tulip reporting unit, which had a goodwill balance of $77.8 million at January 3, 2021, had a fair value that was between 10% and 20% more than its carrying value. Tulip is at increased risk of an impairment charge given its ongoing weakness due to the impact of COVID-19. Despite the increased risk associated with this reporting unit, the Company does not believe there will be a significant change in the key estimates or assumptions driving the fair value of this reporting unit that would lead to a material impairment charge. While the Company believes that its estimates of current value are reasonable, if actual results differ from the estimates and judgments used, including such items as future cash flows and the volatility inherent in markets which the Company serves, impairment charges against the carrying value of those assets could be required in the future.

Non-amortizing intangibles are also subject to an annual impairment test. The Company consistently employed the relief from royalty model to estimate the current fair value when testing for impairment of non-amortizing intangible asset. The impairment test consists of a comparison of the fair value of the non-amortizing intangible asset with its carrying amount. If the carrying amount of a non-amortizing intangible asset exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of the amortizing intangible asset. In addition, the Company evaluates the remaining useful life of our non-amortizing intangible asset at least annually to determine whether events or circumstances continue to support an indefinite useful life. If events or circumstances indicate that the useful life of our non-amortizing intangible asset is no longer indefinite, the asset will be tested for impairment. This intangible asset will then be amortized prospectively over its estimated remaining useful life and accounted for in the same manner as other intangible assets that are subject to amortization.

The changes in the carrying amount of goodwill for fiscal years 2020 and 2019 are as follows:

| | Discovery & Analytical Solutions | Diagnostics | Consolidated |
|---|---|---|---|
| | | (In thousands) | |
| Balance at December 30, 2018 | $ 1,334,992 | $ 1,617,616 | $ 2,952,608 |
| Foreign currency translation | (8,559) | (9,725) | (18,284) |
| Acquisitions, earnouts and other | 172,387 | 4,516 | 176,903 |
| Balance at December 29, 2019 | 1,498,820 | 1,612,407 | 3,111,227 |
| Foreign currency translation | 58,086 | 62,596 | 120,682 |
| Acquisitions, earnouts and other | 198,981 | 16,224 | 215,205 |
| Balance at January 3, 2021 | $ 1,755,887 | $ 1,691,227 | $ 3,447,114 |

Identifiable intangible asset balances at January 3, 2021 by category and segment were as follows:

| | Discovery & Analytical Solutions | Diagnostics | Consolidated |
|---|---|---|---|
| | | (In thousands) | |
| Patents | $ 28,146 | $ 2,709 | $ 30,855 |
| Less: Accumulated amortization | (27,933) | (507) | (28,440) |
| Net patents | 213 | 2,202 | 2,415 |
| Trade names and trademarks | 51,143 | 47,518 | 98,661 |
| Less: Accumulated amortization | (31,859) | (16,947) | (48,806) |
| Net trade names and trademarks | 19,284 | 30,571 | 49,855 |
| Licenses | 50,468 | 8,232 | 58,700 |
| Less: Accumulated amortization | (49,317) | (3,135) | (52,452) |
| Net licenses | 1,151 | 5,097 | 6,248 |
| Core technology | 456,607 | 333,192 | 789,799 |
| Less: Accumulated amortization | (232,648) | (166,344) | (398,992) |
| Net core technology | 223,959 | 166,848 | 390,807 |
| Customer relationships | 475,748 | 881,912 | 1,357,660 |
| Less: Accumulated amortization | (239,428) | (283,392) | (522,820) |
| Net customer relationships | 236,320 | 598,520 | 834,840 |
| IPR&D | 10,944 | — | 10,944 |
| Net amortizable intangible assets | 491,871 | 803,238 | 1,295,109 |
| Non-amortizing intangible asset: | | | |
| Trade name | 70,584 | — | 70,584 |
| Total | $ 562,455 | $ 803,238 | $ 1,365,693 |

Identifiable intangible asset balances at December 29, 2019 by category and segment were as follows:

| | Discovery & Analytical Solutions | Diagnostics | Consolidated |
|---|---|---|---|
| | | (In thousands) | |
| Patents | $ 28,122 | $ 2,709 | $ 30,831 |
| Less: Accumulated amortization | (27,142) | (281) | (27,423) |
| Net patents | 980 | 2,428 | 3,408 |
| Trade names and trademarks | 39,859 | 48,138 | 87,997 |
| Less: Accumulated amortization | (23,632) | (16,663) | (40,295) |
| Net trade names and trademarks | 16,227 | 31,475 | 47,702 |
| Licenses | 50,393 | 8,103 | 58,496 |
| Less: Accumulated amortization | (47,607) | (2,126) | (49,733) |
| Net licenses | 2,786 | 5,977 | 8,763 |
| Core technology | 390,116 | 298,973 | 689,089 |
| Less: Accumulated amortization | (205,263) | (115,663) | (320,926) |
| Net core technology | 184,853 | 183,310 | 368,163 |
| Customer relationships | 313,898 | 847,628 | 1,161,526 |
| Less: Accumulated amortization | (156,967) | (221,221) | (378,188) |
| Net customer relationships | 156,931 | 626,407 | 783,338 |
| IPR&D | — | 1,328 | 1,328 |
| Net amortizable intangible assets | 361,777 | 850,925 | 1,212,702 |
| Non-amortizing intangible asset: | | | |
| Trade name | 70,584 | — | 70,584 |
| Total | $ 432,361 | $ 850,925 | $ 1,283,286 |

Total amortization expense related to definite-lived intangible assets was $192.6 million in fiscal year 2020, $164.3 million in fiscal year 2019 and $135.9 million in fiscal year 2018. Estimated amortization expense related to definite-lived intangible assets for each of the next five years is $211.0 million in fiscal year 2021, $191.4 million in fiscal year 2022, $164.0 million in fiscal year 2023, $139.9 million in fiscal year 2024, and $111.9 million in fiscal year 2025.

## Note 14: Debt

*Senior Unsecured Revolving Credit Facility.* The Company's senior unsecured revolving credit facility provides for $1.0 billion of revolving loans that may be either US Dollar Base Rate loans or Eurocurrency Rate loans, as those terms are defined in the credit agreement, and has an initial maturity of September 17, 2024. As of January 3, 2021, undrawn letters of credit in the aggregate amount of $11.0 million were treated as issued and outstanding when calculating the borrowing availability under the facility. As of January 3, 2021, the Company had $830.4 million available for additional borrowing under the facility. The Company plans to use the senior unsecured revolving credit facility for general corporate purposes, which may include working capital, refinancing existing indebtedness, capital expenditures, share repurchases, acquisitions and strategic alliances. The interest rates on the Eurocurrency Rate loans are based on the Eurocurrency Rate at the time of borrowing, plus a percentage spread based on the credit rating of the Company's debt. The interest rates on the US Dollar Base Rate loans are based on the US Dollar Base Rate at the time of borrowing, plus a percentage spread based on the credit rating of the Company's debt. The base rate is the higher of (i) the Federal Funds Rate (as defined in the credit agreement) plus 50 basis points (ii) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," or (iii) the Eurocurrency Rate plus 1.00%. The Eurocurrency margin as of January 3, 2021 was 101.5 basis points. The weighted average Eurocurrency interest rate as of January 3, 2021 was 0.02%, resulting in a weighted average effective Eurocurrency Rate, including the margin, of 1.04%, which was the interest applicable to the borrowings outstanding as of January 3, 2021. As of January 3, 2021, the senior unsecured revolving credit facility had outstanding borrowings of $158.6 million, and $2.6 million of unamortized debt issuance costs. As of December 29, 2019, the senior unsecured revolving credit facility had $325.4 million of outstanding borrowings, and $3.4 million of unamortized debt issuance costs. The credit agreement for the facility contains affirmative, negative and financial covenants and events of default. The financial covenants include a debt-to-capital ratio that remains applicable for so long as the Company's debt is rated as investment grade. In the event that the Company's debt is not

rated as investment grade, the debt-to-capital ratio covenant is replaced with a maximum consolidated leverage ratio covenant and a minimum consolidated interest coverage ratio covenant.

*1.875% Senior Unsecured Notes due 2026.* On July 19, 2016, the Company issued €500.0 million aggregate principal amount of senior unsecured notes due in 2026 (the “2026 Notes”) in a registered public offering and received approximately €492.3 million of net proceeds from the issuance. The 2026 Notes were issued at 99.118% of the principal amount, which resulted in a discount of €4.4 million. The 2026 Notes mature in July 2026 and bear interest at an annual rate of 1.875%. Interest on the 2026 Notes is payable annually on July 19th each year. The proceeds from the 2026 Notes were used to pay in full the outstanding balance of the Company's previous senior unsecured revolving credit facility. As of January 3, 2021, the 2026 Notes had an aggregate carrying value of $604.7 million, net of $3.3 million of unamortized original issue discount and $2.8 million of unamortized debt issuance costs. As of December 29, 2019, the 2026 Notes had an aggregate carrying value of $552.2 million, net of $3.5 million of unamortized original issue discount and $3.3 million of unamortized debt issuance costs.

Prior to April 19, 2026 (three months prior to their maturity date), the Company may redeem the 2026 Notes in whole at any time or in part from time to time, at its option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2026 Notes to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect to the 2026 Notes being redeemed, discounted on an annual basis, at the applicable Comparable Government Bond Rate (as defined in the indenture governing the 2026 Notes) plus 35 basis points; plus, in each case, accrued and unpaid interest. In addition, at any time on or after April 19, 2026 (three months prior to their maturity date), the Company may redeem the 2026 Notes, at its option, at a redemption price equal to 100% of the principal amount of the 2026 Notes due to be redeemed plus accrued and unpaid interest.

Upon a change of control (as defined in the indenture governing the 2026 Notes) and a contemporaneous downgrade of the 2026 Notes below investment grade, the Company will, in certain circumstances, make an offer to purchase the 2026 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest.

*0.6% Senior Unsecured Notes due in 2021.* On April 11, 2018, the Company issued €300.0 million aggregate principal amount of senior unsecured notes due in 2021 (the “2021 Notes”) in a registered public offering and received approximately €298.7 million of net proceeds from the issuance. The 2021 Notes were issued at 99.95% of the principal amount, which resulted in a discount of €0.2 million. As of January 3, 2021, the 2021 Notes had an aggregate carrying value of $366.2 million, net of $16,200 of unamortized original issue discount and $0.2 million of unamortized debt issuance costs. As of December 29, 2019, the 2021 Notes had an aggregate carrying value of $334.2 million, net of $0.1 million of unamortized original issue discount and $1.1 million of unamortized debt issuance costs. The 2021 Notes mature in April 2021 and bear interest at an annual rate of 0.6%. Interest on the 2021 Notes is payable annually on April 9th each year. Prior to the maturity date of the 2021 Notes, the Company may redeem them in whole at any time or in part from time to time, at its option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2021 Notes to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect to the 2021 Notes being redeemed, discounted on an annual basis, at the applicable Comparable Government Bond Rate (as defined in the indenture governing the 2021 Notes) plus 15 basis points; plus, in each case, accrued and unpaid interest. Upon a change of control (as defined in the indenture governing the 2021 Notes) and a contemporaneous downgrade of the 2021 Notes below investment grade, the Company will, in certain circumstances, make an offer to purchase the 2021 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest.

*3.3% Senior Unsecured Notes due in 2029.* On September 12, 2019, the Company issued $850.0 million aggregate principal amount of senior unsecured notes due in 2029 (the "2029 Notes”) in a registered public offering and received $847.2 million of net proceeds from the issuance. The 2029 Notes were issued at 99.67% of the principal amount, which resulted in a discount of $2.8 million. As of January 3, 2021, the 2029 Notes had an aggregate carrying value of $840.6 million, net of $2.5 million of unamortized original issue discount and $6.9 million of unamortized debt issuance costs. As of December 29, 2019, the 2029 Notes had an aggregate carrying value of $839.9 million, net of $2.7 million of unamortized original issue discount and $7.4 million of unamortized debt issuance costs. The 2029 Notes mature in September 2029 and bear interest at an annual rate of 3.3%. Interest on the 2029 Notes is payable semi-annually on March 15th and September 15th each year. Proceeds from the 2029 Notes were used to repay all outstanding borrowings under the Company’s previous senior unsecured revolving credit facility with the remaining proceeds used in the redemption of the 5% senior unsecured notes that were due in November 2021. Prior to June 15, 2029 (three months prior to their maturity date), the Company may redeem the 2029 Notes in whole or in part, at its option, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2029 Notes to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect to the 2029 Notes being redeemed (not including any portion of such payments of interest accrued but unpaid as of the date of redemption) assuming that such 2029 Notes matured on June 15, 2029, discounted at the date of redemption on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate (as defined in the indenture governing the 2029 Notes) plus 25 basis points, plus accrued and unpaid interest. At any time on or after June 15, 2029 (three months prior to their

maturity date), the Company may redeem the 2029 Notes, at its option, at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed plus accrued and unpaid interest. Upon a change of control (as defined in the indenture governing the 2029 Notes) and a contemporaneous downgrade of the 2029 Notes below investment grade, each holder of 2029 Notes will have the right to require the Company to repurchase such holder's 2029 Notes for 101% of their principal amount, plus accrued and unpaid interest.

*Other Debt Facilities.* The Company's other debt facilities include Euro-denominated bank loans with an aggregate carrying value of $17.0 million (or €13.9 million) and $23.8 million (or €21.3 million) as of January 3, 2021 and December 29, 2019, respectively. These bank loans are primarily utilized for financing fixed assets and are required to be repaid in monthly or quarterly installments with maturity dates extending to 2028. Of these bank loans, loans in the aggregate amount of $17.0 million bear fixed interest rates between 1.1% and 4.3% and a loan in the amount of $0.1 million bears a variable interest rate based on the Euribor rate plus a margin of 1.5%. An aggregate amount of $4.8 million of the bank loans are secured by mortgages on real property and the remaining $12.2 million are unsecured. Certain credit agreements for the unsecured bank loans include financial covenants which are based on an equity ratio or an equity ratio and minimum interest coverage ratio.

In addition, the Company had secured bank loans in the aggregate amount of $6.1 million and $1.9 million as of January 3, 2021 and December 29, 2019, respectively. The secured bank loans of $6.1 million bear fixed annual interest rates between 1.95% and 8.94% and are required to be repaid in monthly installments until 2027.

The following table summarizes the maturities of the Company’s indebtedness as of January 3, 2021:

| | Sr. Unsecured Revolving Credit Facility Maturing in 2024 | 2021 Notes | 2026 Notes | 2029 Notes | Other Debt Facilities | Total |
|---|---|---|---|---|---|---|
| | (In thousands) | | | | | |
| 2021 | $ — | $ 366,450 | $ — | $ — | $ 14,743 | $ 381,193 |
| 2022 | — | — | — | — | 4,075 | 4,075 |
| 2023 | — | — | — | — | 2,457 | 2,457 |
| 2024 | 158,595 | — | — | — | 1,372 | 159,967 |
| 2025 | — | — | — | — | 230 | 230 |
| 2026 and thereafter | — | — | 610,750 | 850,000 | 282 | 1,461,032 |
| Total before unamortized discount and debt issuance costs | 158,595 | 366,450 | 610,750 | 850,000 | 23,159 | 2,008,954 |
| Unamortized discount and debt issuance costs | (2,621) | (245) | (6,035) | (9,404) | — | (18,305) |
| Total | $ 155,974 | $ 366,205 | $ 604,715 | $ 840,596 | $ 23,159 | $ 1,990,649 |

## Note 15: Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities as of January 3, 2021 and December 29, 2019 consisted of the following:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Payroll and incentives | $ 96,502 | $ 77,892 |
| Employee benefits | 47,489 | 42,405 |
| Deferred revenue | 203,927 | 164,261 |
| Federal, non-U.S. and state income taxes | 97,406 | 29,876 |
| Operating lease liabilities | 40,330 | 36,573 |
| Contract liabilities | 189,718 | — |
| Other accrued operating expenses | 261,655 | 152,325 |
| Total accrued expenses and other current liabilities | $ 937,027 | $ 503,332 |

## Note 16: Employee Benefit Plans

*Savings Plan:* The Company has a 401(k) Savings Plan for the benefit of all qualified U.S. employees, with such employees receiving matching contributions in the amount equal to 100.0% of the first 5.0% of eligible compensation up to applicable Internal Revenue Service limits. Savings plan expense was $14.1 million in fiscal year 2020, $13.6 million in fiscal year 2019, and $13.2 million in fiscal year 2018.

*Pension Plans:* The Company has a defined benefit pension plan covering certain U.S. employees and non-U.S. pension plans for certain non-U.S. employees. The principal U.S. defined benefit pension plan was closed to new hires effective January 31, 2001, and benefits for those employed by the Company's former Life Sciences business were frozen as of that date. Plan benefits were frozen as of March 2003 for those employed by the Company's former Analytical Instruments business and corporate employees. Plan benefits were frozen as of January 31, 2011 for all remaining employees that were still actively accruing in the plan. The plans provide benefits that are based on an employee's years of service and compensation near retirement.

Net periodic pension cost for U.S. and non-U.S. plans included the following components for fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Service and administrative costs | $ 7,414 | $ 6,598 | $ 6,853 |
| Interest cost | 12,876 | 16,546 | 16,146 |
| Expected return on plan assets | (21,786) | (24,561) | (28,939) |
| Actuarial loss | 20,291 | 27,134 | 17,146 |
| Curtailment gain | — | (1,547) | — |
| Amortization of prior service (credit) cost | — | (152) | 375 |
| Net periodic pension cost | $ 18,795 | $ 24,018 | $ 11,581 |

The Company recognizes actuarial gains and losses, unless an interim remeasurement is required, in the fourth quarter of the year in which the gains and losses occur, in accordance with the Company's accounting method for defined benefit pension plans and other postretirement benefits as described in Note 1, *Nature of Operations and Accounting Policies*. Such adjustments for gains and losses are primarily driven by events and circumstances beyond the Company's control, including changes in interest rates, the performance of the financial markets and mortality assumptions. Actuarial gains and losses, including other components of periodic pension cost, are recognized in the line item "Interest and other expense, net" in the consolidated statements of operations.

The following table sets forth the changes in the funded status of the principal U.S. pension plan and the principal non-U.S. pension plans and the amounts recognized in the Company's consolidated balance sheets as of January 3, 2021 and December 29, 2019.

| | January 3, 2021 | | December 29, 2019 | |
|---|---|---|---|---|
| | Non-U.S. | U.S. | Non-U.S. | U.S. |
| | (In thousands) | | | |
| Actuarial present value of benefit obligations: | | | | |
| Accumulated benefit obligations | $ 392,948 | $ 317,679 | $ 338,722 | $ 304,710 |
| ***Change in benefit obligations:*** | | | | |
| Projected benefit obligations at beginning of year | $ 341,455 | $ 304,710 | $ 311,168 | $ 283,310 |
| Service and administrative costs | 5,314 | 2,100 | 4,248 | 2,350 |
| Interest cost | 3,991 | 8,885 | 5,448 | 11,098 |
| Benefits paid and plan expenses | (15,823) | (20,510) | (12,778) | (21,162) |
| Participants' contributions | 37 | — | 162 | — |
| Business acquisitions | (120) | — | — | — |
| Plan curtailments | — | — | (1,420) | — |
| Actuarial loss | 35,910 | 22,494 | 34,602 | 29,114 |
| Effect of exchange rate changes | 24,575 | — | 25 | — |
| Projected benefit obligations at end of year | $ 395,339 | $ 317,679 | $ 341,455 | $ 304,710 |
| ***Change in plan assets:*** | | | | |
| Fair value of plan assets at beginning of year | $ 179,860 | $ 254,450 | $ 159,163 | $ 234,342 |
| Actual return on plan assets | 25,153 | 34,746 | 19,873 | 41,270 |
| Benefits paid and plan expenses | (15,823) | (20,510) | (12,778) | (21,162) |
| Employer's contributions | 7,506 | — | 8,200 | — |
| Participants' contributions | 37 | — | 162 | — |
| Effect of exchange rate changes | 8,011 | — | 5,240 | — |
| Fair value of plan assets at end of year | $ 204,744 | $ 268,686 | $ 179,860 | $ 254,450 |
| Net liabilities recognized in the consolidated balance sheets | $ (190,595) | $ (48,993) | $ (161,595) | $ (50,260) |
| ***Net amounts recognized in the consolidated balance sheets consist of:*** | | | | |
| Other assets | $ 36,295 | $ — | $ 36,699 | $ — |
| Current liabilities | (7,597) | — | (6,764) | — |
| Long-term liabilities | (219,293) | (48,993) | (191,530) | (50,260) |
| Net liabilities recognized in the consolidated balance sheets | $ (190,595) | $ (48,993) | $ (161,595) | $ (50,260) |
| ***Net amounts recognized in accumulated other comprehensive income consist of:*** | | | | |
| Prior service cost | $ — | $ — | $ — | $ — |
| ***Actuarial assumptions as of the year-end measurement date:*** | | | | |
| Discount rate | 0.92 % | 2.21 % | 1.34 % | 3.01 % |
| Rate of compensation increase | 2.78 % | None | 3.36 % | None |

Actuarial assumptions used to determine net periodic pension cost during the year were as follows:

| | January 3, 2021 | | December 29, 2019 | | December 30, 2018 | |
|---|---|---|---|---|---|---|
| | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. |
| Discount rate | 1.34 % | 3.01 % | 2.07 % | 4.05 % | 1.99 % | 3.56 % |
| Rate of compensation increase | 3.36 % | None | 3.48 % | None | 3.50 % | None |
| Expected rate of return on assets | 2.20 % | 7.25 % | 5.30 % | 7.25 % | 5.90 % | 7.25 % |

The following table provides a breakdown of the non-U.S. benefit obligations and fair value of assets for pension plans that have benefit obligations in excess of plan assets:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| **Pension Plans with Projected Benefit Obligations in Excess of Plan Assets** | | |
| Projected benefit obligations | $ 226,890 | $ 198,294 |
| Fair value of plan assets | — | — |
| | | |
| **Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets** | | |
| Accumulated benefit obligations | $ 224,499 | $ 195,657 |
| Fair value of plan assets | — | — |

Assets of the defined benefit pension plans are primarily equity and debt securities. Asset allocations as of January 3, 2021 and December 29, 2019, and target asset allocations for fiscal year 2021 are as follows:

| | Target Allocation | | Percentage of Plan Assets at | | | |
|---|---|---|---|---|---|---|
| | January 2, 2022 | | January 3, 2021 | | December 29, 2019 | |
| **Asset Category** | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. |
| Equity securities | 0-5% | 40-60% | — % | 45 % | — % | 41 % |
| Debt securities | 85-90% | 40-60% | 88 % | 55 % | 87 % | 59 % |
| Other | 10-15% | 0-10% | 12 % | — % | 13 % | — % |
| Total | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |

The Company maintains target allocation percentages among various asset classes based on investment policies established for the pension plans which are designed to maximize the total rate of return (income and appreciation) after inflation within the limits of prudent risk taking, while providing for adequate near-term liquidity for benefit payments.

The Company’s expected rate of return on assets assumptions are derived from management’s estimates, as well as other information compiled by management, including studies that utilize customary procedures and techniques. The studies include a review of anticipated future long-term performance of individual asset classes and consideration of the appropriate asset allocation strategy given the anticipated requirements of the plans to determine the average rate of earnings expected on the funds invested to provide for the pension plans benefits. While the study gives appropriate consideration to recent fund performance and historical returns, the assumption is primarily a long-term, prospective rate.

The Company's discount rate assumptions are derived from a range of factors, including a yield curve for certain plans, composed of the rates of return on high-quality fixed-income corporate bonds available at the measurement date and the related expected duration for the obligations, and a bond matching approach for certain plans.

During fiscal year 2018, the Society of Actuaries issued an updated projection scale, MP-2018, which incorporated an additional year (2016) of U.S. population data and reduced the life expectancy used to determine the projected benefit obligation. The Company adopted MP-2018 as of December 30, 2018. The adoption of MP-2018 resulted in a $1.0 million decrease to the projected benefit obligation at December 30, 2018. During fiscal year 2019, the Society of Actuaries issued an updated projection scale, MP-2019, which incorporated an additional year (2017) of U.S. population data and reduced the life expectancy used to determine the projected benefit obligation. The Company adopted MP-2019 as of December 29, 2019. The adoption of MP-2019 resulted in a $4.4 million decrease to the projected benefit obligation at December 29, 2019. During fiscal

year 2020, the Society of Actuaries issued an updated projection scale, MP-2020, which incorporated an additional year (2018) of U.S. population data and made a few adjustments to the long-term rate of mortality improvement assumed. The Company adopted MP-2020 as of January 3, 2021. The adoption of MP-2020 resulted in a $2.7 million decrease to the projected benefit obligation at January 3, 2021. The changes to the projected benefit obligations due to the adoption of the mortality base table and projection scale are included within "Actuarial loss (gain)" in the Change in Benefit Obligations for fiscal years 2020 and 2019 above.

The target allocations for plan assets are listed in the above table. Equity securities primarily include investments in large-cap and mid-cap companies located in the United States and abroad, and equity index funds. Debt securities include corporate bonds of companies from diversified industries, high-yield bonds, and U.S. government securities. Other types of investments include investments in non-U.S. government index linked bonds, multi-strategy hedge funds and venture capital funds that follow several different strategies.

The fair values of the Company's pension plan assets as of January 3, 2021 and December 29, 2019 by asset category, classified in the three levels of inputs described in Note 22 to the consolidated financial statements are as follows:

| | | Fair Value Measurements at January 3, 2021 Using: | | |
|---|---|---|---|---|
| | Total Carrying Value at January 3, 2021 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | (In thousands) | | | |
| Cash | $ 6,363 | $ 6,363 | $ — | $ — |
| Equity securities: | | | | |
| U.S. large-cap | 78,234 | 78,234 | — | — |
| International large-cap value | 28,315 | 28,315 | — | — |
| Emerging markets growth | 13,594 | 13,594 | — | — |
| Foreign real estate funds | 23,259 | — | — | 23,259 |
| Fixed income securities: | | | | |
| Non-U.S. treasury securities | 106,315 | — | 106,315 | — |
| Corporate and U.S. debt instruments | 140,349 | 43,500 | 96,849 | — |
| Corporate bonds | 35,816 | — | 35,816 | — |
| High yield bond funds | 2,954 | 2,954 | — | — |
| Other types of investments: | | | | |
| Non-U.S. government index linked bonds | 38,231 | — | 38,231 | — |
| Total assets measured at fair value | $ 473,430 | $ 172,960 | $ 277,211 | $ 23,259 |

| | | Fair Value Measurements at December 29, 2019 Using: | | |
|---|---|---|---|---|
| | Total Carrying Value at December 29, 2019 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | (In thousands) | | | |
| Cash | $ 6,177 | $ 6,177 | $ — | $ — |
| Equity Securities: | | | | |
| U.S. large-cap | 57,797 | 57,797 | — | — |
| International large-cap value | 26,914 | 26,914 | — | — |
| U.S. small mid-cap | 2,700 | 2,700 | — | — |
| Emerging markets growth | 12,853 | 12,853 | — | — |
| Domestic real estate funds | 2,010 | 2,010 | — | — |
| Foreign real estate funds | 22,688 | — | — | 22,688 |
| Fixed income securities: | | | | |
| Non-U.S. Treasury Securities | 93,473 | — | 93,473 | — |
| Corporate and U.S. debt instruments | 139,300 | 47,104 | 92,196 | — |
| Corporate bonds | 29,846 | — | 29,846 | — |
| High yield bond funds | 5,734 | 5,734 | — | — |
| Other types of investments: | | | | |
| Multi-strategy hedge funds | 1,721 | — | — | 1,721 |
| Non-U.S. government index linked bonds | 33,097 | — | 33,097 | — |
| Total assets measured at fair value | $ 434,310 | $ 161,289 | $ 248,612 | $ 24,409 |

*Valuation Techniques:* Valuation techniques utilized need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies utilized at January 3, 2021 compared to December 29, 2019. The following is a description of the valuation techniques utilized to measure the fair value of the assets shown in the table above.

*Equity Securities:* Shares of registered investment companies that are publicly traded are categorized as Level 1 assets; they are valued at quoted market prices that represent the net asset value of the fund. These instruments have active markets.

Equity index funds are mutual funds that are not publicly traded and are comprised primarily of underlying equity securities that are publicly traded on exchanges. Price quotes for the assets held by these funds are readily observable and available. Equity index funds are categorized as Level 2 assets.

*Fixed Income Securities:* Fixed income mutual funds that are publicly traded are valued at quoted market prices that represent the net asset value of securities held by the fund and are categorized as Level 1 assets.

Fixed income index funds that are not publicly traded are stated at net asset value as determined by the issuer of the fund based on the fair value of the underlying investments and are categorized as Level 2 assets.

Individual fixed income bonds are categorized as Level 2 assets except where sufficient quoted prices exist in active markets, in which case such securities are categorized as Level 1 assets. These securities are valued using third-party pricing services. These services may use, for example, model-based pricing methods that utilize observable market data as inputs. Broker dealer bids or quotes of securities with similar characteristics may also be used.

*Other Types of Investments:* Non-U.S. government index link bond funds are not publicly traded and are stated at net asset value as determined by the issuer of the fund based on the fair value of the underlying investments. Underlying investments consist of bonds in which payment of income on the principal is related to a specific price index and are categorized as Level 2 assets.

Hedge funds, private equity funds, foreign real estate funds and venture capital funds are valued at fair value by using the net asset values provided by the investment managers and are updated, if necessary, using analytical procedures, appraisals, public market data and/or inquiry of the investment managers. The net asset values are determined based upon the fair values of the underlying investments in the funds. These other investments invest primarily in readily available marketable securities and

allocate gains, losses, and expense to the investor based on the ownership percentage as described in the fund agreements. They are categorized as Level 3 assets.

The Company's policy is to recognize significant transfers between levels at the actual date of the event.

A reconciliation of the beginning and ending Level 3 assets for fiscal years 2020, 2019 and 2018 is as follows:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3): | | |
|---|---|---|---|
| | Foreign Real Estate Funds | Multi-strategy Hedge Funds | Total |
| | (In thousands) | | |
| Balance at December 31, 2017 | $ — | $ 16,789 | $ 16,789 |
| Unrealized gains | — | 145 | 145 |
| Purchases | 22,196 | — | 22,196 |
| Balance at December 30, 2018 | 22,196 | 16,934 | 39,130 |
| Sales | — | (15,586) | (15,586) |
| Realized gains | — | 4,175 | 4,175 |
| Unrealized gains (losses) | 492 | (3,802) | (3,310) |
| Balance at December 29, 2019 | 22,688 | 1,721 | 24,409 |
| Sales | — | (1,721) | (1,721) |
| Unrealized gains | 571 | — | 571 |
| Balance at January 3, 2021 | $ 23,259 | $ — | $ 23,259 |

With respect to plans outside of the United States, the Company expects to contribute $7.6 million in the aggregate during fiscal year 2021. During fiscal years 2020, 2019 and 2018, the Company contributed $7.5 million, $8.2 million and $8.5 million in the aggregate, respectively, to pension plans outside of the United States. During fiscal year 2021, the Company contributed $20.0 million to its defined benefit pension plan in the United States for the plan year 2019.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

| | Non-U.S. | U.S. |
|---|---|---|
| | (In thousands) | |
| 2021 | $ 12,932 | $ 19,373 |
| 2022 | 12,960 | 19,435 |
| 2023 | 13,349 | 19,504 |
| 2024 | 14,152 | 19,495 |
| 2025 | 14,206 | 19,390 |
| 2026-2030 | 72,747 | 92,258 |

The Company also sponsors a supplemental executive retirement plan to provide senior management with benefits in excess of normal pension benefits. Effective July 31, 2000, this plan was closed to new entrants. At January 3, 2021 and December 29, 2019, the projected benefit obligations were $25.9 million and $25.7 million, respectively. Assets with a fair value of $1.9 million and $2.1 million, segregated in a trust (which is included in marketable securities and investments on the consolidated balance sheets), were available to meet this obligation as of January 3, 2021 and December 29, 2019, respectively. Pension expenses and income for this plan netted to expense of $2.1 million in fiscal year 2020, expense of $4.8 million in fiscal year 2019 and income of $0.3 million in fiscal year 2018.

*Postretirement Medical Plans:* The Company provides healthcare benefits for eligible retired U.S. employees under a comprehensive major medical plan or under health maintenance organizations where available. Eligible U.S. employees qualify for retiree health benefits if they retire directly from the Company and have at least ten years of service. Generally, the major medical plan pays stated percentages of covered expenses after a deductible is met and takes into consideration payments by other group coverage and by Medicare. The plan requires retiree contributions under most circumstances and has provisions for cost-sharing charges. Effective January 1, 2000, this plan was closed to new hires. For employees retiring after 1991, the

Company has capped its medical premium contribution based on employees' years of service. The Company funds the amount allowable under a 401(h) provision in the Company's defined benefit pension plan. Assets of the plan are primarily equity and debt securities and are available only to pay retiree health benefits.

Net periodic postretirement medical benefit (credit) cost included the following components for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | (In thousands) | | |
| Service cost | $ 73 | $ 87 | $ 106 |
| Interest cost | 94 | 116 | 120 |
| Expected return on plan assets | (1,389) | (1,175) | (1,254) |
| Actuarial (gain) loss | (1,647) | (1,776) | 1,621 |
| Net periodic postretirement medical benefit (credit) cost | $ (2,869) | $ (2,748) | $ 593 |

The following table sets forth the changes in the postretirement medical plan's funded status and the amounts recognized in the Company's consolidated balance sheets as of January 3, 2021 and December 29, 2019.

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Actuarial present value of benefit obligations: | | |
| Retirees | $ 611 | $ 583 |
| Active employees eligible to retire | 420 | 362 |
| Other active employees | 2,069 | 1,966 |
| Accumulated benefit obligations at beginning of year | 3,100 | 2,911 |
| Service cost | 73 | 87 |
| Interest cost | 94 | 116 |
| Benefits paid | (101) | (122) |
| Actuarial (gain) loss | (179) | 108 |
| Change in accumulated benefit obligations during the year | (113) | 189 |
| Retirees | 545 | 611 |
| Active employees eligible to retire | 1,232 | 420 |
| Other active employees | 1,211 | 2,069 |
| Accumulated benefit obligations at end of year | $ 2,988 | $ 3,100 |
| ***Change in plan assets:*** | | |
| Fair value of plan assets at beginning of year | $ 19,216 | $ 16,279 |
| Actual return on plan assets | 2,756 | 2,937 |
| Fair value of plan assets at end of year | $ 21,972 | $ 19,216 |
| Net assets recognized in the consolidated balance sheets | $ 18,984 | $ 16,116 |
| | | |
| ***Net amounts recognized in the consolidated balance sheets consist of:*** | | |
| Other assets | $ 18,984 | $ 16,116 |
| | | |
| ***Net amounts recognized in accumulated other comprehensive income consist of:*** | | |
| Prior service cost | $ — | $ — |
| | | |
| ***Actuarial assumptions as of the year-end measurement date:*** | | |
| Discount rate | 2.34 % | 3.09 % |

Actuarial assumptions used to determine net cost during the year are as follows:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| Discount rate | 3.09 % | 4.09 % | 3.60 % |
| Expected rate of return on assets | 7.25 % | 7.25 % | 7.25 % |

The Company maintains a master trust for plan assets related to the U.S. defined benefit plans and the U.S. postretirement medical plan. Accordingly, investment policies, target asset allocations and actual asset allocations are the same as those disclosed for the U.S. defined benefit plans.

The fair values of the Company's plan assets at January 3, 2021 and December 29, 2019 by asset category, classified in the three levels of inputs described in Note 22, are as follows:

| | | Fair Value Measurements at January 3, 2021 Using: | | |
|---|---|---|---|---|
| | Total Carrying Value at January 3, 2021 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | (In thousands) | | | |
| Cash | $ 428 | $ 428 | $ — | $ — |
| Equity securities: | | | | |
| U.S. large-cap | 6,398 | 6,398 | — | — |
| International large-cap value | 2,315 | 2,315 | — | — |
| Emerging markets growth | 1,112 | 1,112 | — | — |
| Fixed income securities: | | | | |
| Corporate and U.S. debt instruments | 11,477 | 3,557 | 7,920 | — |
| High yield bond funds | 242 | 242 | — | — |
| Total assets measured at fair value | $ 21,972 | $ 14,052 | $ 7,920 | $ — |

| | | Fair Value Measurements at December 29, 2019 Using: | | |
|---|---|---|---|---|
| | Total Carrying Value at December 29, 2019 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | (In thousands) | | | |
| Cash | $ 408 | $ 408 | $ — | $ — |
| Equity securities: | | | | |
| U.S. large-cap | 4,365 | 4,365 | — | — |
| International large-cap value | 2,033 | 2,033 | — | — |
| U.S. small mid-cap | 204 | 204 | — | — |
| Emerging markets growth | 971 | 971 | — | — |
| Domestic real estate funds | 152 | 152 | — | — |
| Fixed income securities: | | | | |
| Corporate debt instruments | 10,520 | 3,557 | 6,963 | — |
| High yield bond funds | 433 | 433 | — | — |
| Other types of investments: | | | | |
| Multi-strategy hedge funds | 130 | — | — | 130 |
| Total assets measured at fair value | $ 19,216 | $ 12,123 | $ 6,963 | $ 130 |

***Valuation Techniques:*** Valuation techniques are the same as those disclosed for the U.S. defined benefit plans above.

A reconciliation of the beginning and ending Level 3 assets for fiscal years 2020, 2019 and 2018 is as follows:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3): |
|---|---|
| | Multi-strategy Hedge Funds |
| | (In thousands) |
| Balance at December 31, 2017 | $ 1,151 |
| Unrealized gains | 25 |
| Balance at December 30, 2018 | 1,176 |
| Sales | (1,074) |
| Realized gains | 315 |
| Unrealized losses | (287) |
| Balance at December 29, 2019 | 130 |
| Sales | (130) |
| Balance at January 3, 2021 | $ — |

The Company does not expect to make any contributions to the postretirement medical plan during fiscal year 2021.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

| **Postretirement Medical Plan** | |
|---|---|
| | (In thousands) |
| 2021 | $ 119 |
| 2022 | 137 |
| 2023 | 150 |
| 2024 | 161 |
| 2025 | 172 |
| 2026-2030 | 883 |

*Deferred Compensation Plans:* During fiscal year 1998, the Company implemented a nonqualified deferred compensation plan that provides benefits payable to officers and certain key employees or their designated beneficiaries at specified future dates, or upon retirement or death. The plan was amended to eliminate deferral elections, with the exception of Company 401(k) excess contributions for eligible participants, for plan years beginning January 1, 2011. Benefit payments under the plan are funded by contributions from participants, and for certain participants, contributions by the Company. The obligations related to the deferred compensation plan totaled $0.6 million and $1.1 million as of January 3, 2021 and December 29, 2019, respectively.

## Note 17: Contingencies

The Company is conducting a number of environmental investigations and remedial actions at current and former locations of the Company and, along with other companies, has been named a potentially responsible party (“PRP”) for certain waste disposal sites. The Company accrues for environmental issues in the accounting period that the Company's responsibility is established and when the cost can be reasonably estimated. The Company has accrued $12.9 million and $7.7 million as of January 3, 2021 and December 29, 2019, respectively, in accrued expenses and other current liabilities, which represents its management’s estimate of the cost of the remediation of known environmental matters, and does not include any potential liability for related personal injury or property damage claims. The Company's environmental accrual is not discounted and does not reflect the recovery of any material amounts through insurance or indemnification arrangements. The cost estimates

are subject to a number of variables, including the stage of the environmental investigations, the magnitude of the possible contamination, the nature of the potential remedies, possible joint and several liability, the time period over which remediation may occur, and the possible effects of changing laws and regulations. For sites where the Company has been named a PRP, management does not currently anticipate any additional liability to result from the inability of other significant named parties to contribute. The Company expects that the majority of such accrued amounts could be paid out over a period of up to ten years. As assessment and remediation activities progress at each individual site, these liabilities are reviewed and adjusted to reflect additional information as it becomes available. There have been no environmental problems to date that have had, or are expected to have, a material adverse effect on the Company's consolidated financial statements. While it is possible that a loss exceeding the amounts recorded in the consolidated financial statements may be incurred, the potential exposure is not expected to be materially different from those amounts recorded.

The Company is subject to various claims, legal proceedings and investigations covering a wide range of matters that arise in the ordinary course of its business activities. Although the Company has established accruals for potential losses that it believes are probable and reasonably estimable, in the opinion of the Company's management, based on its review of the information available at this time, the total cost of resolving these contingencies at January 3, 2021 should not have a material adverse effect on the Company's consolidated financial statements. However, each of these matters is subject to uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company.

## Note 18: Warranty Reserves

The Company provides warranty protection for certain products usually for a period of one year beyond the date of sale. The majority of costs associated with warranty obligations include the replacement of parts and the time for service personnel to respond to repair and replacement requests. A warranty reserve is recorded based upon historical results, supplemented by management's expectations of future costs. Warranty reserves are included in "Accrued expenses and other current liabilities" on the consolidated balance sheets.

A summary of warranty reserve activity for the fiscal years ended January 3, 2021, December 29, 2019 and December 30, 2018 is as follows:

| | (In thousands) |
|---|---|
| Balance at December 31, 2017 | $ 9,050 |
| Provision charged to income | 13,545 |
| Payments | (13,775) |
| Adjustments to previously provided warranties, net | (157) |
| Foreign currency translation and acquisitions | (270) |
| Balance at December 30, 2018 | 8,393 |
| Provision charged to income | 12,199 |
| Payments | (14,613) |
| Adjustments to previously provided warranties, net | 2,889 |
| Foreign currency translation and acquisitions | (56) |
| Balance at December 29, 2019 | 8,812 |
| Provision charged to income | 15,315 |
| Payments | (15,130) |
| Adjustments to previously provided warranties, net | 2,721 |
| Foreign currency translation and acquisitions | 355 |
| Balance at January 3, 2021 | $ 12,073 |

## Note 19: Stock Plans

***Stock-Based Compensation:***

The Company's 2019 Incentive Plan (the "2019 Plan") authorizes the issuance of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and cash awards as part of the Company's compensation programs. The 2019 Plan was approved by the Company's Board on January 24, 2019 and by the Company's shareholders on

April 23, 2019. The 2019 Plan replaced the Company's 2009 Incentive Plan (the "2009 Plan"), under which the Company's common stock was made available for stock option grants, restricted stock awards, performance restricted stock units, performance units and stock awards as part of the Company's compensation programs. Upon shareholder approval of the 2019 Plan, 6.25 million shares of the Company's common stock, as well as shares of the Company's common stock previously granted under the 2009 Plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price subject to a contractual repurchase right, became available for grant under the 2019 Plan. Awards granted under the 2009 Plan prior to its expiration remain outstanding. As part of the Company's compensation programs, the Company also offers shares of its common stock under its Employee Stock Purchase Plan.

The following table summarizes total pre-tax compensation expense recognized related to the Company's stock options, restricted stock, restricted stock units, performance restricted stock units, performance units and stock grants, included in the Company's consolidated statements of operations for fiscal years 2020, 2019 and 2018:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | | (In thousands) | |
| Cost of product and service revenue | $ 1,388 | $ 1,620 | $ 1,466 |
| Research and development expenses | 1,228 | 1,061 | 1,359 |
| Selling, general and administrative expenses | 26,510 | 28,833 | 25,942 |
| Total stock-based compensation expense | $ 29,126 | $ 31,514 | $ 28,767 |

The total income tax benefit recognized in the consolidated statements of operations for stock-based compensation was $17.2 million in fiscal year 2020, $11.6 million in fiscal year 2019 and $13.6 million in fiscal year 2018. Stock-based compensation costs capitalized as part of inventory were $0.4 million and $0.3 million as of January 3, 2021 and December 29, 2019, respectively. Stock compensation expense from acceleration of vesting of certain stock awards to the Company's former Chief Executive Officer was $7.7 million for fiscal year 2019.

*Stock Options:* The Company has granted options to purchase common shares at prices equal to the market price of the common shares on the date the option is granted. Conditions of vesting are determined at the time of grant. Options are generally exercisable in equal annual installments over a period of three years, and will generally expire seven years after the date of grant. Options replaced in association with business combination transactions are generally issued with the same terms of the respective plans under which they were originally issued.

The fair value of each option grant is estimated using the Black-Scholes option pricing model. The fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the historical and implied volatility of the Company's stock. The average expected life was based on the contractual term of the option and historic exercise experience. The risk-free interest rate is based on United States Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The Company's weighted-average assumptions used in the Black-Scholes option pricing model were as follows for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| Risk-free interest rate | 0.9 % | 2.5 % | 3.0 % |
| Expected dividend yield | 0.3 % | 0.3 % | 0.4 % |
| Expected lives | 5 years | 5 years | 5 years |
| Expected stock volatility | 23.8 % | 22.8 % | 20.7 % |

The following table summarizes stock option activity for the fiscal year ended January 3, 2021:

| | Number of Shares | Weighted-Average Exercise Price |
|---|---|---|
| | (Shares in thousands) | |
| Outstanding at beginning of year | 1,535 | $ 60.42 |
| Granted | 266 | 86.87 |
| Exercised | (764) | 49.31 |
| Canceled | (1) | 95.74 |
| Forfeited | (75) | 87.34 |
| Outstanding at end of year | 961 | $ 74.40 |
| Exercisable at end of year | 562 | $ 65.30 |

The aggregate intrinsic value for stock options outstanding at January 3, 2021 was $66.4 million with a weighted-average remaining contractual term of 3.9 years. The aggregate intrinsic value for stock options exercisable at January 3, 2021 was $43.9 million with a weighted-average remaining contractual term of 2.6 years. At January 3, 2021, there were 1.0 million stock options that were vested, and expected to vest in the future, with an aggregate intrinsic value of $66.4 million and a weighted-average remaining contractual term of 3.9 years.

The weighted-average per-share grant-date fair value of options granted during fiscal years 2020, 2019 and 2018 was $18.98, $22.63, and $17.56, respectively. The total intrinsic value of options exercised during fiscal years 2020, 2019 and 2018 was $51.1 million, $19.1 million, and $35.0 million, respectively. Cash received from option exercises for fiscal years 2020, 2019 and 2018 was $37.7 million, $19.7 million, and $24.8 million, respectively. The total compensation expense recognized related to the Company's outstanding options was $3.6 million in fiscal year 2020, $6.7 million in fiscal year 2019 and $5.4 million in fiscal year 2018.

There was $4.7 million of total unrecognized compensation cost related to nonvested stock options granted as of January 3, 2021. This cost is expected to be recognized over a weighted-average period of 1.8 years.

*Restricted Stock Awards:* The Company has awarded shares of restricted stock and restricted stock units to certain employees and non-employee directors at no cost to them, which cannot be sold, assigned, transferred or pledged during the restriction period. The restricted stock and restricted stock units vest through the passage of time, assuming continued employment. The fair value of the award at the time of the grant is expensed on a straight line basis primarily in selling, general and administrative expenses over the vesting period, which is generally 3 years. These awards were granted under the Company's 2009 Plan. Recipients of the restricted stock have the right to vote such shares and receive dividends.

The following table summarizes restricted stock award activity for the fiscal year ended January 3, 2021:

| | Number of Shares | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| | (Shares in thousands) | |
| Nonvested at beginning of year | 345 | $ 78.69 |
| Granted | 184 | 84.83 |
| Vested | (193) | 72.28 |
| Forfeited | (40) | 86.32 |
| Nonvested at end of year | 296 | $ 85.67 |

The fair value of restricted stock awards vested during fiscal years 2020, 2019 and 2018 was $14.0 million, $12.0 million, and $10.4 million, respectively. The total compensation expense recognized related to the restricted stock awards was $10.8 million in fiscal year 2020, $12.7 million in fiscal year 2019 and $11.7 million in fiscal year 2018.

As of January 3, 2021, there was $14.3 million of total unrecognized compensation cost, related to nonvested restricted stock awards. That cost is expected to be recognized over a weighted-average period of 1.4 years.

*Performance Restricted Stock Units:* As part of the Company's executive compensation program, the Company granted 49,138 and 76,218 performance restricted stock units during fiscal years 2020 and 2019, respectively, that will vest based on performance of the Company. The weighted-average per-share grant date fair value of performance restricted stock units granted during fiscal years 2020 and 2019 was $95.43 and $92.95, respectively. During fiscal year 2020, 29,943 performance restricted stock units were forfeited. The total compensation expense recognized related to the performance restricted stock units was $7.9 million in fiscal year 2020 and $5.9 million in fiscal year 2019. As of January 3, 2021, there were 121,759 performance restricted stock units outstanding.

*Performance Units:* The Company's performance unit program provides a cash award based on the achievement of specific performance criteria. A target number of units are granted at the beginning of a three-year performance period. The number of units earned at the end of the performance period is determined by multiplying the number of units granted by a performance factor ranging from 0% to 200%. Awards are determined by multiplying the number of units earned by the stock price at the end of the performance period, and are paid in cash and accounted for as a liability based award. The compensation expense associated with these units is recognized over the period that the performance targets are expected to be achieved. No performance units were granted during the fiscal years 2020 and 2019. The Company granted 37,281 performance units during fiscal year 2018. The weighted-average per-share grant-date fair value of performance units granted during fiscal year 2018 was $73.23. During fiscal years 2020 and 2019, 1,948 performance units and 10,116 performance units, respectively, were forfeited. The total compensation expense related to performance units was $6.1 million, $5.6 million, and $7.7 million for fiscal years 2020, 2019 and 2018, respectively. As of January 3, 2021, there were 31,207 performance units outstanding subject to forfeiture, with a corresponding liability of $9.4 million recorded in accrued expenses and other current liabilities in the consolidated balance sheets.

*Stock Awards:* The Company's stock award program provides an annual equity award to non-employee directors. For fiscal years 2020, 2019 and 2018, the award equaled the number of shares of the Company's common stock which has an aggregate fair market value of $100,000 on the date of the award. The stock award is prorated for non-employee directors who serve for only a portion of the year. The compensation expense associated with these stock awards is recognized when the stock award is granted. In fiscal years 2020, 2019 and 2018, the Company awarded 8,333 shares, 7,301 shares, and 11,088 shares, respectively, to non-employee directors. The weighted-average per-share grant-date fair value of stock awards granted during fiscal years 2020, 2019 and 2018 was $91.75, $95.84, and $72.17, respectively. The total compensation expense recognized related to these stock awards was $0.8 million, $0.7 million and $0.8 million in fiscal years 2020, 2019 and 2018, respectively.

***Employee Stock Purchase Plan:***

In April 1999, the Company's shareholders approved the 1998 Employee Stock Purchase Plan. In April 2005, the Compensation and Benefits Committee of the Board voted to amend the Employee Stock Purchase Plan, effective July 1, 2005, whereby participating employees have the right to purchase common stock at a price equal to 95% of the closing price on the last day of each six-month offering period. The number of shares which an employee may purchase, subject to certain aggregate limits, is determined by the employee's voluntary contribution, which may not exceed 10% of the employee's base compensation. During fiscal year 2020, the Company issued 38,727 shares of common stock under the Company's Employee Stock Purchase Plan at a weighted-average price of $105.23 per share. During fiscal year 2019, the Company issued 33,843 shares under this plan at a weighted-average price of $82.25 per share. During fiscal year 2018, the Company issued 21,321 shares under this plan at a weighted-average price of $69.57 per share. At January 3, 2021 there remains available for sale to employees an aggregate of 0.8 million shares of the Company's common stock out of the 5.0 million shares authorized by shareholders for issuance under this plan.

**Note 20: Stockholders' Equity**

***Comprehensive Income:***

The components of accumulated other comprehensive (loss) income consisted of the following:

| | Foreign Currency Translation Adjustment, net of tax | Unrecognized Prior Service Costs, net of tax | Unrealized (Losses) Gains on Securities, net of tax | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| | (In thousands) | | | |
| Balance, December 31, 2017 | $ (46,582) | $ 322 | $ (258) | $ (46,518) |
| Current year change | (123,388) | (77) | (9) | (123,474) |
| Reclassification to retained earnings upon adoption of ASU 2018-02 | (6,489) | — | — | (6,489) |
| Balance, December 30, 2018 | (176,459) | 245 | (267) | (176,481) |
| Current year change | (23,978) | 807 | 6 | (23,165) |
| Balance, December 29, 2019 | (200,437) | 1,052 | (261) | (199,646) |
| Current year change | 169,500 | (1,799) | (16) | 167,685 |
| Balance, January 3, 2021 | $ (30,937) | $ (747) | $ (277) | $ (31,961) |

During fiscal years 2020, 2019 and 2018, pre-tax credit (cost) of $1.8 million, $0.8 million, and $(0.1) million, respectively, was reclassified from accumulated other comprehensive income into selling, general and administrative expenses as a component of net periodic pension cost.

***Stock Repurchases:***

On July 23, 2018, the Board of Directors (the "Board") authorized the Company to repurchase shares of common stock for an aggregate amount up to $250.0 million under a stock repurchase program (the "Repurchase Program"). The Repurchase Program expired on July 23, 2020, and no shares remain available for repurchase under the Repurchase Program due to its expiration. On July 31, 2020, the Board authorized the Company to repurchase shares of common stock for an aggregate amount up to $250.0 million under a new stock repurchase program (the "New Repurchase Program"). The New Repurchase Program will expire on July 27, 2022 unless terminated earlier by the Board and may be suspended or discontinued at any time. During fiscal year 2020, the Company had no stock repurchases under either the Repurchase Program or the New Repurchase Program. As of January 3, 2021, $250.0 million remained available for aggregate repurchases of shares under the New Repurchase Program.

Subsequent to fiscal year 2020, the Company repurchased 233,000 shares of common stock under the New Repurchase Program at an aggregate cost of $33.6 million.

In addition, the Board has authorized the Company to repurchase shares of common stock to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards and restricted stock unit awards granted pursuant to the Company's equity incentive plans and to satisfy obligations related to the exercise of stock options made pursuant to the Company's equity incentive plans. During fiscal year 2020, the Company repurchased 72,251 shares of common stock for this purpose at an aggregate cost of $6.9 million. During fiscal year 2019, the Company repurchased 68,536 shares of common stock for this purpose at an aggregate cost of $6.3 million. During fiscal year 2018, the Company repurchased 66,506 shares of common stock for this purpose at an aggregate cost of $5.2 million. The repurchased shares have been reflected as additional authorized but unissued shares, with the payments reflected in common stock and capital in excess of par value.

***Dividends:***

The Board declared a regular quarterly cash dividend of $0.07 per share in each quarter of fiscal years 2020 and 2019. At January 3, 2021, the Company had accrued $7.9 million for a dividend declared in October 2020 for the fourth quarter of fiscal year 2020 that was paid in February 2021. On January 28, 2021, the Company announced that the Board had declared a quarterly dividend of $0.07 per share for the first quarter of fiscal year 2021 that will be payable in May 2021. In the future, the Board may determine to reduce or eliminate the Company's common stock dividend in order to fund investments for growth, repurchase shares or conserve capital resources.

**Note 21: Derivatives and Hedging Activities**

The Company uses derivative instruments as part of its risk management strategy only, and includes derivatives utilized as economic hedges that are not designated as hedging instruments. By nature, all financial instruments involve market and credit risks. The Company enters into derivative instruments with major investment grade financial institutions and has policies to monitor the credit risk of those counterparties. The Company does not enter into derivative contracts for trading or other speculative purposes, nor does the Company use leveraged financial instruments. Approximately 70% of the Company's business is conducted outside of the United States, generally in foreign currencies. As a result, fluctuations in foreign currency exchange rates can increase the costs of financing, investing and operating the business.

In the ordinary course of business, the Company enters into foreign exchange contracts for periods consistent with its committed exposures to mitigate the effect of foreign currency movements on transactions denominated in foreign currencies. The intent of these economic hedges is to offset gains and losses that occur on the underlying exposures from these currencies, with gains and losses resulting from the forward currency contracts that hedge these exposures. Transactions covered by hedge contracts include intercompany and third-party receivables and payables. The contracts are primarily in European and Asian currencies, have maturities that do not exceed 12 months, have no cash requirements until maturity, and are recorded at fair value on the Company's consolidated balance sheets. The unrealized gains and losses on the Company's foreign currency contracts are recognized immediately in interest and other expense, net. The cash flows related to the settlement of these hedges are included in cash flows from operating activities within the Company's consolidated statements of cash flows.

Principal hedged currencies include the Brazilian Real, British Pound, Chinese Yuan, Euro, Indian Rupee, Singapore Dollar and Swedish Krona. The Company held forward foreign exchange contracts, designated as economic hedges, with U.S. dollar equivalent notional amounts totaling $808.0 million at January 3, 2021, $277.6 million at December 29, 2019, and $223.3 million at December 30, 2018, and the fair value of these foreign currency derivative contracts was insignificant. The gains and losses realized on these foreign currency derivative contracts are not material. The duration of these contracts was generally 30 days or less during each of fiscal years 2020, 2019 and 2018.

In addition, in connection with certain intercompany loan agreements utilized to finance its acquisitions and stock repurchase program, the Company enters into forward foreign exchange contracts intended to hedge movements in foreign exchange rates prior to settlement of such intercompany loans denominated in foreign currencies. The Company records these hedges at fair value on the Company's consolidated balance sheets. The unrealized gains and losses on these hedges, as well as the gains and losses associated with the remeasurement of the intercompany loans, are recognized immediately in interest and other expense, net. The cash flows related to the settlement of these hedges are included in cash flows from financing activities within the Company's consolidated statements of cash flows.

The outstanding forward exchange contracts designated as economic hedges, which were intended to hedge movements in foreign exchange rates prior to the settlement of certain intercompany loan agreements, included combined Euro notional amounts of €33.4 million and U.S. Dollar notional amounts of $499.0 million as of January 3, 2021, combined Euro notional amounts of €105.8 million and combined U.S. Dollar notional amounts of $5.6 million as of December 29, 2019, and combined Euro notional amounts of €37.3 million and combined U.S. Dollar notional amounts of $5.7 million as of December 30, 2018. The net gains and losses on these derivatives, combined with the gains and losses on the remeasurement of the hedged intercompany loans were not material for each of the fiscal years 2020 and 2019. The Company paid $4.6 million and $1.3 million during the fiscal years 2020 and 2019, respectively, from the settlement of these hedges.

During fiscal year 2018, the Company designated a portion of the 2026 Notes to hedge its investments in certain foreign subsidiaries. Unrealized translation adjustments from a portion of the 2026 Notes were included in the foreign currency translation component of AOCI, which offsets translation adjustments on the underlying net assets of foreign subsidiaries. The cumulative translation gains or losses will remain in AOCI until the foreign subsidiaries are liquidated or sold. As of January 3, 2021, the total notional amount of the 2026 Notes that was designated to hedge investments in foreign subsidiaries was €497.2 million. The unrealized foreign exchange losses (gains) recorded in AOCI related to the net investment hedge were $49.6 million and $(4.9) million during the fiscal years 2020 and 2019, respectively.

During fiscal year 2018, the Company designated the 2021 Notes to hedge its investments in certain foreign subsidiaries. Unrealized translation adjustments from the 2021 Notes were included in the foreign currency translation component of AOCI, which offsets translation adjustments on the underlying net assets of foreign subsidiaries. The cumulative translation gains or losses will remain in AOCI until the foreign subsidiaries are liquidated or sold. During the second quarter of fiscal year 2020, the Company removed the hedging relationship of the first €100.0 million of the 2021 Notes and investments in certain foreign subsidiaries. During the third quarter of fiscal year 2020, the Company removed the hedging relationship of the remaining €200.0 million of the 2021 Notes and investments in certain foreign subsidiaries. The unrealized foreign exchange losses

(gains) recorded in AOCI related to the net investment hedge were $1.8 million and $(8.0) million during the fiscal years 2020 and 2019, respectively.

During fiscal year 2019, the Company entered into a cross-currency swap designated as a net investment hedge to hedge the Euro currency exposure of the Company's net investment in certain foreign subsidiaries. This agreement is a contract to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. Changes in the fair value of this swap are recorded in equity as a component of AOCI in the same manner as foreign currency translation adjustments. In assessing the effectiveness of this hedge, the Company uses a method based on changes in spot rates to measure the impact of the foreign currency exchange rate fluctuations on both its foreign subsidiary net investment and the related swap. Under this method, changes in the fair value of the hedging instrument other than those due to changes in the spot rate are initially recorded in AOCI as a translation adjustment, and then are amortized into other (income) expense, net in the condensed consolidated statement of operations using a systematic and rational method over the instrument's term. Changes in the fair value associated with the effective portion (i.e. those changes due to the spot rate) are recorded in AOCI as a translation adjustment and are released and recognized in earnings only upon the sale or liquidation of the hedged net investment. The cross-currency swap has an initial notional value of €197.4 million or $220.0 million and matures on November 15, 2021. Interest on the cross-currency swap is payable semi-annually, in Euro, on May 15th and November 15th of each year based on the Euro notional value and a fixed rate of 2.47%. The Company receives interest in U.S. dollars on May 15th and November 15th of each year based on the U.S. dollar equivalent of the Euro notional value and a fixed rate of 5.00%. As of January 3, 2021, the fair value of the cross-currency swap was $(18.3) million, which was recorded in AOCI. The unrealized foreign exchange (losses) gains recorded in AOCI related to cross-currency swap were $(18.6) million and $0.3 million during the fiscal years 2020 and 2019, respectively.

During the second and third quarters of fiscal year 2020, the Company entered into forward foreign exchange contracts, designated as cash flow hedges, to hedge the 2021 Notes. The effective portion of the gain or loss of the cash flow hedges will be reported as a component of other comprehensive income and reclassified into earnings in the same period during which the hedged transaction affects earnings. As of January 3, 2021, the total notional amount of the forward foreign exchange contracts that were designated as cash flow hedges was €300.0 million. The unrealized foreign exchange gains recorded in earnings related to the cash flow hedges were $29.3 million during the fiscal year 2020.

The Company does not expect any material net pre-tax gains or losses to be reclassified from accumulated other comprehensive (loss) income into interest and other expense, net within the next twelve months.

**Note 22: Fair Value Measurements**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, derivatives, marketable securities and accounts receivable. The Company believes it had no significant concentrations of credit risk as of January 3, 2021.

The Company uses the market approach technique to value its financial instruments and there were no changes in valuation techniques during fiscal years 2020 and 2019. The Company's financial assets and liabilities carried at fair value are primarily comprised of marketable securities, derivative contracts used to hedge the Company's currency risk, and acquisition related contingent consideration. The Company has not elected to measure any additional financial instruments or other items at fair value.

*Valuation Hierarchy:* The following summarizes the three levels of inputs required to measure fair value. For Level 1 inputs, the Company utilizes quoted market prices as these instruments have active markets. For Level 2 inputs, the Company utilizes quoted market prices in markets that are not active, broker or dealer quotations, or utilizes alternative pricing sources with reasonable levels of price transparency. For Level 3 inputs, the Company utilizes unobservable inputs based on the best information available, including estimates by management primarily based on information provided by third-party fund managers, independent brokerage firms and insurance companies. A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The following tables show the assets and liabilities carried at fair value measured on a recurring basis as of January 3, 2021 and December 29, 2019 classified in one of the three classifications described above:

| | | Fair Value Measurements at January 3, 2021 Using: | | |
|---|---|---|---|---|
| | Total Carrying Value at January 3, 2021 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | (In thousands) | | | |
| Marketable securities | $ 2,154 | $ 2,154 | $ — | $ — |
| Foreign exchange derivative assets | 31,248 | — | 31,248 | — |
| Foreign exchange derivative liabilities | (21,413) | — | (21,413) | — |
| Contingent consideration | (2,953) | — | — | (2,953) |

| | | Fair Value Measurements at December 29, 2019 Using: | | |
|---|---|---|---|---|
| | Total Carrying Value at December 29, 2019 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | (In thousands) | | | |
| Marketable securities | $ 2,906 | $ 2,906 | $ — | $ — |
| Foreign exchange derivative assets | 451 | — | 451 | — |
| Foreign exchange derivative liabilities | (1,538) | — | (1,538) | — |
| Contingent consideration | (35,481) | — | — | (35,481) |

***Level 1 and Level 2 Valuation Techniques:*** The Company's Level 1 and Level 2 assets and liabilities are comprised of investments in equity and fixed-income securities as well as derivative contracts. For financial assets and liabilities that utilize Level 1 and Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including common stock price quotes, foreign exchange forward prices and bank price quotes. Below is a summary of valuation techniques for Level 1 and Level 2 financial assets and liabilities.

*Marketable securities:* Include equity and fixed-income securities measured at fair value using the quoted market prices in active markets at the reporting date.

*Foreign exchange derivative assets and liabilities:* Include foreign exchange derivative contracts that are valued using quoted forward foreign exchange prices at the reporting date. The Company's foreign exchange derivative contracts are subject to master netting arrangements that allow the Company and its counterparties to net settle amounts owed to each other. Derivative assets and liabilities that can be net settled under these arrangements have been presented in the Company's consolidated balance sheet on a net basis and are recorded in other assets. As of both January 3, 2021 and December 29, 2019, none of the master netting arrangements involved collateral.

***Level 3 Valuation Techniques:*** The Company's Level 3 liabilities are comprised of contingent consideration related to acquisitions. For liabilities that utilize Level 3 inputs, the Company uses significant unobservable inputs. Below is a summary of valuation techniques for Level 3 liabilities.

*Contingent consideration:* Contingent consideration is measured at fair value at the acquisition date using projected milestone dates, discount rates, probabilities of success and projected revenues (for revenue-based considerations). Projected risk-adjusted contingent payments are discounted back to the current period using a discounted cash flow model.

During fiscal year 2015, the Company acquired all the shares of Vanadis Diagnostics AB ("Vanadis"). Under the terms of the acquisition, the initial purchase consideration was $32.0 million, net of cash and the Company was obligated to make potential future milestone payments, based on completion of a proof of concept, regulatory approvals and product sales, of up to $93.0 million ranging from 2016 to 2019. The fair value of the contingent consideration as of the acquisition date was estimated at $56.9 million. As of January 3, 2021, the Company has no remaining obligation to the previous owners of Vanadis.

During the fiscal year 2019, the Company recorded a contingent consideration obligation relating to other acquisitions with an estimated fair value of $12.7 million. During the fiscal year 2020, the Company paid $23.7 million of contingent consideration, of which $10.4 million was included in financing activities and $13.3 million was included in operating activities in the consolidated statements of cash flows. During the fiscal year 2019, the Company paid $50.9 million of contingent consideration, of which $29.9 million was included in financing activities and $20.9 million was included in operating activities in the consolidated statements of cash flows.

The fair values of contingent consideration are calculated on a quarterly basis based on a collaborative effort of the Company's regulatory, research and development, operations, finance and accounting groups, as appropriate. Potential

valuation adjustments are made as additional information becomes available, including the progress towards achieving proof of concept, regulatory approvals and revenue targets as compared to initial projections, the impact of market competition and market landscape shifts from non-invasive prenatal testing products, with the impact of such adjustments being recorded in the consolidated statements of operations.

As of January 3, 2021, the Company may have to pay contingent consideration, related to acquisitions with open contingency periods, of up to $7.3 million. The expected maximum earnout period for acquisitions with open contingency period does not exceed 2.9 years from January 3, 2021, and the remaining weighted average expected earnout period at January 3, 2021 was 1.9 years.

A reconciliation of the beginning and ending Level 3 net liabilities for contingent consideration is as follows:

| | (In thousands) |
|---|---|
| Balance at December 31, 2017 | $ (65,328) |
| Amounts paid and foreign currency translation | 16,506 |
| Change in fair value (included within selling, general and administrative expenses) | (14,639) |
| Balance at December 30, 2018 | (69,661) |
| Additions | (12,734) |
| Amounts paid and foreign currency translation | 50,795 |
| Change in fair value (included within selling, general and administrative expenses) | (3,881) |
| Balance at December 29, 2019 | (35,481) |
| Amounts paid and foreign currency translation | 23,701 |
| Change in fair value (included within selling, general and administrative expenses) | 8,827 |
| Balance at January 3, 2021 | $ (2,953) |

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term maturities of these assets and liabilities. If measured at fair value, cash and cash equivalents would be classified as Level 1.

As of January 3, 2021, the Company’s senior unsecured revolving credit facility, which provides for $1.0 billion of revolving loans, had a carrying value of $156.0 million, net of $2.6 million of unamortized debt issuance costs. As of December 29, 2019, the Company's senior unsecured revolving credit facility had a carrying value of $322.0 million, net of $3.4 million of unamortized debt issuance costs. The interest rate on the Company’s senior unsecured revolving credit facility is reset at least monthly to correspond to variable rates that reflect currently available terms and conditions for similar debt. The Company had no change in credit standing during fiscal year 2020. Consequently, the carrying value approximates fair value and were classified as Level 2.

The Company's 2026 Notes, with a face value of €500.0 million, had an aggregate carrying value of $604.7 million, net of $3.3 million of unamortized original issue discount and $2.8 million of unamortized debt issuance costs as of January 3, 2021. The 2026 Notes had an aggregate carrying value of $552.2 million, net of $3.5 million of unamortized original issue discount and $3.3 million of unamortized debt issuance costs as of December 29, 2019. The 2026 Notes had a fair value of €539.8 million (or $659.3 million) and €518.5 million (or $579.6 million) as of January 3, 2021 and December 29, 2019, respectively. The fair value of the 2026 Notes is estimated using market quotes from brokers and is based on current rates offered for similar debt.

The Company's 2021 Notes, with a face value of €300.0 million, had an aggregate carrying value of $366.2 million, net of $16,200 of unamortized original issue discount and $0.2 million of unamortized debt issuance costs as of January 3, 2021. The 2021 Notes had an aggregate carrying value of $334.2 million, net of $0.1 million of unamortized original issue discount and $1.1 million of unamortized debt issuance costs as of December 29, 2019. The 2021 Notes had a fair value of €300.5 million (or $367.1 million) and €301.9 million (or $337.4 million) as of January 3, 2021 and December 29, 2019. The fair value of the 2021 Notes is estimated using market quotes from brokers and is based on current rates offered for similar debt.

The Company's 2029 Notes, with a face value of $850.0 million, had an aggregate carrying value of $840.6 million, net of $2.5 million of unamortized original issue discount and $6.9 million of unamortized debt issuance costs as of January 3, 2021. The 2029 Notes had an aggregate carrying value of $839.9 million, net of $2.7 million of unamortized original issue discount and $7.4 million of unamortized debt issuance costs as of December 29, 2019. The 2029 Notes had a fair value of

$957.9 million and $872.3 million as of January 3, 2021 and December 29, 2019. The fair value of the 2029 Notes is estimated using market quotes from brokers and is based on current rates offered for similar debt.

The Company's other debt facilities had an aggregate carrying value of $23.2 million and $25.7 million as of January 3, 2021 and December 29, 2019, respectively. As of January 3, 2021, these consisted of bank loans in the aggregate amount of $23.1 million bearing fixed interest rates between 1.1% and 8.9% and a bank loan in the amount of $0.1 million bearing a variable interest rate based on the Euribor rate plus a margin of 1.5%. The Company had no change in credit standing during fiscal year 2020. Consequently, the carrying value approximates fair value.

As of January 3, 2021, the 2021 Notes, 2026 Notes, 2029 Notes and other debt facilities were classified as Level 2.

As of January 3, 2021, there has not been any significant impact to the fair value of the Company's derivative liabilities due to credit risk. Similarly, there has not been any significant adverse impact to the Company's derivative assets based on the evaluation of its counterparties' credit risks.

## Note 23: Leases

***Lessee Disclosures***

The Company leases certain property and equipment under operating and finance leases. The Company's leases have remaining lease terms of less than 1 year to 30 years, some of which include options to extend the lease for up to 5 years, and some of which include options to terminate the lease within 1 year. Finance leases are not material to the Company.

The components of lease expense were as follows:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| **Lease Cost:** | | |
| Operating lease cost | $ 56,977 | $ 61,205 |

Supplemental cash flow information related to leases was as follows:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands) | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ 47,427 | $ 50,155 |

Supplemental balance sheet information related to leases was as follows:

| | January 3, 2021 | December 29, 2019 |
|---|---|---|
| | (In thousands, except lease term and discount rate) | |
| **Operating Leases:** | | |
| Operating lease right-of-use assets | $ 207,236 | $ 167,276 |
| | | |
| Operating lease liabilities included in Accrued expenses and other current liabilities | $ 40,330 | $ 36,573 |
| Operating lease liabilities | 188,402 | 146,399 |
| Total operating liabilities | $ 228,732 | $ 182,972 |
| | | |
| **Weighted Average Remaining Lease Term in Years** | | |
| Operating leases | 8.1 | |
| | | |
| **Weighted Average Remaining Discount Rate** | | |
| Operating leases | 2.9% | |

Maturities of operating lease liabilities as of January 3, 2021 were as follows:

| | (In thousands) |
|---|---|
| 2021 | $ 48,986 |
| 2022 | 40,097 |
| 2023 | 30,044 |
| 2024 | 26,667 |
| 2025 | 24,847 |
| 2026 and thereafter | 90,518 |
| Total lease payments | 261,159 |
| Less imputed interest | (32,427) |
| Total | $ 228,732 |

***Lessor Disclosures***

Certain of the Company's contracts require that it place its instrument at the customer's site and sell reagents to the customer. As the predominant component in these contracts are the sales of reagents, the Company accounts for the combined component under ASC 606 only when both of the following criteria are met: 1) the timing and pattern of transfer of the non-lease component or components and associated lease component are the same; and 2) the lease component, if accounted for separately, would be classified as an operating lease. When only one of the criteria is met, the Company accounts for the non-lease component under ASC 606 and the lease component under ASC 842. Profit or loss, interest income and aggregate net investment in sales-type leases that did not qualify for the practical expedient are not material to the Company.

**Note 24: Industry Segment and Geographic Area Information**

The Company discloses information about its operating segments based on the way that management organizes the segments within the Company for making operating decisions and assessing financial performance. The Company evaluates the performance of its operating segments based on revenue and operating income. Intersegment revenue and transfers are not significant. The accounting policies of the operating segments are the same as those described in Note 1.

The principal products and services of the Company's two operating segments are:

- *Discovery & Analytical Solutions*. Provides products and services targeted towards the life sciences and applied markets.
- *Diagnostics*. Develops diagnostics, tools and applications focused on clinically-oriented customers, especially within the reproductive health, emerging market diagnostics and applied genomics markets. The Diagnostics segment serves the diagnostics market.

The Company has included the expenses for its corporate headquarters, such as legal, tax, audit, human resources, information technology, and other management and compliance costs, as well as the activity related to the mark-to-market adjustment on postretirement benefit plans, as “Corporate” below. The Company has a process to allocate and recharge expenses to the reportable segments when these costs are administered or paid by the corporate headquarters based on the extent to which the segment benefited from the expenses. These amounts have been calculated in a consistent manner and are included in the Company’s calculations of segment results to internally plan and assess the performance of each segment for all purposes, including determining the compensation of the business leaders for each of the Company’s operating segments.

Revenue and operating income (loss) from continuing operations by operating segment are shown in the table below for the fiscal years ended:

| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
|---|---|---|---|
| | (In thousands) | | |
| **Discovery & Analytical Solutions** | | | |
| Product revenue | $ 995,216 | $ 1,054,862 | $ 1,010,899 |
| Service revenue | 720,587 | 691,299 | 682,312 |
| Total revenue | 1,715,803 | 1,746,161 | 1,693,211 |
| Operating income from continuing operations[1] | 183,471 | 238,331 | 230,481 |
| **Diagnostics** | | | |
| Product revenue | 1,783,509 | 962,180 | 924,594 |
| Service revenue | 283,433 | 175,332 | 160,191 |
| Total revenue | 2,066,942 | 1,137,512 | 1,084,785 |
| Operating income from continuing operations[1][2] | 874,206 | 189,330 | 153,196 |
| **Corporate** | | | |
| Operating loss from continuing operations[3] | (79,096) | (65,688) | (59,793) |
| **Continuing Operations** | | | |
| Product revenue | 2,778,725 | 2,017,042 | 1,935,493 |
| Service revenue | 1,004,020 | 866,631 | 842,503 |
| Total revenue | 3,782,745 | 2,883,673 | 2,777,996 |
| Operating income from continuing operations | 978,581 | 361,973 | 323,884 |
| Interest and other expense, net (see Note 6) | 72,217 | 124,831 | 66,201 |
| Income from continuing operations before income taxes | $ 906,364 | $ 237,142 | $ 257,683 |

(1) Legal costs for significant litigation matters and settlements in the Company's Discovery & Analytical Solutions segment were $5.9 million, $2.2 million and $5.3 million for fiscal years 2020, 2019 and 2018, respectively. Legal costs for significant litigation matters and settlements in the Company's Diagnostics segment were $1.2 million, $0.1 million and $0.2 million for fiscal years 2020, 2019 and 2018, respectively.

(2) Asset impairment in the Company's Diagnostics segment was $7.9 million for fiscal year 2020.

(3) Costs for significant environmental matters was $5.2 million for fiscal year 2020. Stock compensation expense from acceleration of executive compensation was $7.7 million for fiscal year 2019.

Additional information relating to the Company’s reporting segments is as follows for the three fiscal years ended January 3, 2021:

| | Depreciation and Amortization Expense | | | Capital Expenditures | | |
|---|---|---|---|---|---|---|
| | January 3, 2021 | December 29, 2019 | December 30, 2018 | January 3, 2021 | December 29, 2019 | December 30, 2018 |
| | (In thousands) | | | (In thousands) | | |
| Discovery & Analytical Solutions | $ 93,516 | $ 74,445 | $ 70,362 | $ 20,217 | $ 27,778 | $ 34,852 |
| Diagnostics | 149,738 | 136,476 | 107,434 | 55,236 | 46,863 | 54,737 |
| Corporate | 3,253 | 3,104 | 2,792 | 2,053 | 1,690 | 3,664 |
| Continuing operations | $ 246,507 | $ 214,025 | $ 180,588 | $ 77,506 | $ 76,331 | $ 93,253 |

| | Total Assets | | |
|---|---|---|---|
| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
| | (In thousands) | | |
| Discovery & Analytical Solutions | $ 3,600,860 | $ 3,082,917 | $ 2,567,054 |
| Diagnostics | 4,228,943 | 3,368,598 | 3,358,964 |
| Corporate | 130,512 | 87,049 | 49,504 |
| Total assets | $ 7,960,315 | $ 6,538,564 | $ 5,975,522 |

The following geographic area information for continuing operations includes revenue based on location of external customers for the three fiscal years ended January 3, 2021 and net long-lived assets based on physical location as of January 3, 2021 and December 29, 2019:

| | Revenue | | |
|---|---|---|---|
| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
| | (In thousands) | | |
| U.S. | $ 1,269,293 | $ 974,187 | $ 906,398 |
| International: | | | |
| China | 492,283 | 581,688 | 559,865 |
| United Kingdom | 362,591 | 70,703 | 72,124 |
| Germany | 200,294 | 146,577 | 142,411 |
| Italy | 163,056 | 101,461 | 95,908 |
| France | 148,898 | 96,994 | 97,990 |
| Republic of Korea | 114,846 | 71,069 | 60,126 |
| India | 103,785 | 97,423 | 92,327 |
| Japan | 88,473 | 82,478 | 79,238 |
| Other international | 839,226 | 661,093 | 671,609 |
| Total international | 2,513,452 | 1,909,486 | 1,871,598 |
| Total sales | $ 3,782,745 | $ 2,883,673 | $ 2,777,996 |

| | Net Long-Lived Assets* | | |
|---|---|---|---|
| | January 3, 2021 | December 29, 2019 | December 30, 2018 |
| | (In thousands) | | |
| U.S. | $ 197,755 | $ 269,183 | $ 201,649 |
| International: | | | |
| Germany | 149,105 | 119,612 | 99,181 |
| China | 75,199 | 71,216 | 61,261 |
| Finland | 60,559 | 29,052 | 16,211 |
| United Kingdom | 35,243 | 51,659 | 33,429 |
| Singapore | 24,291 | 23,063 | 14,942 |
| India | 21,975 | 19,691 | 14,636 |
| Italy | 17,051 | 14,152 | 11,324 |
| France | 13,325 | 12,940 | 3,210 |
| Brazil | 8,627 | 9,126 | 8,237 |
| Poland | 7,732 | 7,216 | 3,212 |
| Canada | 5,671 | 6,485 | 5,454 |
| Other international | 34,625 | 26,210 | 17,565 |
| Total international | 453,403 | 390,422 | 288,662 |
| Total net long-lived assets | $ 651,158 | $ 659,605 | $ 490,311 |

** Long-lived assets consist of property and equipment, net, operating lease right-of-use assets, rental equipment, software and other long-term assets.*

## Note 25: Quarterly Financial Information (Unaudited)

Selected quarterly financial information is as follows for the fiscal years ended:

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter[1] | Year |
|---|---|---|---|---|---|
| | (In thousands, except per share data) | | | | |
| **January 3, 2021** | | | | | |
| Revenue | $ 652,396 | $ 811,718 | $ 964,025 | $ 1,354,606 | $ 3,782,745 |
| Gross profit | 308,023 | 447,344 | 527,445 | 827,065 | 2,109,877 |
| Restructuring and other costs, net | 5,858 | 1,158 | 4,059 | (3,062) | 8,013 |
| Operating income from continuing operations | 44,682 | 175,639 | 248,006 | 510,254 | 978,581 |
| Income from continuing operations before income taxes | 34,689 | 164,827 | 233,757 | 473,091 | 906,364 |
| Income from continuing operations | 33,715 | 137,213 | 176,736 | 380,434 | 728,098 |
| Loss from discontinued operations and dispositions | (50) | (51) | (37) | (73) | (211) |
| Net income | 33,665 | 137,162 | 176,699 | 380,361 | 727,887 |
| Basic earnings per share: | | | | | |
| Income from continuing operations | $ 0.30 | $ 1.23 | $ 1.58 | $ 3.40 | $ 6.53 |
| Loss from discontinued operations and dispositions | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Net income | 0.30 | 1.23 | 1.58 | 3.40 | 6.53 |
| Diluted earnings per share: | | | | | |
| Income from continuing operations | $ 0.30 | $ 1.23 | $ 1.57 | $ 3.38 | $ 6.50 |
| Loss from discontinued operations and dispositions | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Net income | 0.30 | 1.23 | 1.57 | 3.38 | 6.49 |
| Cash dividends declared per common share | $ 0.07 | $ 0.07 | $ 0.07 | $ 0.07 | $ 0.28 |
| | | | | | |
| **December 29, 2019** | | | | | |
| Revenue | $ 648,737 | $ 722,517 | $ 706,923 | $ 805,496 | $ 2,883,673 |
| Gross profit | 307,806 | 347,793 | 342,275 | 398,181 | 1,396,055 |
| Restructuring and other costs, net | 7,639 | 6,161 | 14,068 | 1,560 | 29,428 |
| Operating income from continuing operations | 53,330 | 91,735 | 78,660 | 138,248 | 361,973 |
| Income from continuing operations before income taxes | 36,765 | 71,827 | 63,254 | 65,296 | 237,142 |
| Income from continuing operations | 35,453 | 69,141 | 58,610 | 64,549 | 227,753 |
| Loss from discontinued operations and dispositions | (41) | (54) | (52) | (48) | (195) |
| Net income | 35,412 | 69,087 | 58,558 | 64,501 | 227,558 |
| Basic earnings per share: | | | | | |
| Income from continuing operations | $ 0.32 | $ 0.62 | $ 0.53 | $ 0.58 | $ 2.06 |
| Loss from discontinued operations and dispositions | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Net income | 0.32 | 0.62 | 0.53 | 0.58 | 2.06 |
| Diluted earnings per share: | | | | | |
| Income continuing operations | $ 0.32 | $ 0.62 | $ 0.53 | $ 0.58 | $ 2.04 |
| Loss from discontinued operations and dispositions | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Net income | 0.32 | 0.62 | 0.52 | 0.58 | 2.04 |
| Cash dividends declared per common share | $ 0.07 | $ 0.07 | $ 0.07 | $ 0.07 | $ 0.28 |

(1) The fourth quarter of fiscal year 2020 includes a pre-tax loss of $25.4 million as a result of the mark-to-market adjustment on postretirement benefit plans. The fourth quarter of fiscal year 2019 includes a pre-tax loss of $31.2 million as a result of the mark-to-market adjustment on postretirement benefit plans. See Note 1 for a discussion of this accounting policy.

**Note 26: Subsequent Events**

Subsequent to fiscal year 2020, the Company reached an agreement with Oxford Immunotec Global PLC ("Oxford Immunotec") on terms under which the Company has agreed to acquire Oxford Immunotec. It is intended that the acquisition will be implemented by means of a U.K. High Court of Justice-sanctioned scheme of arrangement under Part 26 of the U.K. Companies Act 2006 between Oxford Immunotec and its shareholders (the "Scheme"). Under the terms of the acquisition, Oxford Immunotec shareholders will be entitled to receive $22 in cash for each outstanding ordinary share. The terms of the acquisition value Oxford Immunotec's entire issued and to be issued ordinary share capital at approximately $591.0 million. The Scheme has been approved by the shareholders of Oxford Immunotec. Subject to the satisfaction of other customary closing conditions, the Company currently anticipates that the transaction will close later this month. Oxford Immunotec is based in Abingdon, UK, has approximately 275 employees, and is widely recognized as a global leader of proprietary test kits for latent tuberculosis. Its Interferon Gamma Release Assay offering identifies individuals who are infected with tuberculosis.

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

Not applicable.

**Item 9A.** ***Controls and Procedures***

**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of January 3, 2021. The term "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to provide 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 and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of January 3, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

There were no changes in our internal control over financial reporting during the fiscal quarter ended January 3, 2021, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, 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, and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- 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

- 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. 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.

Our management assessed the effectiveness of our internal control over financial reporting as of January 3, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 2013 Internal Control-Integrated Framework. Our assessment of and conclusion on the effectiveness of internal control over financial reporting excluded the internal controls of Horizon Discovery Group plc, acquired on December 23, 2020, which is included in our fiscal year 2020 consolidated financial statements and represented approximately 6% of our total assets as of January 3, 2021 and 0.08% of our total revenues for the fiscal year ended January 3, 2021.

Based on this assessment, our management concluded that, as of January 3, 2021, our internal control over financial reporting was effective based on those criteria.

Our registered public accounting firm has issued an attestation report on our internal control over financial reporting. This report appears below.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of PerkinElmer, Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of PerkinElmer, Inc. and subsidiaries (the “Company”) as of January 3, 2021 based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 3, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended January 3, 2021 of the Company and our report dated March 2, 2021 expressed an unqualified opinion on those financial statements.

As described in Management’s Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Horizon Discovery Group plc ("Horizon"), which was acquired on December 23, 2020 and whose financial statements constitute approximately 6% of total assets and 0.08% of total revenues of the consolidated financial statement amounts as of and for the year ended January 3, 2021. Accordingly, our audit did not include the internal control over financial reporting at Horizon.

**Basis for Opinion**

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 policies or procedures may deteriorate.

/s / DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 2, 2021

**Changes in Internal Control Over Financial Reporting**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended January 3, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the effect of the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

**Item 9B.** ***Other Information***

Not applicable.

## PART III

### Item 10. *Directors, Executive Officers and Corporate Governance*

The information required to be disclosed by this Item pursuant to Item 401 of Regulation S-K with respect to our executive officers is contained in Part I of this annual report on Form 10-K under the caption, “Information About Our Executive Officers”. The remaining information required to be disclosed by the Item pursuant to Item 401 and Item 407 of Regulation S-K is contained in the proxy statement for our annual meeting of stockholders to be held on April 27, 2021 under the captions “Proposal No. 1 Election of Directors” and “Information Relating to Our Board of Directors and Its Committees” and is incorporated in this annual report on Form 10-K by reference.

We have adopted a code of ethics, our Standards of Business Conduct, that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. Our Standards of Business Conduct, as well as our corporate governance guidelines and the charters for the audit, compensation and benefits, nominating and corporate governance, executive and finance committees of our Board of Directors, are each accessible under the “Corporate Governance” heading of the “Investors” section of our website, http://www.perkinelmer.com. This information is also available in print to any stockholder who requests it, by writing to PerkinElmer, Inc., 940 Winter Street, Waltham, Massachusetts 02451, Attention: Investor Relations. We also intend to disclose in the same location on our website, any amendments to, or waivers from, our Standards of Business Conduct that are required to be disclosed pursuant to the disclosure requirements of Item 5.05 of Form 8-K.

### Item 11. *Executive Compensation*

The information required to be disclosed by this Item pursuant to Item 402 and Item 407(e) of Regulation S-K is contained in the proxy statement for our annual meeting of stockholders to be held on April 27, 2021 under the captions “Director Compensation,” “Information Relating to Our Board of Directors and Its Committees—Compensation Committee Interlocks and Insider Participation,” and “Executive Compensation,” and is incorporated in this annual report on Form 10-K by reference.

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

The information required to be disclosed by this Item pursuant to Item 403 of Regulation S-K is contained in the proxy statement for our annual meeting of stockholders to be held on April 27, 2021 under the caption “Beneficial Ownership of Common Stock,” and is incorporated in this annual report on Form 10-K by reference.

The information required to be disclosed by this Item pursuant to Item 201(d) of Regulation S-K is contained in the proxy statement for our annual meeting of stockholders to be held on April 27, 2021 under the caption “Executive Compensation—Equity Compensation Plan Information,” and is incorporated in this annual report on Form 10-K by reference.

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

The information required to be disclosed by this Item pursuant to Item 404 of Regulation S-K is contained in the proxy statement for our annual meeting of stockholders to be held on April 27, 2021 under the caption “Information Relating to Our Board of Directors and Its Committees—Certain Relationships and Policies on Related Party Transactions,” and is incorporated in this annual report on Form 10-K by reference.

The information required to be disclosed by this Item pursuant to Item 407(a) of Regulation S-K is contained in the proxy statement for our annual meeting of stockholders to be held on April 27, 2021 under the caption “Information Relating to Our Board of Directors and Its Committees—Determination of Independence,” and is incorporated in this annual report on Form 10-K by reference.

### Item 14. *Principal Accountant Fees and Services*

The information required to be disclosed by this Item pursuant to Item 9(e) of Schedule 14A is contained in the proxy statement for our annual meeting of stockholders to be held on April 27, 2021 under the caption “Information Relating to Our Board of Directors and Its Committees—Independent Registered Public Accounting Firm Fees and Other Matters”, and is incorporated in this annual report on Form 10-K by reference.

## PART IV

**Item 15.** ***Exhibits and Financial Statement Schedules***

(a) DOCUMENTS FILED AS PART OF THIS REPORT:

1. FINANCIAL STATEMENTS

Included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for Each of the Three Fiscal Years in the Period Ended January 3, 2021

Consolidated Statements of Comprehensive Income for Each of the Three Fiscal Years in the Period Ended January 3, 2021
Consolidated Balance Sheets as of January 3, 2021 and December 29, 2019

Consolidated Statements of Stockholders' Equity for Each of the Three Fiscal Years in the Period Ended January 3, 2021

Consolidated Statements of Cash Flows for Each of the Three Fiscal Years in the Period Ended January 3, 2021

Notes to Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULE

Schedule II—Valuation and Qualifying Accounts

We have omitted financial statement schedules, other than those we note above, because of the absence of conditions under which they are required, or because the required information is given in the financial statements or notes thereto.

3. EXHIBITS

| Exhibit No. | Exhibit Title |
|---|---|
| 3.1 | PerkinElmer, Inc.'s Restated Articles of Organization, filed with the Commission on May 11, 2007 as Exhibit 3.1 to our quarterly report on Form 10-Q (File No. 001-05075) and herein incorporated by reference. |
| 3.2 | PerkinElmer, Inc.'s Amended and Restated By-laws, filed with the Commission on December 13, 2018 as Exhibit 3.2 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 4.1 | Specimen Certificate of PerkinElmer, Inc.'s Common Stock, $1 par value, filed with the Commission on August 15, 2001 as Exhibit 4.1 to our quarterly report on Form 10-Q (File No. 001-05075) and herein incorporated by reference. |
| 4.2 | Description of PerkinElmer, Inc.'s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, filed with the Commission on February 25, 2020 as Exhibit 4.2 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 4.3 | Indenture dated as of October 25, 2011 between PerkinElmer, Inc. and U.S. Bank National Association, filed with the Commission on October 27, 2011 as Exhibit 99.1 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 4.4 | Third Supplemental Indenture, dated as of July 19, 2016, among PerkinElmer, Inc., U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent, filed with the Commission on July 19, 2016 as Exhibit 4.2 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 4.5 | Paying Agency Agreement, dated July 19, 2016, among PerkinElmer, Inc., U.S. Bank National Association, as trustee, Elavon Financial Services DAC, UK Branch, as paying agent, and Elavon Financial Services DAC, as transfer agent and registrar, filed with the Commission on July 19, 2016 as Exhibit 4.3 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |

| Exhibit No. | Exhibit Title |
|---|---|
| 4.6 | Fourth Supplemental Indenture, dated as of April 11, 2018, among PerkinElmer, Inc., U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent (including the form of note contained therein) filed with the Commission on April 11, 2018 as Exhibit 4.2 to our current report on Form 8-K (File No. 001-05075)) and herein incorporated by reference |
| 4.7 | Paying Agency Agreement, dated as of April 11, 2018, among PerkinElmer, Inc., U.S. Bank National Association, as trustee, transfer agent and registrar, and Elavon Financial Services DAC, UK Branch, as paying agent, filed with the Commission on April 11, 2018 as Exhibit 4.3 to our current report on Form 8-K (File No. 001-05075)) and herein incorporated by reference. |
| 4.8 | Fifth Supplemental Indenture, dated as of September 12, 2019, by and between PerkinElmer, Inc. and U.S. Bank National Association, as trustee (including the form of note contained therein) filed with the Commission on September 12, 2019 as Exhibit 4.2 to our current report on Form 8-K (File No. 001-05075)) and herein incorporated by reference. |
| 10.1 | Credit Agreement, dated as of September 17, 2019, among the PerkinElmer, Inc., PerkinElmer Health Sciences, Inc., PerkinElmer Life Sciences International Holdings, PerkinElmer Global Holdings S.à r.l. and PerkinElmer Health Sciences B.V. as Borrowers, Bank of America, N.A. as Administrative Agent, Swing Line Lender and an L/C Issuer, the Lenders party thereto and the other L/C Issuers party thereto, filed with the Commission on September 17, 2019 as Exhibit 10.1 to our current report on Form 8-K (File No. 001-05075) and incorporated herein by reference. |
| 10.2 | First Amendment to Credit Agreement, dated as of October 21, 2019, among PerkinElmer, Inc., PerkinElmer Health Sciences, Inc., PerkinElmer Life Sciences International Holdings, PerkinElmer Global Holdings S.à r.l. and PerkinElmer Health Sciences B.V., as Borrowers, Bank of America, N.A. as Administrative Agent, Swing Line Lender and an L/C Issuer, the Lenders party thereto and the other L/C Issuers party thereto, filed with the Commission on February 25, 2020 as Exhibit 10.2 to our annual report on Form 10-K (File No. 001-5075) and incorporated herein by reference. |
| 10.3 | Second Amendment to Credit Agreement, dated as of February 27, 2020, among PerkinElmer, Inc., PerkinElmer Health Sciences, Inc., PerkinElmer Life Sciences International Holdings, PerkinElmer Global Holdings S.à r.l. and PerkinElmer Health Sciences B.V., as Borrowers, Bank of America, N.A. as Administrative Agent, Swing Line Lender and an L/C Issuer, the Lenders party thereto and the other L/C Issuers party thereto, filed with the Commission on May 12, 2020 as Exhibit 10.1 to our quarterly report on Form 10-Q (File No. 001-5075) and incorporated herein by reference. |
| 10.4* | Employment Contracts: |
| | (1) Amended and Restated Employment Agreement, dated as of August 21, 2019, between Dr. Prahlad R. Singh and PerkinElmer, Inc., filed with the Commission on August 21, 2019 as Exhibit 99.1 to our current report on Form 8-K (File No. 001-05075) and incorporated herein by reference. |
| | (2) Employment Agreement between Joel S. Goldberg and PerkinElmer, Inc. dated as of July 21, 2008, filed with the Commission on August 8, 2008 as Exhibit 10.1 to our quarterly report on Form 10-Q (File No. 001-05075) and herein incorporated by reference; |
| | (3) Form of Amendment between Joel S. Goldberg and PerkinElmer, Inc. dated as of December 3, 2010, filed with the Commission on March 1, 2011 as Exhibit 10.4(7) to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| | (4) Amended and Restated Employment Agreement between Andrew Okun and PerkinElmer, Inc. dated as of January 1, 2014, filed with the Commission on February 25, 2014 as Exhibit 10.2(10) to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| | (5) Employment Agreement between Daniel R. Tereau and PerkinElmer, Inc. dated as of February 1, 2016, filed with the Commission on March 1, 2016 as Exhibit 10.2(8) to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| | (6) Employment Agreement between Tajinder Vohra and PerkinElmer, Inc. dated as of January 29, 2018, filed with the Commission on May 8, 2018 as Exhibit 10.1 to our quarterly report on Form 10-Q (File No. 001-05075) and herein incorporated by reference. |
| | (7) Employment Agreement between James Mock and PerkinElmer, Inc., dated as of April 10, 2018, filed with the Commission on April 13, 2018 as Exhibit 99.1 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.5* | PerkinElmer, Inc.'s 2009 Incentive Plan, filed with the Commission on March 12, 2014 as Appendix A to our definitive proxy statement on Schedule 14A (File No. 001-05075) and herein incorporated by reference. |
| 10.6* | PerkinElmer, Inc.'s 2008 Deferred Compensation Plan, filed with the Commission on December 12, 2008 as Exhibit 10.1 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |

| Exhibit No. | Exhibit Title |
|---|---|
| 10.7* | First Amendment to PerkinElmer, Inc.'s 2008 Deferred Compensation Plan, filed with the Commission on March 1, 2011 as Exhibit 10.9 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 10.8* | PerkinElmer, Inc.'s Performance Unit Program Description, filed with the Commission on February 26, 2009 as Exhibit 10.10 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 10.9* | PerkinElmer, Inc. 1998 Employee Stock Purchase Plan as Amended and Restated on December 10, 2009, filed with the Commission on March 1, 2010 as Exhibit 10.15 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 10.10* | Form of Stock Option Agreement given by PerkinElmer, Inc. to its executive officers for use under the 2009 Incentive Plan, filed with the Commission on April 28, 2009 as Exhibit 10.3 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.11* | Form of Stock Option Agreement given by PerkinElmer, Inc. to its non-employee directors for use under the 2009 Incentive Plan, filed with the Commission on April 28, 2009 as Exhibit 10.4 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.12* | Form of 162(m)-compliant Restricted Stock Agreement with single-trigger acceleration for use under the 2009 Incentive Plan, filed with the Commission on February 28, 2017 as Exhibit 10.19 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 10.13* | Form of 162(m)-compliant Restricted Stock Agreement with double-trigger acceleration for use under the 2009 Incentive Plan, filed with the Commission on February 28, 2017 as Exhibit 10.20 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 10.14* | Form of 162(m)-compliant Restricted Stock Unit Agreement with single-trigger acceleration for use under the 2009 Incentive Plan, filed with the Commission on February 28, 2017 as Exhibit 10.21 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 10.15* | Form of 162(m)-compliant Restricted Stock Unit Agreement with double-trigger acceleration for use under the 2009 Incentive Plan, filed with the Commission on February 28, 2017 as Exhibit 10.22 to our annual report on Form 10-K (File No. 001-05075) and herein incorporated by reference. |
| 10.16* | PerkinElmer, Inc. Savings Plan Amended and Restated effective January 1, 2021, attached hereto as Exhibit 10.16. |
| 10.17* | PerkinElmer, Inc. Employees Retirement Plan Amended and Restated effective January 1, 2012, as further amended, filed with the Commission on February 26, 2019 as Exhibit 10.26 to our annual report on Form 10-K (file No. 001-05075) and herein incorporated by reference. |
| 10.18* | PerkinElmer, Inc. Amended and Restated Global Incentive Compensation Plan (Executive Officers) effective December 30, 2019, filed with the Commission on February 25, 2020 as Exhibit 10.20 to our annual report on Form 10-K (file No. 001-05075) and herein incorporated by reference. |
| 10.19* | PerkinElmer, Inc.'s 2019 Incentive Plan, filed with the Commission on March 13, 2019 as Appendix B to our definitive proxy statement on Schedule 14A (File No. 001-05075) and herein incorporated by reference. |
| 10.20* | Form of Restricted Stock Unit Agreement for grants to non-employee directors under the 2019 Incentive Plan, filed with the Commission on April 24, 2019 as Exhibit 99.2 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.21* | Form of Restricted Stock Unit Agreement (Performance-based vesting) with single-trigger vesting acceleration upon a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 24, 2019 as Exhibit 99.3 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.22* | Form of Restricted Stock Unit Agreement (Performance-based vesting) with double-trigger vesting acceleration following a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 24, 2019 as Exhibit 99.4 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.23* | Form of Stock Option Agreement with single-trigger vesting acceleration upon a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 24, 2019 as Exhibit 99.5 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.24* | Form of Stock Option Agreement with double-trigger vesting acceleration following a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 24, 2019 as Exhibit 99.6 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |

| Exhibit No. | Exhibit Title |
|---|---|
| 10.25* | Form of Restricted Stock Agreement with single-trigger vesting acceleration upon a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 24, 2019 as Exhibit 99.7 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.26* | Form of Restricted Stock Agreement with double-trigger vesting acceleration following a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 24, 2019 as Exhibit 99.8 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.27* | Form of Restricted Stock Unit Agreement (Time-based vesting) with single-trigger vesting acceleration upon a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 1, 2020 as Exhibit 99.1 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 10.28* | Form of Restricted Stock Unit Agreement (Time-based vesting) with double-trigger vesting acceleration upon a change of control for grants to executive officers under the 2019 Incentive Plan, filed with the Commission on April 1, 2020 as Exhibit 99.2 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference. |
| 21 | Subsidiaries of PerkinElmer, Inc., attached hereto as Exhibit 21. |
| 23 | Consent of Independent Registered Public Accounting Firm, attached hereto as Exhibit 23. |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, attached hereto as Exhibit 31.1. |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, attached hereto as Exhibit 31.2. |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, attached hereto as Exhibit 32.1. |
| 101.INS | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Definition Linkbase Document. |
| 101.LAB | Inline XBRL Labels Linkbase Document. |
| 101.PRE | Inline XBRL Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101). |

* Management contract or compensation plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language):

(i) Consolidated Statements of Operations for each of the three years in the period ended January 3, 2021, (ii) Consolidated Balance Sheets as of January 3, 2021 and December 29, 2019, (iii) Consolidated Statements of Comprehensive Income for each of the three years in the period ended January 3, 2021, (iv) Consolidated Statements of Stockholders' Equity for each of the three years in the period ended January 3, 2021, (v) Consolidated Statements of Cash Flows for each of the three years in the period ended January 3, 2021, (vi) Notes to Consolidated Financial Statements, and (vii) Financial Schedule of Valuation and Qualifying Accounts.

**SCHEDULE II**

**PERKINELMER, INC. AND SUBSIDIARIES**

**VALUATION AND QUALIFYING ACCOUNTS**
**For the Three Years Ended January 3, 2021**

| Description | Balance at Beginning of Year | Provisions | Charges/ Write-offs | Other[1] | Balance at End of Year |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| **Reserve for doubtful accounts:** | | | | | |
| Year ended December 30, 2018 | $ 31,281 | $ 2,503 | $ (2,295) | $ (899) | $ 30,590 |
| Year ended December 29, 2019 | 30,590 | 6,853 | (3,009) | 798 | 35,232 |
| Year ended January 3, 2021 | 35,232 | 16,695 | (5,857) | 1,524 | 47,594 |

(1) Other amounts primarily relate to the impact of acquisitions, discontinued operations and foreign exchange movements.

**Item 16.** ***Form 10-K Summary***

Not applicable.

## 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.

**PERKINELMER, INC.**

| | Signature | Title | Date |
|---|---|---|---|
| By: | /s/ PRAHLAD SINGH, PhD<br>Prahlad Singh, PhD | President and Chief Executive Officer<br>(Principal Executive Officer) | March 2, 2021 |
| By: | /s/ JAMES M. MOCK<br>James M. Mock | Sr. Vice President and<br>Chief Financial Officer<br>(Principal Financial Officer) | March 2, 2021 |
| By: | /s/ ANDREW OKUN<br>Andrew Okun | Vice President,<br>Chief Accounting Officer and Treasurer<br>(Principal Accounting Officer) | March 2, 2021 |

## POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of PerkinElmer, Inc., hereby severally constitute Prahlad Singh and James M. Mock, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names, in the capacities indicated below, this Annual Report on Form 10-K and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our name and behalf in our capacities as officers and directors to enable PerkinElmer, Inc. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission, hereby rectifying and confirming signed by our said attorneys, and any and all amendments thereto.

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 and on the dates indicated:

| | Signature | Title | Date |
|---|---|---|---|
| By: | /s/ PRAHLAD SINGH, PhD<br>Prahlad Singh, PhD | President, Chief Executive Officer and Director<br>(Principal Executive Officer) | March 2, 2021 |
| By: | /s/ JAMES M. MOCK<br>James M. Mock | Sr. Vice President and Chief Financial Officer<br>(Principal Financial Officer) | March 2, 2021 |
| By: | /s/ ANDREW OKUN<br>Andrew Okun | Vice President, Chief Accounting Officer and Treasurer<br>(Principal Accounting Officer) | March 2, 2021 |
| By: | /s/ PETER BARRETT, PhD<br>Peter Barrett, PhD | Director | March 2, 2021 |
| By: | /s/ SAMUEL R. CHAPIN<br>Samuel R. Chapin | Director | March 2, 2021 |
| By: | /s/ SYLVIE GRÉGOIRE, PharmD<br>Sylvie Grégoire, PharmD | Director | March 2, 2021 |
| By: | /s/ ALEXIS P. MICHAS<br>Alexis P. Michas | Director | March 2, 2021 |
| By: | /s MICHEL VOUNATSOS<br>Michel Vounatsos | Director | March 2, 2021 |
| By: | /s/ FRANK WITNEY, PhD<br>Frank Witney, PhD | Director | March 2, 2021 |
| By: | /s/ PASCALE WITZ<br>Pascale Witz | Director | March 2, 2021 |

**EXHIBIT 10.16**

# PERKINELMER, INC.
# SAVINGS PLAN

(Amended and Restated Effective January 1, 2021)

**TABLE OF CONTENTS**

**APPENDICES**

**PERKINELMER, INC.**

**SAVINGS PLAN**
**INTRODUCTION**

PerkinElmer, Inc. (previously known as EG&G, Inc.) has adopted this amendment and restatement of the PerkinElmer, Inc. Savings Plan (the "Plan") effective as of January 1, 2021. Prior to October 26, 1999, the Plan was known as the EG&G, Inc. Savings Plan. The Plan was last amended and restated effective as of January 1, 2012.

The Plan is intended to provide eligible participants with a convenient way to save on a regular and long-term basis, all as set forth herein and in the trust agreement adopted as a part of the Plan. The benefits provided to any individual under the Plan will depend upon the investment results achieved under such agreement and, accordingly, may vary with respect to each individual. The Plan is a profit-sharing plan which includes a cash or deferred arrangement and provides for employer matching contributions and employee after-tax contributions. It is intended that the Plan and trust shall at all times be qualified and tax-exempt within the meaning of Sections 401(a), 401(k), 401(m) and 501(a) of the Internal Revenue Code of 1986, as now in effect or hereafter amended, and any other applicable provisions of law. In addition, the Plan will comply with the provisions of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") as provided on Appendix G.

Except as specified herein, the provisions of the Plan as contained herein shall apply only to those persons who are in the service of an Employer (as defined herein) on or after January 1, 2021. The rights and benefits, if any, of an Employee who terminated before January 1, 2021 shall be determined in accordance with the provisions of the Plan as in effect on the date his employment terminated except as otherwise provided herein.

On December 19, 2017, the Company acquired EUROIMMUN US Incorporated which maintained the Euroimmun US Retirement Plan and EUROIMMUN US Incorporated previously became an Adopting Employer effective as of January 1, 2019. Effective on April 15, 2019, the Euroimmun US Retirement Plan merged into the Plan and the value of the accounts of the participants in the Euroimmun US Retirement Plan were transferred to the Plan.

## Article I

## DEFINITIONS

When used herein the following terms shall have the following meanings:

1.1 “Account” means the account or accounts established and maintained in respect of a Participant pursuant to Section 5.1.

1.2 “Actual Deferral Percentage” means the ratio (expressed as a percentage) of the Before-Tax Contributions made on behalf of the Eligible Employee for the Plan Year to the Eligible Employee’s Compensation for the Plan Year.

1.3 “Adjustment Factor” means the cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code, as applied to such items and in such manner as the Secretary shall provide.

1.4 “Administrator” means the Committee or its delegate.

1.5 “After-Tax Contribution Account” means the Account to which is credited a Participant’s After-Tax Contributions and earnings or losses on those contributions.

1.6 “After-Tax Contributions” means the amounts contributed by a Participant pursuant to Section 3.2.

1.7 “Annual Addition” means, for any Limitation Year, the sum of all contributions and forfeitures allocated to the Participant’s Accounts, other than his Rollover Account.

1.8 “Authorized Leave of Absence” means any leave of absence granted by an Employer under the Employer’s leave of absence policy, including a leave granted to an Employee who is absent from work due to either (a) the pregnancy of such Employee, (b) the birth of a child of the Employee, (c) the placement of a child in connection with the adoption of the child by the Employee, or (d) for purposes of caring for the child during the period immediately following the birth or placement for adoption.

1.9 “Average Actual Deferral Percentage” means the average (expressed as a percentage) of the Actual Deferral Percentages of the Eligible Employees in a group.

1.10 “Average Contribution Percentage” means the average (expressed as a percentage) of the Contribution Percentages of the Eligible Employees in a group.

1.11 “Before-Tax Contribution Account” means the Account to which is credited Before-Tax Contributions made on behalf of a Participant pursuant to Section 3.1 and earnings or losses on those contributions.

1.12 “Before-Tax Contributions” means the contributions made to the Plan by the Employer on behalf of a Participant who has elected to reduce his Compensation by a like amount pursuant to Section 3.1.

1.13 “Beneficiary” means the beneficiary or beneficiaries designated pursuant to Section 2.2(c) to receive the amount, if any, payable under the Plan upon the death of a Participant.

1.14 “Board of Directors” means the board of directors of the Company.

1.15 “Code” means the Internal Revenue Code of 1986, as now in effect or hereafter amended. Reference to a Code Section shall include reference to any final Treasury regulations issued thereon.

1.16 “Committee” means the Administrative Committee of the Company.

1.17 “Company” means PerkinElmer, Inc. or any successor thereto.

1.18 “Company Stock” means common stock of the Company.

1.19 “Company Stock Fund” means an investment option that is a unique fund investing primarily in Company Stock.

1.20 "Compensation" means, for each part of a Plan Year that a Participant is eligible to make Before-Tax or After-Tax Contributions, base pay, overtime, shift differentials, commissions, other cash additives to base pay, incentive awards, bonuses and salary deferrals under any salary reduction agreement under Section 125 or 401(k) of the Code. Compensation shall also include elective amounts that are not includible in the gross income of the Participant under Section 132(f) of the Code.

Compensation excludes equity-related compensation, reimbursements or other expenses allowances, relocation allowances, per diem allowances, hardship allowances, foreign service premiums, cost-of-living allowances, deferred compensation, severance pay and other welfare benefits. The following bonus payments are not included as Compensation for Plan purposes: patent awards; reward and recognition bonuses; sign-on bonuses; referral bonuses; retention bonuses; and any other irregular bonuses.

The annual Compensation of each Participant taken into account for all Plan purposes shall not exceed $200,000 as adjusted by the Secretary of the Treasury for increases in the cost of living in accordance with Section 401(a)(l 7)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding twelve (12) months, over which Compensation is determined (the "determination period") beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the limit referred to above will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12.

For other specific purposes described in the Plan, "Compensation" shall have the meanings set forth in the respective provisions.

1.21 “Computation Period” means a 12-month period beginning on an Employee’s Employment Commencement Date or Reemployment Commencement Date, if applicable, and anniversaries thereof.

1.22 “Contribution Percentage” means the ratio (expressed as a percentage) for each Eligible Employee of the sum of the After-Tax Contributions made by such Eligible Employee and Matching Contributions made under the Plan on behalf of the Eligible Employee for the Plan Year to the Eligible Employee’s Compensation for the Plan Year.

1.23 “Disability” means a Participant’s physical or mental condition, as determined by the Social Security Administration, that renders him eligible to receive disability benefits under Title II of the Social Security

Act, as amended from time to time. The Administrator will apply the provisions of this Section 1.23 in a nondiscriminatory, consistent and uniform manner.

1.24 “Early Retirement Date” means the first day of any month which is not more than ten (10) years prior to a Participant’s Normal Retirement Date, which a Participant, who will then have completed at least ten (10) Years of Service, elects, on a form and in a manner prescribed by the Administrator, as a date on which he wishes to retire.

1.25 “Effective Date” means January 1, 2021, the date as of which this amendment and restatement of the Plan is effective except as otherwise specifically provided herein. The rights and benefits, if any, of each other Employee shall be determined in accordance with the respective provisions of the Plan in effect on the date such Employee terminated service.

1.26 “Eligible Employee” means any Employee of the Employer, other than: (a) a leased employee within the meaning of Section 414(n)(2) of the Code, (b) any person who is included in a unit of employees covered by an agreement recognized for purposes of collective bargaining with the Employer, provided retirement benefits have been the subject of good faith bargaining and such bargaining does not provide for coverage under the Plan, (c) an Employee who is a nonresident alien deriving no earned income from the Employer which constitutes income from sources within the United States and (d) an Employee who is on temporary assignment in the United States or who is on indefinite assignment in the United States and remains an active participant in his or her home country pension or retirement program.

1.27 “Employee” means any person employed by the Employer, other than an independent contractor. Employee shall also include leased employees within the meaning of Section 414(n)(2) of the Code. Notwithstanding any other provision of the Plan, the term “Employee” shall not include any employee, independent contractor, leased employee or other individual unless such individual is contemporaneously treated by the Employer as an employee for purposes of the Plan (without regard to any subsequent recharacterization or inconsistent determination made by any person or entity or by any court, agency or other authority with respect to such individual whenever effective).

1.28 “Employer” means the Company and any subsidiary or affiliated organization of the Company that, with the approval of the Committee and subject to such considerations as the Committee may impose, adopts the Plan.

In determining Compensation for the purposes of determining who is a Highly Compensated Employee under Section 1.37, in determining a Participant’s Hours of Service, in determining whether an election to change the Limitation Year has been made in accordance with Section 1.39, in determining a Participant’s Severance from Employment under Section 1.54, in determining the limitation on Before-Tax Contributions under Section 3.1(b) in determining the Average Actual Deferral Percentages under Section 3.7 and the Average Contribution Percentages under Section 3.11, in determining the limitations on Annual Additions under Section 3.13 or period of absence for purposes of Section 7.4 and in determining whether the Plan is Top-Heavy under Article X, the term “Employer” shall include any other corporation or other business entity that must be aggregated with the Employer under Section 414(b), (c), (m) or (o) of the Code, but only for such periods of time when the Employer and such other corporation or other business entity must be aggregated as aforesaid. For purposes of Section 3.13, such definition of “Employer” shall be modified by Section 415(h) of the Code.

1.29 “Employment Commencement Date” means the date on which an Employee first performs an Hour of Service.

1.30 [Reserved]

1.31 “ERISA” means the Employee Retirement Income Security Act of 1974, as now in effect or as hereafter amended.

1.32 “Excess Aggregate Contributions” means After-Tax Contributions and Matching Contributions in excess of the Contribution Percentage limit, as described in Section 401 (m)(6)(B) of the Code.

1.33 “Excess Contributions” means Before-Tax Contributions in excess of the Actual Deferral Percentage limit, as described in Section 401(k)(8)(B) of the Code.

1.34 “Excess Deferrals” means Before-Tax Contributions in excess of the limits imposed by Section 402(g) of the Code.

1.35 “Fund” or “Investment Fund” means the investment funds established under Article V, or any of them.

1.36 “Hardship” means an immediate and heavy financial need, as determined by the Administrator on a uniform and nondiscriminatory basis, that arises on account of (a) medical expenses described in Section 213(d) of the Code previously incurred by the Participant, his spouse, any dependents of the Participant (as defined in Section 152 of the Code without regard to Section 152(d)(1)(B) of the Code) or his Beneficiary or amounts necessary for these persons to obtain medical care described in Section 213(d) of the Code, (b) the purchase (excluding mortgage payments) of a principal residence for the Participant, (c) tuition expenses for the next twelve (12) month period of post-secondary education for the Participant, his spouse, any dependents of the Participant (as defined in Section 152 of the Code without regard to Section 152(d)(1)(B) of the Code) or his Beneficiary, (d) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant’s principal residence, (e) payments for burial or funeral expenses for the Participant’s deceased parent, spouse, children or dependent (as defined in Section 152 of the Code without regard to Section 152(d)(1)(B) of the Code) or Beneficiary, (f) expenses for the repair of damage to the Participant’s principal residence that would qualify for the casualty deduction under Section 165 of the Code (effective January 1, 2019, determined without regard to whether the loss exceeds 10% of adjusted gross income and regardless of whether the loss is attributable to a federally declared disaster); (g) expenses or losses because the employee's principal residence, or principal place of employment, is in a federally declared disaster area; or (h) for any other purposes permitted by the IRS in its rulings or published guidance as deemed immediate and heavy financial need for purposes of Code Section 401(k).

1.37 “Highly Compensated Employee” means any Employee who performs services for the Employer during the determination year and who (a), during the look-back year, received Compensation from the Employer in excess of $100,000, multiplied by the Adjustment Factor, or (b) was a five percent (5%) Owner, as defined in Section 10.7, during the determination year or lookback year.

For purposes of this definition, the determination year is the Plan Year; the look-back year is the twelve (12) month period preceding the Plan Year. A highly compensated former Employee shall be treated as a Highly Compensated Employee if he separated from service (or is deemed to have separated) prior to the determination year, performs no service for the Employer during the determination year and was a highly compensated active Employee for either the separation year or any determination year ending on or after the Employee’s 55th birthday.

The determination of who is a Highly Compensated Employee, including the determination of the Compensation that is considered, will be made in accordance with Section 414(q) of the Code and the Regulations thereunder. For purposes of this Section 1.37, Compensation means compensation within the meaning of Section 415(c)(3) of the Code.

1.38 "Hour of Service" means, with respect to any applicable Computation Period:

(a) each hour for which an Employee is directly or indirectly paid or entitled to payment for the performance of duties for the Employer.

(b) each hour for which an Employee is directly or indirectly paid or entitled to payment by the Employer on account of a period during which no duties are performed, whether or not the employment relationship has terminated, due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence, but not more than 501 such hours on account of any single continuous period during which no duties are performed; and

(c) each hour for which back pay, irrespective of mitigation of damages, has been awarded or agreed to by the Employer.

No hours shall be credited on account of any period during which an Employee performs no duties and receives payment solely for the purpose of reimbursement for medical or medically related expenses incurred by the Employee for the purpose of complying with applicable worker's compensation, unemployment compensation or disability insurance laws.

If an Employee's work records are not kept on an hourly basis, he shall be credited with 190 Hours of Service for each month in which he would have been credited with an Hour of Service.

Solely to the extent required by the Family and Medical Leave Act of 1993 (FMLA), an Employee shall be credited with Hours of Service while on a leave of absence protected under FMLA.

The same Hours of Service shall not be credited under more than one of the above clauses (a), (b) or (c); and each hour credited to an Employee under clause (a), (b) or (c) above shall be credited in accordance with Section 2530.200b-2(b) and (c) of the U.S. Department of Labor's Regulations, which hereby are incorporated by reference.

An Employee shall be considered as accruing Hours of Service in accordance with his normal work week for each week: (1) while on an Authorized Leave of Absence, if at or before the end of such leave, the Employee returns to service with the Employer, or (2) the Employee is laid off due to reduction in force if he returns to service with the Employer within one (1) year of the date the layoff began. An Employee who fails to return to service with the Employer at the end of an Authorized Leave of Absence or within one (1) year of a layoff due to reduction in force shall be deemed to have terminated service on the date the absence or layoff began and shall cease accruing Hours of Service as of the date the absence or the layoff began. An Employee who dies, incurs a Disability or retires on an Early Retirement Date or Normal Retirement Date while on an Authorized Leave of Absence shall, despite the foregoing, continue to accrue Hours of Service until his date of death, Disability or retirement, as the case may be.

1.39 "Limitation Year" means the calendar year, unless otherwise selected by the Employer in a manner consistent with that described in the Regulations issued pursuant to Section 415 of the Code.

1.40 “[Reserved]

1.41 “Matching Contribution Account” means the Account to which are credited any Matching Contributions made on behalf of the Participant and earnings or losses on those contributions.

1.42 “Matching Contributions” means the amounts contributed on behalf of a Participant pursuant to Section 3.3.

1.43 “Nonhighly Compensated Employee” means an Employee who is not a Highly Compensated Employee.

1.44 “Normal Retirement Age” means social security retirement age as defined in Code Section 415(b)(8), based on the year of a Participant's birth.

1.45 “Normal Retirement Date” means the first day of the month following the date the Participant reaches Normal Retirement Age.

1.46 “One-Year Break in Service” means a Computation Period in which a Participant completes no more than 500 Hours of Service.

1.47 “Participant” means any Eligible Employee participating in the Plan as provided in Article II or any former Employee whose participation has not ceased pursuant to Section 2.7.

1.48 “Plan” means the PerkinElmer, Inc. Savings Plan, as set forth herein and as amended from time to time.

1.49 “Plan Year” means the twelve (12) month period commencing on each January 1st on or after the Effective Date and ending on the next following December 31st.

1.50 “Reemployment Commencement Date” means the first date following a One Year Break in Service on which the Employee again performs an Hour of Service.

1.51 “Regulations” means the Treasury regulations issued under the Code or any other applicable law by the Internal Revenue Service and any proposed or temporary regulations or rules pending the issuance of such regulations.

1.52 “Rollover Account” means the Participant’s Account to which is credited any Rollover Contribution made by the Participant and earnings or losses on that contribution.

1.53 “Rollover Contribution” means a contribution made by a Participant pursuant to Section 3.4.

1.54 “Severance from Employment” means the termination of the Employee’s employment relationship with the Employer, determined in accordance with Treasury Regulation Section 1.401(k)-1(d)(2).

1.55 “Spouse” means the person to whom a Participant is legally married on the earlier of (a) the date on which the Participant's Account balances are distributed due to the Participant's Severance from Employment, or (b) the Participant's date of death. For all purposes under the Plan prior to June 26, 2013, the Plan's determination of “spouse” and “marriage” was made in accordance with Federal law as in effect prior to the decision in United States

v. Windsor. On and after June 26, 2013, “spouse” and “marriage” shall be interpreted consistent with United States v. Windsor and IRS guidance, including Rev. Rul. 2013-17 and IRS Notice 2014-19.

1.56 “Trust Agreement” means the agreement entered into between the Company and the Trustee to carry out the purposes of the Plan.

1.57 “Trust Fund” means the assets of the Plan held in trust by the Trustee in accordance with the Trust Agreement.

1.58 “Trustee” means the trustee or trustees by whom the assets of the Plan are held in accordance with the Trust Agreement.

1.59 [Reserved].

1.60 “Valuation Date” means any business day on which the New York Stock Exchange is open for and conducting business, or any more frequent date designated by the Administrator or the Trustee.

1.61 “Year of Service” means a Computation Period during which an individual completes at least 1,000 Hours of Service.

Wherever used herein, the singular includes the plural and the masculine includes the feminine, unless the context clearly requires otherwise.

## Article II

## ELIGIBILITY AND PARTICIPATION

2.1 Eligibility

(a) Each Eligible Employee who was participating in the Plan on December 31, 2020 shall continue as a Participant on the Effective Date.

(b) Each other Eligible Employee not yet a Participant shall be eligible to become a Participant on or after the date he first completes an Hour of Service for the Employer as an Eligible Employee.

2.2 Information

(a) Each Eligible Employee who completes the requirements of Section 2.1 shall become a Participant as soon as administratively practicable following the date on which he becomes eligible for participation pursuant to Section 2.1 by making an election in accordance with procedures established and uniformly applied by the Administrator that:

(i) indicates whether he is electing under Section 3.1 to have his Compensation reduced and, if appropriate, directs the Employer to contribute an equal amount to the Plan as Before-Tax Contributions and/or elects to make After-Tax Contributions pursuant to Section 3.2;

(ii) authorizes the Employer to make regular payroll deductions;

(iii) makes an investment election; and

(iv) names a Beneficiary.

(b) An Eligible Employee who does not, within 35 days after his or her Employment Commencement Date, either authorize his or her Participating Employer to make a Before-Tax Contribution on his or her behalf or notify the Committee that the Employee declines to authorize the making of a Before-Tax Contribution on his or her behalf, shall be deemed to have authorized his or her Employer to make a Before-Tax Contribution on his or behalf of 3% of his or her Compensation, beginning with the first payroll period that begins after the 35th day following the Participant's Employment Commencement Date. Such Contribution shall continue until the Participant terminates employment with the Employer, or suspends or changes the Before-Tax Contribution in accordance with Section 3.5. In the case of an Eligible Employee employed by EUROIMMUN US, Incorporated on December 1, 2018 (or such earlier date in November, 2018 as determined by the Administrator), the automatic enrollment provisions of Section 2.2 shall be applied by treating December 1, 2018 as the Eligible Employee's Employment Commencement Date and January 1, 2019 as the effective date of commencement of autoenrollment contributions (absent an Eligible Employee's affirmative decline within such 30-day period). In the case of an Eligible Employee employed by Cisbio US Inc. on July 1, 2019, the automatic enrollment provisions of Section 2.2 shall be applied (absent an Eligible Employee's affirmative decline within such 30-day period). In the case of an eligible Employee employed by Solus Scientific Solutions Inc. on August 1, 2019, the automatic enrollment provisions of Section 2.2 shall be applied (absent an Eligible Employee's affirmative decline within such 30-day period).

(c) Each Participant may file a designation with the Administrator naming as Beneficiary a person, persons or entity to receive benefits payable upon his death. A Participant may at any time revoke or change his Beneficiary designation by filing a new designation with the Administrator. Any Beneficiary designation or revocation or change thereof naming as primary Beneficiary a person, persons or entity other than the Participant's Spouse must be made with the written consent of the Participant's Spouse acknowledging the effect of such designation, revocation or change and witnessed by a notary public. Written consent of the Participant's Spouse shall not be required if it is established to the satisfaction of the Administrator that there is no Spouse, the Spouse cannot be located or under other circumstances as may be prescribed in Regulations. If the Participant is unmarried and fails to designate a Beneficiary or the Beneficiary does not survive the Participant, the benefits payable upon the death of the Participant will be paid to the Participant's estate.

2.3 Eligibility upon Reemployment

Any person reemployed by an Employer as an Eligible Employee shall again be eligible to become a Participant as of his Reemployment Commencement Date.

2.4 Transferred Employees

(a) A Participant who remains in the employ of the Employer but ceases to be an Eligible Employee shall continue to be a Participant and shall be credited with Hours of Service, but he shall not be eligible (i) to have Before-Tax Contributions made on his behalf, or (ii) to contribute After-Tax Contributions for as long as his employment status is other than that of an Eligible Employee. Any Compensation of such a Participant while he has an employment status other than that of an Eligible Employee shall be disregarded for all Plan purposes.

(b) If an Employee transfers from an employment status with an Employer other than as an Eligible Employee and thereby becomes an Eligible Employee, he shall be eligible to become a Participant and have

Before-Tax Contributions made on his behalf and contribute After-Tax Contributions as of as soon as administratively practicable following the date on which he becomes an Eligible Employee.

## Article III

## CONTRIBUTIONS AND ALLOCATIONS

3.1 Before-Tax Contributions

(a) An Eligible Employee who meets the requirements of Section 2.1 may, by advance notice in accordance with procedures prescribed by the Administrator, elect to have his subsequent Compensation reduced by means of payroll deduction and to have an equal amount contributed to the Plan on his behalf as Before-Tax Contributions of up to 90% of his Compensation (minus any amount necessary to cover contributions for other benefit programs elected by the Employee, pay applicable employment or other payroll taxes or frequently required deductions such as child support). Such reduction amount shall be in one percent (1%) increments and shall be reduced by the amount of any After-Tax Contributions made on his behalf pursuant to Section 3.2. Such reduction shall commence effective with the first payroll period thereafter.

(b) In no event will the Before-Tax Contributions made on behalf of a Participant for any calendar year exceed the dollar limitation contained in Section 402(g) of the Code, reduced by the amount of the Participant's other before-tax contributions made through the Employer for the calendar year, except to the extent permitted under Section 3.1(e).

(c) Before-Tax Contributions shall be deposited in the Plan by the Employer (whether or not the Employer has current profits or retained earnings) in a manner to be determined by the Administrator, but in any event such Before-Tax Contributions shall be paid to the Trustee on the earliest date on which the Before-Tax Contributions can reasonably be segregated from the Employer's general assets.

(d) If Before-Tax Contributions are returned to the Employer under Section 3.14, the elections to reduce Compensation that were made by Participants on whose behalf those contributions were made shall be void retroactively to the beginning of the period for which returned contributions were made.

(e) All Employees who are eligible to make Before-Tax Contributions under the Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Sections 401(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions. The maximum amount of catch-up contributions that a catch-up eligible Participant may make during a Plan Year shall not exceed the limit described in Treasury Regulation Section 1.414(v)-1(c).

Matching Contributions described in Section 3.3 shall, in no event, be made on account of catch-up contributions.

(f) Except for occasional, bona fide administrative considerations, a Participant's Before-Tax Contributions cannot precede the earlier of (1) the performance of services relating to the Before-Tax Contribution

and (2) the date the Compensation subject to the Before-Tax Contribution would be available in the absence of an election to defer.

3.2 After-Tax Contributions

An Eligible Employee who meets the requirements of Section 2.1 may, by advance notice in accordance with procedures prescribed by the Administrator, elect to contribute to the Plan by means of payroll deduction After-Tax Contributions of a percentage of his Compensation, in one percent (1%) increments.

3.3 Matching Contributions

(a) Generally.

(i) The Employer shall make a Matching Contribution on behalf of each Participant equal to one hundred percent (100%) of the total Before-Tax and After-Tax Contributions made by the Participant during the pay period not exceeding five percent (5%) of the Participant's Compensation for the pay period. Matching Contributions under this paragraph (a) shall be transmitted to the Trustee within a reasonable time following the close of each pay period throughout the Plan Year but in any event no later than the date required by applicable law in order to permit the Employer a deduction for such contributions for its taxable year.

(ii) The Employer shall make an additional Matching Contribution on behalf of each Participant who is employed on December 1 of such Plan Year (or whose employment terminates during the Plan Year because of death, Disability, retirement on or after Normal Retirement Age or Retirement on an Early Retirement Date) so that such Participant receives a total Matching Contribution for the Plan Year equal to 100% of the total Before-Tax and After-Tax Contributions made by the Participant during the Plan Year not exceeding five percent (5%) of the Participant's Compensation for the Plan Year. Matching Contributions under this paragraph (b) shall be transmitted to the Trustee within a reasonable time following the close of the Plan Year but in any event no later than the date required by applicable law in order to permit the Employer a deduction for such contributions for its taxable year.

(iii) In applying the provisions of paragraph (i) or (ii), Participant contributions shall be matched in the following order: (1) Before-Tax Contributions and (2) After-Tax Contributions.

(b) Notwithstanding any other provisions of the Plan, the Employer may act to suspend, reduce or eliminate Matching Contributions. The Employer shall communicate any such action to all Participants for the applicable Plan Year to which the suspension, reduction or elimination first relates and may rescind such action at any time.

(c) For purposes of this Section 3.3, a Participant's Before Tax Contributions do not include Before Tax Contributions that are Excess Deferrals or catch up contributions under Section 414(v) of the Code. For this purpose, Excess Deferrals relate first to Before Tax Contributions for the Plan Year not otherwise eligible for Matching Contributions.

(d) Matching Contributions may not be made prior to (1) the date the Before Tax Contribution election is made; (2) the performance of services relating to the Before Tax Contributions (on which the Matching Contributions are made), or (3) the date the Before Tax Contributions are made.

3.4 Rollover Contributions

(a) An Eligible Employee, whether or not a Participant, may, by notice received by the Administrator and under such terms and conditions as the Administrator shall determine, make a Rollover Contribution to the Plan and Trust Fund. The Administrator may require the Employee to submit such evidence and documentation as the Administrator determines necessary to be assured that the proposed contribution qualifies as a Rollover Contribution.

A Rollover Contribution is (i) a distribution of an “eligible rollover distribution” (as defined in Section 402(c)(4) of the Code) from an employee retirement plan qualified under Section 401(a) or 403(a) of the Code, including after-tax employee contributions, (ii) an annuity contract described in Section 403(b) of the Code excluding after-tax employee contributions, (iii) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, (iv) a distribution from an individual retirement account or individual retirement annuity described in Section 408 of the Code comprised solely of amounts attributable to a “rollover contribution” (as defined in Section 408(d)(3) of the Code) from an employee retirement plan qualified under Section 401(a) or 403(a) of the Code or (v) an amount transferred directly to the Trust Fund in a manner meeting the requirements of a direct transfer of an eligible rollover distribution pursuant to Section 401(a)(31) of the Code.

(b) Unless otherwise determined by the Administrator, the amount to be accepted must be paid in cash or bank check.

(c) The amount received pursuant to this Section 3.4 shall be transferred to the Trust Fund and credited to a separate Rollover Account maintained by the Administrator for the Employee in accordance with Article V herein.

3.5 Changes in Contributions

The percentage of contributions designated by a Participant pursuant to Section 3.1 and/or Section 3.2 shall automatically apply to increases and decreases in his Compensation. A Participant may, in accordance with applicable administrative procedures, change the percentage of his Compensation to be contributed to the Plan as Before-Tax Contributions and/or After-Tax Contributions. Any such change shall be subject to the applicable provisions of Sections 3.1 and 3.2. The changed percentage shall remain in effect until subsequently changed.

3.6 Suspension and Resumption of Contributions

(a) A Participant may, by giving advance notice in accordance with applicable administrative procedures, elect to suspend his Before-Tax Contributions and/or After-Tax Contributions. Such suspension shall commence effective with the first payroll period thereafter.

(b) A Participant who has suspended his Before-Tax Contributions and/or After-Tax Contributions may, by giving advance notice in accordance with applicable administrative procedures, elect to resume contributions. Such resumption shall commence effective with the first payroll period thereafter.

3.7 Actual Deferral Percentage Test

(a) For each Plan Year, the Average Actual Deferral Percentage for the group of all Highly Compensated Employees who are eligible to participate in the Plan must bear a relationship to the Average Actual

Deferral Percentage for the group of all Nonhighly Compensated Employees who are eligible to participate in the Plan that satisfies at least one of the following tests:

(i) the Average Actual Deferral Percentage for said group of Highly Compensated Employees for that Plan Year shall not be more than the Average Actual Deferral Percentage for said group of Nonhighly Compensated Employees for that Plan Year multiplied by 1.25; or

(ii) the Average Actual Deferral Percentage for said group of Highly Compensated Employees for that Plan Year shall not exceed 2 percentage points more than the Average Actual Deferral Percentage for said group of Nonhighly Compensated Employees for that Plan Year, and the Average Actual Deferral Percentage for said group of Highly Compensated Employees for that Plan Year shall not be more than the Average Actual Deferral Percentage for said group of Nonhighly Compensated Employees for that Plan Year multiplied by 2.

The Plan utilizes the current year testing method described in Treas. Reg. section 1.40l(k)-2(a)(2).

(b) If Before-Tax Contributions are made to the Plan for a Plan Year for a Highly Compensated Employee who also is eligible to have salary reduction contributions allocated to his account under another plan maintained by the Employer that provides a cash or deferred arrangement described in Section 401(k) of the Code, the Actual Deferral Percentage for that Highly Compensated Employee shall be calculated as if all such other plans are part of the Plan. However, if a Highly Compensated Employee participates in two or more cash or deferred arrangements that are parts of plans that have different plan years, the cash or deferred arrangements shall be treated as a single arrangement with respect to the plan years ending with or within the same calendar year.

(c) If the Plan satisfies the requirements of Sections 401(k), 401 (a)(4) or 410(b) of the Code only if aggregated with one or more other plans, or if one or more plans satisfy the requirements of such sections of the Code only if aggregated with the Plan, this Section shall be applied by determining the Actual Deferral Percentages of Employees as if all such plans were a single plan. However, plans may be aggregated in order to satisfy Section 401(k) of the Code only if they have the same plan year.

(d) For the purposes of satisfying the requirements of Sections 401(k), 401 (a)(4) or 410(b) of the Code, the Plan may be disaggregated into two or more plans or the Plan may be aggregated with one or more other plans, to the extent permitted by Sections 401(k), 401 (a)(4) and 410(b) of the Code and the Regulations thereunder.

(e) For purposes of determining the Actual Deferral Percentage, Before-Tax Contributions must be made before the last day of the twelve (12) consecutive month period immediately following the Plan Year to which those contributions relate.

3.8 Reductions during Plan Year

If, during the Plan Year, the Administrator determines that the Actual Deferral Percentage test provided in Section 3.7(a), the Average Contribution Percentage Test provided in Section 3 .11 or the Maximum Annual Addition limit provided in Section 3 .13 is not met at the time of its review or is not likely to be met if a Participant's rate of Before-Tax Contributions or After-Tax Contributions continue to be made on behalf of a Highly Compensated Employee Participant (or any Participant, in the case of a potential excess of the Maximum Annual Addition for such Participant), the Administrator, in its sole discretion, may reduce the rate (to zero (0) if necessary) of Before-Tax Contributions or After-Tax Contributions, as applicable, that would have been made during the

remainder of the Plan Year for any Participant. To meet the Average Actual Deferral Percentage requirements of Section 3.7(a), any such decrease shall be applied first to Participants who are Highly Compensated Employees whose Actual Deferral Percentages represent the highest such Percentage, then in decreasing order to Participants whose Actual Deferral Percentages represent the next highest such Percentage, until the provisions of Section 3.7(a) are satisfied. A similar methodology shall be used in the case of reductions with respect to the Average Contribution Percentage Test.

3.9 Return of Excess Contributions after End of Plan Year

(a) If, after the last day of the Plan Year, the Administrator determines that the Average Actual Deferral Percentage requirements of Section 3.7(a) have not been satisfied, the Administrator, within 2½ months after the end of the Plan Year (but not later than the last day of the next Plan Year), shall distribute the Excess Contributions, adjusted for any income or loss, to all affected Participants who are Highly Compensated Employees. The Administrator shall calculate any Excess Contributions after determining the amount of Excess Deferrals pursuant to Section 3.1(b). The amount of Excess Contributions to be distributed shall be reduced by any Excess Deferrals previously distributed to the Participant for the tax year ending with or within the Plan Year. The amount of Excess Deferrals to be distributed for a tax year shall be reduced by any Excess Contributions previously distributed for the Plan Year beginning with or within the Participant's tax year.

(b) The income or loss allocable to Excess Contributions for the Plan Year shall be determined by multiplying the income or loss allocable to the Participant's Before-Tax Contributions for the Plan Year by a fraction, the numerator of which is the Excess Contribution on behalf of the Participant for the Plan Year and the denominator of which is the Participant's Account balance attributable to Before-Tax Contributions on the last day of the Plan Year, without regard to any income or loss during the Plan Year. No income or loss shall be attributable to the period between the end of the Plan Year and the date of the distribution.

(c) The amount of Excess Contributions for Highly Compensated Employees shall be determined as provided in this paragraph. First, the Actual Deferral Percentage of the Highly Compensated Employee with the highest such Percentage will be reduced to the extent necessary to satisfy the Actual Deferral Percentage test or cause the percentage for that Highly Compensated Employee to equal the percentage for the Highly Compensated Employee with the next highest such Percentage. Second, this process will be repeated until the Actual Deferral Percentage test is satisfied. The total of such Excess Contributions shall then be distributed to Highly Compensated Employees in descending order commencing with the Highly Compensated Employee with the highest dollar amount of Before-Tax Contributions and other contributions to be distributed in order to satisfy the Actual Deferral Percentage test, consistent with the final regulations under Section 401(k) of the Code.

(d) Excess Contributions distributed to Participants in accordance with this Section 3.9 shall be distributed in the following order: (i) from the Participant's Before-Tax Contribution Account, to the extent such Contributions are not subject to Matching Contributions, and (ii) from the Participant's Before-Tax Contribution Account, to the extent such Contributions are subject to Matching Contributions. If Excess Contributions are distributed to Participants in accordance with this Section 3.9, the Participant shall immediately forfeit all Matching Contributions that were made to match such distributed Excess Contributions.

(e) Notwithstanding the foregoing, Excess Contributions will not be adjusted for income or loss from the period between the last day of the Plan Year and the date of distribution.

3.10 Distribution of Excess Deferrals

(a) A Participant may state a claim for the return of Excess Deferrals and such Excess Deferrals, adjusted for any income or loss, shall be distributed if administratively practicable no later than the April 15th following the calendar year for which such allocable Excess Deferrals are made. The Participant's claim shall be made in accordance with procedures established by the Administrator, shall be submitted to the Administrator no later than March 1st, shall specify the Participant's Excess Deferrals for the preceding calendar year, and shall be accompanied by the Participant's statement that such amounts, if not distributed, will constitute Excess Deferrals.

(b) The income or loss allocable to Excess Deferrals for the Plan Year shall be determined by multiplying the income or loss allocable to the Participant's Before-Tax Contributions for the Plan Year by a fraction, the numerator of which is the Excess Deferrals on behalf of the Participant for the Plan Year and the denominator of which is the Participant's Account balance attributable to Before-Tax Contributions on the last day of the Plan Year, without regard to any income or loss during the Plan Year.

(c) If Excess Deferrals have previously been distributed within the Plan Year, the Plan shall offset such distribution from the amount of the Participant's Excess Contributions to be distributed for such Plan Year. In addition, the amount of Excess Deferrals that may be distributed for a Participant by the Plan for a Plan Year shall be reduced by the amount of Excess Contributions previously distributed.

3.11 Contribution Percentage Test

(a) For each Plan Year, the Average Contribution Percentage for the group of all Highly Compensated Employees who are eligible to participate in the Plan must bear a relationship to the Average Contribution Percentage for the group of all Nonhighly Compensated Employees who are eligible to participate in the Plan that satisfies at least one of the following tests:

(i) The Average Contribution Percentage for said group of Highly Compensated Employees for that Plan Year shall not be more than the Average Contribution Percentage for said group of Nonhighly Compensated Employees for that Plan Year multiplied by 1.25; or

(ii) The Average Contribution Percentage for said group of Highly Compensated Employees for that Plan Year shall not exceed 2 percentage points more than the Average Contribution Percentage for said group of Nonhighly Compensated Employees for that Plan Year, and the Average Contribution Percentage for said group of Highly Compensated Employees for that Plan Year shall not be more than the Average Contribution Percentage for said group of Nonhighly Compensated Employees for that Plan Year multiplied by 2.

The Plan utilizes the current year testing method described in Treas. Reg. section l.401(m)-2(a)(2).

(b) If After-Tax Contributions and/or Matching Contributions are made to the Plan for a Plan Year for a Highly Compensated Employee who also is eligible to have after-tax contributions and/or matching contributions allocated to his account under another plan maintained by the Employer that is qualified under Section 401(a) of the Code, the Contribution Percentage for that Highly Compensated Employee shall be calculated as if all such other plans are part of the Plan. If a Highly Compensated Employee participates in two (2) or more plans that have different plan years, this Section 3.11(b) shall be applied by treating all plans that have plan years ending with or within the same calendar year as a single plan.

(c) If the Plan satisfies the requirements of Sections 401(m), 401 (a)(4) and 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such sections of the Code only if aggregated with the Plan, this Section shall be applied by determining the Contribution Percentages of Employees as if all such plans were a single plan. However, plans may be aggregated in order to satisfy Section 401(m) of the Code only if they have the same plan years.

(d) For the purposes of satisfying the requirements of Sections 401(m), 401 (a)(4) or 410(b) of the Code, the Plan may be disaggregated into two or more plans or the Plan may be aggregated with one or more other plans, to the extent permitted by Sections 401(m), 401(a)(4) and 410(b) of the Code and the Regulations thereunder.

(e) For purposes of determining the Contribution Percentage, (i) After-Tax Contributions are considered to have been made in the Plan Year as of which they are contributed to the Trust Fund and (ii) Matching Contributions will be considered made for a Plan Year if made before the last day of the twelve (12) consecutive month period immediately following the Plan Year to which those contributions relate.

3.12 Return of Excess Aggregate Contributions

(a) If, after the last day of the Plan Year, the Administrator determines that the Average Contribution Percentage requirements of Section 3.11 (a) have not been satisfied, the Administrator, within 2½ months after the end of the Plan Year (but not later than the last day of the next Plan Year), shall first cause to be forfeited, if forfeitable, or if not forfeitable, distribute the Excess Aggregate Contributions, adjusted for any income or loss, to all affected Participants who are Highly Compensated Employees. The Administrator shall calculate any Excess Aggregate Contributions after determining the amount of Excess Deferrals pursuant to Section 3.1(b) and the amount of Excess Contributions pursuant to Section 3.9(a).

(b) The income or loss allocable to Excess Aggregate Contributions for the Plan Year shall be determined by multiplying the income or loss allocable to Matching Contributions and After-Tax Contributions made on behalf of the Participant for the Plan Year by a fraction, the numerator of which is the Excess Aggregate Contribution on behalf of the Participant for the Plan Year and the denominator of which is the sum of the Participant's Matching Contribution Account and After-Tax Contribution Account balances on the last day of the Plan Year, without regard to any income or loss during the Plan Year.

(c) The amount of Excess Aggregate Contributions for Highly Compensated Employees shall be determined as provided in this Section 3.12(c). First, the Contribution Percentage of the Highly Compensated Employee with the highest such Percentage will be reduced to the extent necessary to satisfy the Contribution Percentage test or cause the percentage for that Highly Compensated Employee to equal the percentage for the Highly Compensated Employee with the next highest such Percentage. Second, this process will be repeated until the Contribution Percentage test is satisfied. The total of such Excess Aggregate Contributions to be distributed shall then be distributed to Highly Compensated Employees in descending order commencing with the Highly Compensated Employee with the highest dollar amount of Excess Aggregate Contributions and other contributions to be distributed in order to satisfy the Contribution Percentage test, consistent with the provisions of final regulations under Section 401(k) of the Code.

(d) Excess Aggregate Contributions forfeited in accordance with this Section 3.12 shall be treated as Annual Additions under Section 3.13 and shall be applied to reduce subsequent Matching Contributions, as provided in Section 7.3.

(e) Excess Aggregate Contributions distributed to Participants in accordance with this Section 3.12 shall be distributed in the following order: (i) from the Participant's After-Tax Contribution Account and (ii) from the Participant's Matching Contribution Account.

(f) Notwithstanding the foregoing, Excess Aggregate Contributions will not be adjusted for income or loss from the period between the last day of the Plan Year and the date of distribution.

3.13 Maximum Annual Additions

(a) Except to the extent permitted under Section 3.1(e) of the Plan and Section 414(v) of the Code, the Annual Addition to a Participant's Accounts for any Limitation Year, when added to the annual additions for such year under any other defined contribution plans maintained by the Employer, shall not exceed the lesser of:

(i) $40,000 as adjusted for increases in the cost of living under Section 415(d) of the Code, or

(ii) 100 percent of the Participant's 415 Compensation (as defined below) for the Limitation Year.

For purposes of this Section, the default rules of Section 415 of the Code and the Treasury Regulations thereunder are incorporated herein by this reference unless an optional rule is set forth in this Section or elsewhere in the Plan.

(b) For purposes of this Section, "415 Compensation" means a Participant's wages that are required to be reported as wages within the meaning of Section 3401(a) of the Code and all other payments of compensation to a Participant by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Participant a written statement under Sections 6041(d), 6051(a)(3), and 6052 of the Code (wages, tips and other compensation as reported on Form W-2) but determined without regard to any rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code) and amounts paid or reimbursed by the Employer for moving expenses incurred by a Participant but only to the extent that at the time of payment it is reasonable to believe that such amounts are deductible by the Participant under Section 217 of the Code. For purposes of this Section:

(i) 415 Compensation shall include (1) amounts contributed by the Employer pursuant to a salary reduction agreement which are excludable from a Participant's gross income under Sections 125, 402(e)(3), 402(h)(1)(B) and 403(b) of the Code and elective amounts that are not includible in the gross income of the Participant by reason of Section 132(f)(4) and (2) of the Code differential wage payments as defined in Section 414(u)(12) of the Code paid by the Employer to the extent such payments do not exceed the amounts the Participant would have received if he or she had continued to perform services for the Employer rather than entering qualified military service as defined in Section 414(u)(5) of the Code.

(ii) 415 Compensation shall exclude amounts paid by the Employer after Severance from Employment except for amounts that (1) represent payment for regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments that would have been paid to the Participant prior to his or her Severance from Employment, if the Participant had continued in employment with the Employer and (2) are paid by the end of the 2 1/2 month period following the Participant's Severance from

Employment or by the end of the Plan Year that includes the Participant's Severance from Employment whichever is the latest to occur.

3.14 Return of Contributions to Employer

(a) If all or part of the Employer's contributions hereunder are conditioned upon their deductibility under Section 404 of the Code and the deduction for all or any part of such contributions to the Plan is disallowed by the Internal Revenue Service, the portion of the contributions to which such disallowance applies shall be returned to the Employer without interest, but reduced by any investment loss attributable to those contributions. The return shall be made as soon as practicable within one (1) year after the disallowance. All contributions to the Plan are conditioned on their deductibility.

(b) If a contribution is made due to a mistake of fact, the Employer may require the Trustee to return the contribution, without interest but reduced by any investment loss allocable to the contribution. The return shall be made as soon as practicable within one (1) year after the date the contribution was made.

## Article IV

## ROTH ELECTIVE DEFERRALS

4.1 General Application

(a) The Plan will accept Roth Elective Deferrals made on behalf of Participants. A Participant's Roth Elective Deferrals will be allocated to a separate account maintained for such deferrals as described in Section 4.2.

(b) Unless specifically stated otherwise, Roth Elective Deferrals will be treated as Before-Tax Contributions for all purposes under the Plan.

4.2 Separate Accounting

(a) Contributions and withdrawals of Roth Elective Deferrals will be credited and debited to the Roth Elective Deferral account maintained for each Participant.

(b) The Plan will maintain a record of the amount of Roth Elective Deferrals in each Participant's account.

(c) Gains, losses, and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant's Roth Elective Deferral account and the Participant's other accounts under the Plan.

(d) No contributions other than Roth Elective Deferrals and properly attributable earnings will be credited to each Participant's Roth Elective Deferral account.

4.3 Direct Rollovers

(a) Notwithstanding Section 9.6, a direct rollover of a distribution from a Roth Elective Deferral account under the Plan will only be made to another Roth elective deferral account under an applicable

retirement plan described in Section 402A(e)(1) of the Code or to a Roth IRA described in Section 408A of the Code, and only to the extent the rollover is permitted under the rules of Section 402(c) of the Code.

(b) Notwithstanding Section 3.4, unless specifically stated otherwise, the Plan will accept a rollover contribution to a Roth Elective Deferral account only if it is a direct rollover from another Roth elective deferral account under an applicable retirement plan described in Section 402A(e)(1) of the Code and only to the extent the rollover is permitted under the rules of Section 402(c) of the Code.

(c) The Plan will not provide for a direct rollover (including an automatic rollover) for distributions from a Participant's Roth Elective Deferral account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than $200 during a year. In addition, any distribution from a Participant's Roth Elective Deferral account is not taken into account in determining whether distributions from a Participant's other accounts are reasonably expected to total less than $200 during a year. However, eligible rollover distributions from a Participant's Roth Elective Deferral account are taken into account in determining whether the total amount of the Participant's account balances under the Plan exceeds $1,000 for purposes of mandatory distributions from the Plan.

(d) The provisions of the Plan that allow a Participant to elect a direct rollover of only a portion of an eligible rollover distribution but only if the amount rolled over is at least $500 is applied by treating any amount distributed from the Participant's Roth Elective Deferral account as a separate distribution from an amount distributed from the Participant's other accounts in the Plan, even if the amounts are distributed at the same time.

4.4 Correction of Excess Contributions

(a) In the case of a distribution of excess contributions as determined under the final regulations issued pursuant to Section 401(k) and Section 402A of the Code, a Highly Compensated Employee may designate the extent to which the excess amount is comprised of Before-Tax Contributions and Roth Elective Deferrals but only to the extent such types of deferrals were made for the year.

(b) If the Highly Compensated Employee does not designate which type of elective deferrals are to be distributed, the Plan will distribute Before-Tax Contributions first.

(c) Any excess contribution shall be treated as an Excess Contribution as described in Section 3.9 and distributed within 2 ½ months after the end of the Plan Year.

4.5 Definition of Roth Elective Deferrals

A Roth Elective Deferral is an elective deferral that is:

(a) Designated irrevocably by the Participant at the time of the cash or deferred election as a Roth Elective Deferral that is being made in lieu of all or a portion of the Before-Tax Contributions the Participant is otherwise eligible to make under the Plan; and

(b) Treated by the employer as includible in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a cash or deferred election.

## Article V

## MAINTENANCE AND VALUATION OF ACCOUNTS

5.1 Maintenance of Accounts

The Administrator shall maintain for each Participant a separate Before-Tax Contribution Account, After-Tax Contribution Account, Matching Contribution Account, Roth Elective Deferral account, Rollover Account and any other accounts or subaccounts as the Administrator deems necessary or desirable.

5.2 Valuation of Accounts

As of each Valuation Date, the Administrator shall adjust the Accounts of each Participant to reflect contributions, withdrawals, distributions, income earned or accrued, expenses paid from the assets of the Plan and any increase or decrease in the fair market value of the assets of the Plan since the preceding Valuation Date; provided, however, that all such items shall be proportionally credited or debited, as applicable, based on the balances of each Participant's Account as of the preceding Valuation Date, as adjusted to reflect the impact of any transactions during the period.

5.3 Account Statements

At least once a year, each Participant shall be furnished with a statement stating the dollar value of his Accounts and the vested portion of his Accounts.

## Article VI

## INVESTMENT OF CONTRIBUTIONS

6.1 Investment Funds

(a) The Administrator from time to time shall direct the Trustee to establish and maintain one or more investment funds, hereinafter referred to as Funds, for the investment of assets of the Trust Fund. The number and type of Funds shall be determined by the Administrator, which may, in its discretion, direct the Trustee to establish and maintain one or more additional Funds or to delete one or more existing Funds. Such funds shall include a Company Stock Fund.

(b) Pending the investment of any amounts in a Fund, the Trustee may invest assets of the Trust Fund temporarily in a qualified default investment alternative as defined in regulations issued by the Department of Labor. The Trustee may keep such amounts of cash as it, in its sole discretion, shall deem necessary or advisable as part of such Funds, all within the limitations specified in the Trust Agreement.

(c) All interest, dividends and proceeds from the disposition of and other income received with respect to assets held with respect to each of the Funds shall be reinvested in the respective Fund and all expenses of the Trust that are properly allocable to a particular Fund shall be so allocated and charged.

6.2 Investment of Participant's Accounts

(a) A Participant may, in accordance with applicable administrative procedures, specify the percentages of the Before-Tax Contributions (including Roth Elective Deferrals), After-Tax Contributions, Matching Contributions, and Rollover Contributions made by or on behalf of the Participant that shall be invested in each Fund maintained under the Plan.

(b) If an investment fund is closed, the Participant shall redirect the investment of amounts held in a closing investment fund to a new or remaining investment fund. If a Participant does not provide timely affirmative investment instructions, the Administrator may establish procedures in accordance with section 404(c)(4) of ERISA under which amounts invested in a closing investment fund shall be transferred to a new or remaining investment fund. Such procedures shall be subject to the following:

(i) Amounts invested in a closing investment fund shall be transferred to a new or remaining investment fund with the characteristics, including characteristics relating to risk and rate of return, that are reasonably similar to the characteristics of the closing investment fund; and

(ii) At least 30 days and no more than 60 days prior to the effective date of the change, Participants shall be provided with written notice of the change and information comparing the existing funds and the new or remaining investment fund to which amounts invested in the closing investment fund will be transferred (in the absence of affirmative investment instructions from the Participant to the contrary).

(c) If a Participant fails to direct the investment of his Account, it shall be invested in an investment fund selected by the Administrator until superseded by a subsequent election by the Participant. It is intended that the investment fund selected by the Administrator shall be a "qualified default investment alternative" as described in Section 404(c)(5) of ERISA and Department of Labor Regulations issued thereunder. Participants on whose behalf an investment in the default investment fund may be made shall be notified at least 30 days in advance of the first such investment and shall be notified at least 30 days in advance of each subsequent Plan Year. Any material relating to the Participant's investment in the default investment fund (e.g., account statements, prospectuses) shall be provided to such Participants.

6.3 Responsibility for Investments

Each Participant is solely responsible for the selection of his investment options. Participants shall exercise such responsibility in a manner intended to relieve Plan fiduciaries from liability for investments in accordance with Section 404(c) of ERISA. The Trustee, the Administrator, the Employer and the officers, supervisors and other employees of the Employer are not empowered to advise a Participant as to the manner in which his Accounts shall be invested. The fact that a particular Fund is available to Participants for investment under the Plan shall not be construed as a recommendation for investment in that Fund. The Employer shall be the named fiduciary for the purposes of carrying out the Participant's investment instructions.

6.4 Changing Investment Elections - Future Contributions

A Participant may, in accordance with applicable administrative procedures, change his investment election as to subsequent contributions, subject to the limitations of Section 6.2, as of any Valuation Date.

6.5 Transfer among Funds

A Participant may, in accordance with applicable administrative procedures, elect to transfer all or a portion of the balance in all of his Accounts between and among Funds as of any Valuation Date.

6.6 Special Rules Concerning the Company Stock Fund

Consistent with the terms of the Trust Agreement, the following rules shall apply to the Company Stock Fund:

(a) Voting. Voting, tender and similar rights with respect to Company Stock shall be passed through by the Trustee to Participants and Beneficiaries with accounts holding such securities. If the Trustee does not receive instructions with respect to shares, or if the Plan holds unallocated shares, the Trustee shall act with respect to those shares in the same proportion as the shares for which the Trustee has received instruction.

(b) Confidentiality. The Trustee shall employ procedures to ensure that information relating to the purchase, holding, and sale of Company Stock and the exercise of voting, tender and similar rights with respect to Company Stock by Participants and Beneficiaries is maintained in accordance with procedures which are designed to safeguard the confidentiality of such information, except to the extent necessary to comply with applicable law. The Administrator shall be responsible for ensuring that such procedures are sufficient to safeguard Participant confidentiality, such procedures are being followed, and that an independent fiduciary, such as the Trustee, is appointed under the circumstances described in Department of Labor Regulation section 2550.404c-1(d)(2)(ii)(E)(4)(ix).

(c) Transfers/Restrictions. Transactions in Company Stock may be subject to such procedures or restrictions as the Company or the Administrator deem appropriate to comply with federal or state securities law consistent with Section 401(a)(35)(D)(ii)(II) of the Code. Otherwise, a Participant may direct the Administrator to transfer all or a portion of the Participant's Account balance invested in Company Stock into other Funds in accordance with Section 6.5.

(d) Construction. It is intended that transactions in the Company Stock Fund will be described in ERISA Section 404(c).

(e) Compliance with Section 401(a)(35) of the Code. The Company Stock Fund shall comply with the requirements of Section 401(a)(35) of the Code. The diversification requirements shall apply as follows:

(i) With respect to a Participant (including for this section an alternate payee who has an account under the Plan or a deceased Participant's beneficiary), if any portion of the Participant's account attributable to elective deferrals (as described in Section 402(g)(3)(A) of the Code), employee contributions or rollover contributions is invested in publicly traded employer securities, then the Participant must be offered the opportunity to elect to divest those employer securities and reinvest an equivalent amount in other investment options available under the Plan.

(ii) With respect to a Participant who has completed at least three Years of Service (including for purposes of this section an alternate payee who has an account under the Plan with respect to such Participant or a deceased Participant's beneficiary), if a portion of the Participant's account attributable to employer nonelective contributions is invested in publicly traded employer securities, the Participant must be offered the

opportunity to elect to divest those employer securities and reinvest an equivalent amount in other investment options available under the Plan.

(iii) At least three investment options (other than employer securities) must be offered to Participants described in (i) and (ii) above. Each investment option must be diversified and have materially different risk and return characteristics. Periodic reasonable divestment and reinvestment opportunities must be provided at least quarterly. Except as provided in Sections 1.401(a)(35-1(e)(2) and (3) of the Treasury Regulations, restrictions (either direct or indirect) or conditions will not be imposed on the investment of publicly traded employer securities if such restrictions or conditions are not imposed on the investment of other plan assets.

(f) Limitation on New Acquisitions of Company Stock. Effective September 28, 2015 or such later date as is determined by the Administrator (the "Limitation Date"), the following limits shall apply to new acquisitions of Company Stock. notwithstanding any other provision of the Plan to the contrary:

(i) With respect to a Participant's election as to the investment of new contributions or loan repayments made to the Plan on and after the Limitation Date, allocations to the Company Stock Fund shall be limited to 25% of such contributions or repayments.

(ii) In the event that, as of the Limitation Date and after the notice described below. a Participant's investment election allocation to the Company Stock Fund exceeds 25%. the allocation shall be reduced to 25%. and the difference between (x) the Participant's previously elected allocation to the Company Stock Fund and (y) the 25% limit described in (a) above shall be allocated to the Plan's "qualified default investment alternative" described in Section 6.2(c) applicable to the Participant. The Administrator shall provide advance notice to the Participant of the change in Plan terms with respect to future investment elections as to contributions to the Company Stock Fund and opportunity for the Participant to effect a new election as to the investment of future contributions in accordance with the principles applicable under section 404(c)(4) and (e)(5) of ERISA.

(iii) If. at any time a transfer of balances pursuant to Section 6.5 is initiated, the value of the Participant's Account allocated to the Company Stock Fund exceeds 25% of the total value of the Participant" s Account, the transfer shall not be permitted and the Participant will be required to designate an alternative Fund to receive such transferred amounts. Similarly. to the extent a requested transfer pursuant to Section 6.5 would at the time of the transfer cause the value of the Participant's Account allocated to the Company Stock Fund to exceed 25% of the total value of the Participant's Account, the transfer shall be limited so as not to cause the allocation to the Company Stock Fund to exceed the 25% limit. and the Participant will be required to designate an alternative Fund to receive such excess amounts.

(iv) The Administrator may adopt rules and administrative procedures to effect appropriate changes to Plan procedures and operations, including allocations in connection with periodic rebalancing, that are consistent with the intent to limit new contributions and transfers to the Company Stock Fund as provided above.

## Article VII

## VESTING

7.1 Vesting in Before-Tax Contribution, After-Tax Contribution and Rollover Accounts

A Participant shall at all times have a one hundred percent (100%) nonforfeitable vested right to the value of his Before-Tax Contribution Account, After-Tax Contribution Account and Rollover Account.

7.2 Vesting in Matching Contribution Account

(a) A Participant receiving Matching Contributions described in Section 3.3 shall have a one hundred percent (100%) nonforfeitable right to that portion of his Matching Contribution Account attributable to such contributions.

7.3 Forfeiture of Nonvested Interest

Upon a Participant's Severance from Employment, the nonvested portion of a Participant's Matching Contribution Account shall be forfeited at the earlier of the date he receives a distribution of the vested portion of his Account balance or the date he incurs five consecutive One-Year Breaks in Service or a one-year period of absence described in Section 7.4(a), whichever is applicable. The Administrator shall apply all forfeitures (i) by restoring the amount of previous forfeitures, in accordance with Section 7.4(b) or (c), (ii) by reducing the amount of Matching Contributions or other employer contributions (including Qualified Matching Contributions or Qualified Nonelective Contributions) required or made under the Plan for the then current Plan Year and allocating such forfeitures in a manner consistent with Section 3.3(a), or using them to pay reasonable administrative expenses of the Plan.

7.4 Restoration of Forfeitures and Service

(a) If a former Participant whose Severance from Employment resulted in a forfeiture of the entire portion of his Account balance pursuant to Section 7.3 resumes participation in the Plan after at least five (5) consecutive One-Year Breaks in Service (with respect to Matching Contributions), he shall have no right to restoration of any previously forfeited portion of his Account. Such Participant's Years of Service or period of employment after the Break in Service or period of absence shall not be taken into account in determining the Participant's vested nonforfeitable right to the value of his Matching Contribution Account attributable to Matching Contributions made by the Employer before he resumed participation in the Plan.

(b) If a former Participant (i) whose Severance from Employment resulted in a forfeiture of less than the entire portion of his Account balance pursuant to Section 7.3 did not receive a distribution pursuant to Section 9.3 and resumes employment as an Eligible Employee or (ii) whose Severance from Employment resulted in a forfeiture of the entire portion of his Account balance pursuant to Section 7.3 resumes employment as an Eligible Employee, in either case prior to incurring five (5) consecutive One-Year Breaks in Service or a one-year period of absence, whichever is applicable, the previously forfeited portion of his Account shall be restored upon his Reemployment Commencement Date. Such Participant's Years of Service or period of employment before and after the Break in Service shall be taken into account in determining the Participant's vested nonforfeitable right to the value of his Matching Contribution Account.

(c) If a former Participant whose Severance from Employment resulted in a forfeiture of less than the entire portion of his Account balance pursuant to Section 7.3 received a distribution pursuant to Section 9.3 and resumes employment as an Eligible Employee prior to incurring five (5) consecutive One-Year Breaks in Service, the previously forfeited portion of his Account shall be restored upon the date on which the Participant repays in cash to the Plan the full amount of the distribution, in accordance with applicable administrative procedures. Such repayment must be made prior to the end of the five-year period commencing on the Participant's Reemployment Commencement Date. Such Participant's Years of Service before and after the Break in Service shall be taken into account in determining the Participant's vested nonforfeitable right to the value of his Matching Contribution Account.

(d) Notwithstanding any provision herein to the contrary, if a distribution is made at a time when a Participant has less than a one hundred percent (100%) nonforfeitable vested right to the value of his Matching Contribution Account and may increase his vested percentage in such Account after the distribution,

(i) a separate account will be established for the Participant's interest in the Plan as of the time of the distribution, and

(ii) at any relevant time the Participant's nonforfeitable portion of the separate account will be equal to an amount ("X") determined by the formula:

$$X = P(AB + (R \times D)) - (R \times D)$$

For purposes of applying the formula: P is the nonforfeitable percentage at the relevant time, AB is the account balance at the relevant time, D is the amount of the distribution and R is the ratio of the account balance at the relevant time to the account balance after distribution.

## Article VIII

## WITHDRAWALS AND LOANS DURING EMPLOYMENT

8.1 After-Tax Contribution Account Withdrawals

A Participant may, in accordance with applicable administrative procedures, elect to withdraw all or a portion of his After-Tax Contribution Account from the Plan at any time. Any withdrawal made pursuant to this Section 8.1 shall be taken, to the extent available, prorata from the Investment Funds in the order established by the Administrator.

8.2 Rollover Contribution Account Withdrawal

A Participant may, in accordance with applicable administrative procedures, request a withdrawal of all or a portion of his Rollover Account, determined as of the Valuation Date coinciding with or immediately following receipt of such request. Any withdrawal made pursuant to this Section 8.2 shall be taken, to the extent available, pro rata from the Investment Funds.

8.3 Age 59½ Withdrawals

(a) A Participant who has attained age 59½ and withdrawn all of his After-Tax Contribution Account pursuant to Section 8.1 above may, in accordance with applicable administrative procedures, request a

withdrawal of all or a portion of his Before-Tax Contribution Account, determined as of the Valuation Date coinciding with or immediately following receipt of such request. Any withdrawal made pursuant to this Section 8.3(a) shall be taken, to the extent available, prorata from the Investment Funds in the order established by the Administrator.

(b) A Participant who has attained age 59½ and has a one hundred percent (100%) nonforfeitable vested right to the value of his Matching Contribution Account may request a withdrawal of the entire portion of his individual Account, determined as of the Valuation Date coinciding with or immediately following receipt of such request. Any withdrawal made pursuant to this Section 8.3(b) shall be taken, to the extent available, prorata from the Funds and shall be subject to the provisions of Sections 8.1 and 8.3(a) above.

8.4 Hardship Withdrawals

(a) A Participant who has suffered a Hardship may request a withdrawal of all or any portion of the value of his Before-Tax Contribution Account and any Qualified Non-Elective Contributions plus earnings, determined as of the Valuation Date coinciding with or immediately following receipt of such request. The request must be made in accordance with procedures prescribed by the Administrator.

(b) The amount of any Hardship withdrawal shall not exceed the amount required to meet the immediate and heavy financial need created by the hardship, including the amount necessary to pay any income taxes and related penalties resulting from the distribution. The determination of the existence of the financial need and the amount necessary to meet that need shall be made by the Administrator in accordance with objective standards on a uniform and nondiscriminatory basis.

(c) Any Hardship withdrawal made pursuant to this Section 8.4 shall be taken, to the extent available, prorata from the Investment Funds in the order in Section 8.3. All withdrawal payments shall be made in a lump sum in cash as soon as practicable after the Administrator makes its determination.

(d) CARES Act Withdrawals. The Plan will permit withdrawals as set forth on Appendix G.

8.5 Loans to Participants

(a) Loans. The Administrator or its delegate may, in accordance with a uniform and nondiscriminatory policy, direct the Trustee to loan a Participant amounts from the vested portion of his Accounts. All loans shall be in accordance with the terms, conditions, requirements and limitations specified in this Section 8.5 and any separate written document adopted by the Administrator and forming part of the Plan. It is intended that all loans made to Participants under this Section 8.5 shall meet the requirements of Section 72(p) of the Code.

(b) Loan Administration. The loan provision of the Plan shall be administered by the Administrator, which shall establish the terms and conditions generally applicable to loans made under the Plan. The Administrator is authorized to delegate to the Trustee the authority to review loan requests, execute loan agreements and collect loan payments.

In administering the loan provisions of this Section 8.5, the Administrator shall:

(i) adopt such rules and regulations as it deems necessary for the proper and efficient administration of loans, including, but not limited to, appropriate adjustments in the accounting provisions of the Plan as it deems necessary and advisable to facilitate and account for loans;

(ii) establish standards that shall be used to determine if a loan request should be approved;

(iii) determine how the interest rate to be charged on outstanding loans is to be calculated and when the rate to be charged for new loans is to be changed;

(iv) determine, from time to time, the minimum loan amount;

(v) employ agents, attorneys, accountants, and other persons to administer the loan provision and to collect outstanding loans; and

(vi) take all other actions necessary or advisable to carry out the provisions of this Section 8.6.

(c) Loan Eligibility. Any Participant who is either (i) an Employee paid on the payroll system of the Employer or (ii) a former employee who is a party in interest as defined in Section 3(14) of ERISA with respect to the Plan may request a loan subject to the terms, conditions and limitations prescribed in this Section 8.5.

(d) Loan Request. Each loan request must be made in accordance with procedures prescribed by the Administrator. Two loans may be granted concurrently and/or may be outstanding at any one time if one loan is a principal residence loan, which is a loan used to acquire a dwelling that within a reasonable period of time is to be used (determined at the time the loan is to be made) as the principal residence of the Participant.

(e) Term of Loan and Payment. The Administrator or its delegate shall review each loan request and decide whether or not it shall be approved. The decision of the Administrator or its delegate regarding the approval of the loan request shall be final and binding on all parties. Each loan shall be evidenced by a promissory note executed by the borrowing Participant in a form approved by the Administrator and shall provide for payment of principal and interest based on substantially level amortization payments. All loans shall be subject to a specific repayment schedule with payments to be made not less frequently than quarterly over the term of the loan. The period of repayment for any loan shall in no event exceed sixty (60) months; provided, however, that the 60-month repayment period restriction shall not apply to any principal residence loan as defined in Section 8.5(d). The Administrator or its delegate shall have discretion to determine when and under what circumstances a principal residence loan shall be made and the loan repayment period for such loans.

A loan to a Participant shall be secured by the Participant's Account. Loan payments shall be required to be made through payroll deductions, and all Participants shall be required to execute an irrevocable authorization directing the Employer to deduct the loan payments from the Participant's wages or salary, which amounts shall be transmitted to the Trustee and applied against the outstanding loan balance. A Participant who terminated with an outstanding loan balance shall be permitted to continue to make loan repayments other than through payroll deduction by personal check or cash in accordance with the repayment schedule set forth in the promissory note. Participants may prepay the entire amount of the remaining unpaid principal balance (and all remaining interest due thereon) at any time without penalty.

(f) Maximum Loan. Loans to a Participant (when added to the outstanding balance of all other loans from the Plan and any other qualified plan maintained by the Employer) shall not be in an amount that exceeds the lesser of:

(i) $50,000, reduced by the excess (if any) of the highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan is made, over the outstanding balance of other loans from the Plan on the date the new loan is made, or

(ii) fifty percent (50%) of the vested portion of the Participant's Account reduced by the then outstanding balance of any other loans that the Participant received from the Plan.

The Administrator shall also establish guidelines relating to the ability of the Participant to repay the loan, which shall determine the maximum amount of any loan which can be made to any Participant.

(g) Interest. Each loan shall bear interest at a rate to be fixed by the Administrator and, in determining the interest rate, the Administrator shall take into consideration interest rates currently being charged by commercial lending institutions. Interest rates shall be fixed for the terms of the loan at the time the loan is made, and the Administrator shall determine periodically the interest rate to be charged on new loans.

(h) Failure to Repay Loans. The Administrator shall establish uniform rules to apply where a Participant fails to repay any portion of a loan made to him and accrued interest thereon in accordance with the terms of the loan, or where any portion of a loan and accrued interest thereon remains unpaid on a Participant's Severance from Employment, if the Participant elects not to continue repayments on a non-payroll deduction basis as permitted by Section 8.5(e). Such rules shall not be inconsistent with Section 72(p) of the Code and Regulations thereunder. Loan repayments with respect to qualified military service will be suspended as permitted under Sections 414(u)(4) and 72(p) of the Code.

Notwithstanding the foregoing provisions of this Section 8.5(h), if a Participant loan remains unpaid at the time that a distribution is due the Participant (or his Beneficiary) under the Plan, the Administrator shall reduce the amount otherwise distributable to the Participant or Beneficiary by the unpaid balance of principal and accrued interest on the Participant's loan and distribute (in kind) the promissory note or other agreement evidencing such loan in full or partial satisfaction of the obligation to distribute the Participant's vested Account.

(i) Directed Investment. Any loan to a Participant under this Section 8.5 shall be made prorata from the Investment Funds in which the Participant's individual Account is invested, shall be charged against said Account and shall be treated as a segregated investment of the Participant's Account. Any principal and interest paid on the loan shall be paid prorata to the Investment Funds in which are invested the Participant's Accounts from which the loan was taken, in the same proportions as the amounts taken from those Accounts. Loan repayments shall be applied first to satisfy accrued loan interest and the remainder shall be applied to principal.

(j) CARES Act Loans. The Plan will permit loans as set forth on Appendix G.

## Article IX

## DISTRIBUTIONS UPON SEVERANCE FROM EMPLOYMENT

9.1 Eligibility for Distribution

A Participant's vested Account shall become payable upon Severance from Employment due to death, Disability, attainment of Normal Retirement Age or other termination of employment.

A Participant's Before-Tax Contributions, qualified nonelective contributions, qualified matching contributions and earnings attributable to these contributions shall be distributed on account of the Participant's Severance from Employment.

9.2 Form of Payment

Benefits shall be paid in a single lump sum payment or in partial lump sum payments. The Administrator may adopt rules regarding the amount and frequency of partial lump sum payments.

9.3 Timing of Payment

Benefits that become payable in accordance with Section 9.1 shall be distributed as soon as administratively feasible after the Participant or the Beneficiary, as the case may be, elects, in accordance with procedures established by the Administrator, to receive a distribution.

If the vested value of a Participant's Account is $1,000 or less at the time benefits become distributable in accordance with Section 9.1, the Participant or Beneficiary, as the case may be, shall be required to receive a distribution of the balance in a single lump sum as soon as administratively practicable.

9.4 Special Timing Rules

Unless a Participant elects otherwise, his vested Account shall be distributed to him no later than sixty (60) days after the close of the Plan Year in which occurs the latest of his Normal Retirement Age, the tenth (10th) anniversary of the year in which he commenced participation in the Plan or the date of his Severance from Employment. The failure of a Participant to consent to a distribution while his benefit is immediately distributable within the meaning of Section 411(a)(11) of the Code shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this Section 9.4.

9.5 Proof of Death

The Administrator may require and rely upon such proof of death and such evidence of the right of any Beneficiary or other person to receive the value of the Accounts of a deceased Participant as the Administrator may deem proper, and its determination of death and of the right of that Beneficiary or other person to receive payment shall be conclusive.

9.6 Direct Rollovers

(a) In General. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section 9.6, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. Notwithstanding the foregoing, the amount to be distributed in a direct rollover to a Distributee who is not the must be paid in a direct trustee-to-trustee transfer to an individual retirement plan described in Section 402(c)(8)(B)(i) or (ii) of the Code that is established for the purposes of receiving the distribution on behalf of the nonspousal beneficiary.

(b) Eligible Rollover Distribution. An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (no less frequently than

annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years of more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; the portion of any distribution that is not includible in gross income; any hardship distribution. A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of After Tax employee contributions or Roth contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, a qualified defined benefit or defined contribution plan described in Section 401(a) or 403(a) of the Code, or an annuity contract described in Section 403(b) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(c) Eligible Retirement Plan. An Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a qualified trust described in Section 401 (a) of the Code, that accepts the Distributee's Eligible Rollover Distribution, an annuity contract described in Section 403(b) of the Code and an eligible Plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state which agrees to separately account for such amounts transferred into the plan from the Plan, or to a Roth IRA described in Section 408A(b) of the Code. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code.

(d) Distributee. A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the Spouse or former Spouse.

(e) Direct Rollover. A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(f) Nonspousal Rollovers. A distribute who is a designated beneficiary (as defined in Section 401(a)(9)(E) of the Code) of a deceased Participant and who is not the deceased Participant's surviving Spouse (a "nonspousal beneficiary") may elect, at the time and in the manner prescribed by the Administrator, to have any amount payable to him or her paid directly in a direct rollover. The amount to be distributed in the direct rollover must satisfy all of the requirement to be an eligible rollover distribution other than the requirement that the distribution be made to the Participant or the Participant's Spouse and must be paid in a direct trustee-to-trustee transfer to an individual retirement plan described in Section 402(c)(8)(B)(i) or (ii) of the Code that is established for the purposes of receiving the distribution on behalf of the nonspousal beneficiary.

9.7 Minimum Required Distributions

The requirements of this Section shall take precedence over any inconsistent provisions of this Plan. Distributions in all cases will be made in accordance with Section 401(a)(9) of the Code and the regulations promulgated thereunder.

(a) Time and Manner of Distribution.

(i) Required Beginning Date. The participant's entire interest shall be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

(ii) Death of Participant before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest shall be distributed, or begin to be distributed, no later than as follows:

(A) If the participant's surviving Spouse is the Participant's sole designated beneficiary, then distributions to the surviving Spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 72, if later.

(B) If the participant's surviving Spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) If the Participant's surviving Spouse is the Participant's sole designated beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this subsection (a)(ii), other than subsection (a)(ii)(A), will apply as if the surviving Spouse were the Participant.

For purposes of subsections (a)(ii) and (c), unless subsection (a)(ii)(D) applies, distributions are considered to begin on the Participant's Required Beginning Date. If subsection (a)(ii)(D) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under subsection (a)(ii)(A). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under subsection (a)(ii)(A), the date distributions are considered to begin is the date distributions actually commence.

(iii) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions shall be made in accordance with subsections (b) and (c) of this Section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury Regulations.

(b) Required Minimum Distributions during Participant's Lifetime.

(i) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(A) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation Section 1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(B) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's Spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Treasury Regulation Section 1.401(a)(9)-9, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the distribution calendar year.

(ii) Lifetime Required Minimum Distribution through Year of Participant's Death. Required minimum distributions will be determined under this subsection (b) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(c) Required Minimum Distributions after Participant's Death.

(i) Death on or after Date Distributions Begin

(A) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving Spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving Spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death before Date Distributions Begin

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in subsection (c)(i).

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse before Distributions to Surviving Spouse are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole designated beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under subsection (a)(ii)(A), this subsection (c)(ii) shall apply as if the surviving Spouse were the Participant.

(d) Definitions.

(i) Designated Beneficiary. The individual who is designated as the Beneficiary under the Plan and is the designated Beneficiary under Section 401(a)(9) of the Code and Treasury Regulation Section 1.401(a)(9)-1, Q&A-4.

(ii) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subsection (a)(ii). The required minimum distribution for the Participant's first distribution calendar year shall be made on or before the Participant's Required Beginning Date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that distribution calendar year.

(iii) Life Expectancy. Life expectancy as computed by use of the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9.

(iv) Participant's Account Balance. The Participant's account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Participant's account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Participant's account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(v) Required Beginning Date. The required beginning date of a Participant is April 1 following the calendar year in which the Participant attains age 72 or if later, April 1 following the calendar year in which the Participant retires (except that benefit distributions to a 5 percent owner must commence by the April 1 of the calendar year following the calendar year in which the Participant attains age 72).

(e) Election to Apply 5-Year Rule to Distributions to Designated Beneficiaries. If the Participant dies before distributions begin and there is a designated beneficiary, distribution to the designated beneficiary is not required to begin by the date specified in (a)(ii), but the Participant's entire interest will be distributed to the designated beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving Spouse is the Participant's sole designated beneficiary and the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this election will apply as if the surviving Spouse were the Participant. The election will apply to all distributions.

(f) Notwithstanding the foregoing, a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Section 401(a)(9)(H) of the Code ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are equal to the 2009 RMDs will not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. In addition, notwithstanding Section 9.6 of the Plan, and solely for purposes of applying the direct rollover provisions of the Plan 2009 RMDs will be treated as eligible rollover distributions.

(g) With respect to deaths on or after January 1, 2021, the Plan operates in accordance with the provisions of Code section 401(a)(9) as amended by P.L.116-94 and the provision of this paragraph (g) shall apply. Accordingly, distribution of the Participant's entire interest in the Plan must be completed by December 31 of the calendar year containing the tenth anniversary of the Participant's death, except that in the case of an eligible designated beneficiary, amounts may be distributed over the life of such eligible designated beneficiary beginning not later than 1 year after the date of the Participant's death (or as otherwise permitted by Treasury or IRS guidance). For purposes of this paragraph, "eligible designated beneficiary" means an eligible designated beneficiary as defined under Code section 401(a)(9)(E)(ii) (the Participant's surviving spouse, a minor child of the Participant, a person who is disabled or chronically ill, or any other beneficiary who is not more than 10 years younger than the Participant).

## Article X

## TOP HEAVY PROVISIONS

10.1 When Applicable

If the Plan is determined to be "Top Heavy" for any Plan Year, the provisions of this Article shall supersede any conflicting provisions of the Plan.

10.2 Top Heavy Determination

(a) The Plan shall be Top Heavy with respect to any Plan Year in which, as of the "Determination Date", the ratio of the present value of accrued benefits under all defined benefit plans in the "Aggregation Group" for "Key Employees" plus all account balances attributable to Employer and Employee contributions (except as otherwise noted below) under the Plan and all other defined contribution plans in the Aggregation Group, exceeds 60 percent of such present value of accrued benefits and such account balances for all Key Employees and Non-Key Employees under all plans in the Aggregation Group. If any individual has not performed services for any Employer maintaining the Plan at any time during the five (5) year period ending on the Determination Date, his accrued benefits and account balances shall not be taken into account to determine whether

the Plan is Top Heavy. The accrued benefits and account balances of any individual who is not a Key Employee but who was a Key Employee in a prior year will be disregarded. In any event, the calculation of the Top Heavy ratio and the extent to which distributions, tax deductible qualified employee contributions, rollovers and transfers are taken into account shall be in accordance with Section 416 of the Code and Regulations thereunder. When aggregating plans, accrued benefits and account balances under other plans will be calculated as of determination dates that are within the same calendar year.

(b) Distributions during year ending on the Determination Date. The present values of accrued benefits and the amounts of account balances of an Employee as of the Determination Date shall be increased by the distributions made with respect to the Employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than Severance from Employment, death, or disability, this provision shall be applied by substituting 5-year period for 1-year period.

(c) Employees not performing services during year ending on the determination date. The accrued benefits and accounts for any individual who has not performed services for the Employer during the 1-year period ending on the determination date shall not be taken into account.

10.3 Minimum Contribution

For each year that the Plan is Top Heavy the Employer shall contribute to the Plan and allocate to the Matching Contribution Account of each Non-Key Employee (including such an individual who is eligible to participate but has not elected to do so in accordance with Article II) an amount that is not less in total than the lesser of three percent (3%) of the Non-Key Employee's Compensation for the Plan Year or the greatest amount (expressed as a percentage of the Compensation) allocated to the Account of any Key Employee for that year. This minimum allocation shall be made even though, under other Plan provisions, the Eligible Employee would not otherwise be entitled to receive an allocation or would have received a lesser allocation for the year because of (i) his failure to be employed on a specified date such as the last day of the Plan Year, (ii) his failure to make mandatory contributions, if any, to the Plan, or (iii) his Compensation being less than a stated amount. This requirement shall not apply to the extent the Participant is covered under any plan or plans of the Employer and such Employer has provided that the minimum benefit or minimum allocation requirements applicable to Top Heavy Plans will be satisfied in the other plan or plans.

10.4 Vesting Rules

For any Plan Year in which the Plan is Top Heavy, the minimum vesting schedule described in Section 10.5 will apply to the Plan in lieu of the schedule provided in Section 7.2. The minimum vesting schedule applies to all accrued benefits within the meaning of Section 411(a)(7) of the Code, including benefits accrued before the Plan became Top Heavy. Further, no reduction in vested benefits may occur in the event the Plan's status as Top Heavy changes for any Plan Year. However, this Section does not apply to the Account balance of any Employee who does not complete any Years of Service after the Plan has initially become Top Heavy and such Employee's Account balance will be determined without regard to this Section.

If the minimum vesting schedule shall apply, the nonforfeitable interest of such Participant in his Account balance attributable to Matching Contributions shall be determined on the basis of the following if such nonforfeitable interest is greater than that determined under Section 7.2:

| Years of Service | Vested Percentage |
|---|---|
| Less than 2 | 0 |
| 2 but less than 3 | 20 |
| 3 but less than 4 | 40 |
| 4 but less than 5 | 60 |
| 5 but less than 6 | 80 |
| 6 or more | 100 |

10.5 Dual Plan Special Limitations

If a Key Employee participates in both the Plan and a defined benefit plan maintained by the Employer, then for all years that the Plan and the defined benefit plan are Top Heavy and the Top Heavy ratio referred to in Section 10.7(b) does not exceed 90 percent, the minimum benefit described in Section 416(h)(2)(A) of the Code shall be provided under the defined benefit plan for each Non-Key Employee.

10.6 Aggregation Groups

(a) Aggregation Group means a required or permissive aggregation group. The required aggregation group consists of each plan of the Employer in which a Key Employee is a participant and each other plan of the Employer which enables any plan of such Employer to meet the nondiscrimination requirements of Section 401(a)(4) of the Code. The Employer may permit any plan not required to be included in an Aggregation Group as being part of such group if such group would continue to meet the Section of the Code requirements previously set forth.

(b) Each plan of the Employer required to be included in an Aggregation Group shall be treated as a Top Heavy Plan if such group is a Top Heavy group. A required aggregation will be considered a Top Heavy group if the present value of the cumulative accrued benefits for Key Employees under all defined benefit plans included in such group and the aggregate of the accounts of Key Employees under all defined contribution plans included in such group exceed sixty percent (60%) of a similar sum determined for all Employees.

10.7 Key Employee Defined

Key Employee means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the determination date was an officer of the Employer having annual compensation greater than $145,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer, or a 1-percent owner of the Employer having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability.

10.8 Determination Date Defined

Determination Date means with respect to the initial Plan Year, the last day of the first Plan Year and, for each other Plan Year, the last day of the preceding Plan Year.

10.9 Matching Contributions

Matching Contributions described in Section 3.3 of the Plan shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the Plan. The preceding sentence shall apply with respect to Matching Contributions under the Plan or, if the Plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Matching Contributions that are used to satisfy the minimum contribution requirements shall be treated as Matching Contributions for purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.

10.10 Contributions under Other Plans

The minimum benefit requirement shall be met as to non-Key Employees who participate in the Plan and in the PerkinElmer, Inc. Employees Retirement Plan by providing the minimum benefit required by Section 416 of the Code to such non-Key Employees under the PerkinElmer, Inc. Employees Retirement Plan.

## Article XI

## ADMINISTRATION OF PLAN

11.1 Records and Notices

The Administrator shall keep a record of all its proceedings and acts with respect to its administration of the Plan and shall maintain all such books of accounts, records and other data as may be necessary for the proper administration of the Plan. The Administrator shall have the discretionary authority to interpret the provisions of the Plan and Trust Agreement. The Administrator shall notify the Trustees of any action taken by the Administrator affecting the Trustees and its obligations or rights regarding the Plan and, when required, shall notify any other interested person or persons.

11.2 Powers and Duties

The Administrator has the following powers and duties:

(a) To determine the rights of eligibility of an Employee to participate in the Plan, the value of a Participant's Account and the nonforfeitable percentage of each Participant's Account;

(b) To adopt rules of procedure and regulations necessary for the proper and efficient administration of the Plan provided the rules are not inconsistent with the terms of the Plan;

(c) To construe and enforce the terms of the Plan and the rules and regulations it adopts, including interpretation of the Plan documents and documents related to the Plan's operation;

(d) To direct the Trustee as respects the crediting and distribution of the Trust Fund;

(e) To review and render decisions respecting a claim for (or denial of a claim for) a benefit under the Plan;

(f) To furnish the Employer with information which the Employer may require for tax or other purposes;

(g) To engage the service of agents whom it may deem advisable to assist it with the performance of its duties;

(h) To engage the services of an investment manager or managers, as described in Section 12.3, each of whom will have power and authority to manage, acquire or dispose (or direct the Trustee with respect to acquisition or disposition) of any Plan asset under its control; and

(i) To establish, in its sole discretion, a nondiscriminatory policy which the Trustee must observe in making loans, if any, to Participants and Beneficiaries.

All rules, procedures and decisions of the Administrator shall be uniformly and consistently applied to all Participants in similar circumstances. Such rules, procedures and decisions so made shall be conclusive and binding on all persons having an interest in the Plan.

11.3 Claims Procedure

The Office of the Senior Vice President Human Resources (the "Claims Administrator") shall make all initial determinations as to the right of any person to a benefit. If any application for payment of a benefit under the Plan shall be denied, the Claims Administrator shall notify the claimant within ninety (90) days of such application setting forth the specific reasons therefore and shall afford such claimant a reasonable opportunity for a full and fair review of the decision denying his or her claim. If special circumstances require an extension of time for processing the claim, the claimant will be furnished with a written notice of the extension prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Claims Administrator expects to render its decision. The Claims Administrator may delegate initial determinations as to the right of any person to a benefit to a member of his or her staff.

The notice of the initial denial shall set forth, in addition to the specific reasons for the denial, the following:

(a) reference to pertinent provisions of the Plan;

(b) such additional information as may be relevant to the denial of the claim;

(c) an explanation of the claims review procedure; and

(d) notice that such claimant may request the opportunity to review pertinent Plan documents and submit a statement of issues and comments.

Within sixty (60) days following notice of denial of his or her claim, upon written request made by any claimant for a review of such denial to the Claims Administrator (or such other member of the Administrative

Committee designated by the Committee to hear the appeal), the Claims Administrator shall take appropriate steps to review the denial in light of any further information or comments submitted by such claimant.

The Claims Administrator shall render a decision within sixty (60) days after the claimant's request for review and shall advise said claimant in writing of the decision on such review, specifying reasons and identifying appropriate provisions of the Plan. If special circumstances require an extension of time for processing, a decision will be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of a request for the review. If the extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. If the decision is not furnished within such time, the claim shall be deemed denied on review. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant without legal counsel, as well as specific references to the pertinent Plan provisions on which the decision is based.

A Participant must exhaust the Plan's claims review procedures before filing an action in court making claim for benefits. Any such action in court must be filed within three years from the date of the initial failure regarding the benefit claimed.

## Article XII

## MANAGEMENT OF FUNDS

12.1 Appointment of Trustee

The Company shall appoint one or more Trustees to receive and hold in trust all contributions paid into the Trust Fund. Such Trustee or Trustees shall serve at the pleasure of the Company and shall have such rights, powers and duties as the Company shall from time to time determine including but not limited to those stated below.

12.2 Investment of Trust Fund by Trustees

All contributions made to the Trust Fund pursuant to the Plan shall be paid to the Trustees and, except as herein otherwise provided, shall be held, invested and reinvested by the Trustees without distinction between principal and income in such securities or such other property, real or personal, wherever situated, as the Trustees shall deem advisable, including, but not limited to, shares of stock, common or preferred, whether or not listed on any exchange, participations in mutual investment funds, bonds and mortgages, and other evidences of indebtedness or ownership, or in loans to Participants (consistent with other provisions hereof), and participations in any common trust fund established or maintained by the Trustees for the collective investment of fiduciary funds and shall not be limited by any state statute or judicial decision prescribing or limiting investments appropriate for trustees. The Trustees shall hold and retain all the property and assets of the Trust Fund including income from investments and from all other sources, for the exclusive benefit of the Participants and their Beneficiaries, as provided herein, and for paying the costs and expenses of administering the Plan or Trust Fund, to the extent that the same are not paid by any Employer.

12.3 Investment of Trust Fund by Investment Manager

The Company may enter into one or more agreements for the appointment of one or more investment managers to supervise and direct all the investment and reinvestment of a portion or all of the Trust Fund in accordance with the provisions of the Plan in the same manner and with the same powers, duties, obligations,

responsibilities and limitations as apply to the Trustees. As a condition to its appointment, an investment manager shall acknowledge in writing that it is a fiduciary with respect to the Trust Fund. An investment manager so appointed shall be an investment advisor registered under the Investment Advisors Act of 1940, a bank as defined in such Act or an insurance company that is qualified to manage the assets of employee benefit plans pursuant to the laws of more than one state. The Trustees shall be bound by the supervision and direction of the investment manager, unless and until the Company amends or revokes the appointment or authority of the investment manager.

The Company may furnish an investment manager with written investment guidelines for investment of the Trust Fund assets, which guidelines may include directions with respect to diversification of the investments. Any investment manager shall receive such reasonable compensation chargeable against the Trust Fund or payable by each Employer as shall be agreed upon by the Company. The Company may revoke any agreement with the investment manager at any time by thirty (30) days' written notice to the investment manager. Any investment manager may resign by thirty (30) days' written notice to the Committee.

12.4 Exclusive Benefit Rule

Except as otherwise provided in the Plan, no part of the corpus or income of the assets of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and other persons entitled to benefits under the Plan. No person shall have any interest in or right to any part of the earnings of the assets of the Plan, or any right in, or to, any part of the assets held under the Plan, except as and to the extent expressly provided in the Plan.

12.5 Medium of Distribution

The Trustee shall cause all distributions to be made in cash. Notwithstanding the foregoing, if a Participant or Beneficiary whose Account is invested in Company Stock so elects in the manner prescribed by the Administrator, distribution of all or part of such interest shall be made in shares of Company Stock (with fractional shares paid in cash). The preceding sentence shall not apply in the case of hardship withdrawals pursuant to Section 8.4.

## Article XIII

## AMENDMENT, MERGER, TERMINATION OF PLAN

13.1 Amendment of Plan

The Company (for itself and other Employers) shall have the right at any time to amend the Plan, and retroactively if deemed necessary or appropriate, by written instrument approved by the Committee, except that no such amendment shall make it possible for any part of the assets of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the Plan; provided, however, that an amendment that is expected to have a significant cost impact (including, without limitation, an amendment to merge or terminate the Plan) as determined by the Committee whose determination will be final and binding, must be approved by the Board of the Company; and provided further that an Officer of the Company who is a member of the Committee may approve any amendment necessary to comply with the Code, ERISA or other applicable laws and regulations. No amendment shall be made which has the effect of decreasing the balance of the Accounts of any Participant or of reducing the nonforfeitable percentage computed under the Plan as in effect on the date on which the amendment is adopted or, if later, the date on which the amendment becomes effective.

13.2 Merger or Consolidation

The Plan may not be merged or consolidated with, and its assets or liabilities may not be transferred to, any other plan unless each person entitled to benefits under the Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then terminated.

13.3 Additional Participating Employers

(a) If any company is or becomes a subsidiary of or associated with the Company, the Committee may include any employees of that subsidiary or associated company in the participation of the Plan upon appropriate action by that company necessary to adopt the Plan. In that event, or if any persons become Employees of an Employer as the result of merger or consolidation or acquisition of all or part of the assets or business of another company or for purposes of a specific assignment at a specific location, the Committee shall determine to what extent, if any, previous service with the subsidiary, associated or other company or at the specific location shall be recognized under the Plan, but subject to the continued qualification and tax-exempt status of the Plan and trust, respectively, under the Code.

(b) Any Employer may terminate its participation in and withdraw from the Plan upon appropriate action by its board of directors. In that event, the assets of the Plan held on account of Participants in the employ of that Employer, and any unpaid balances of the Accounts of all Participants who have separated from the employ of that Employer, shall be determined by the Administrator. Those funds shall be distributed as provided in Section 13.4 if the Plan should be terminated with respect to the Employer, or shall be segregated by the Trustee as a separate trust, pursuant to certification to the Trustee by the Administrator, continuing the Plan as a separate plan for the Employees of that Employer under which the board of directors of that Employer shall succeed to all the powers and duties of the Board of Directors, including the appointment of an administrator for such separate plan. Except as required by applicable law, the withdrawal of an Employer from the Plan shall not constitute a partial or complete termination of the Plan as thereafter in effect with respect to any other Employer.

13.4 Termination of Plan

(a) The Board of Directors may terminate the Plan or completely discontinue contributions under the Plan for any reason at any time. In the case of the termination or partial termination of the Plan, or of the complete discontinuance of Employer contributions to the Plan, affected Participants shall be one hundred percent (100%) vested in and have a nonforfeitable right to the total amount in all of their Accounts under the Plan as of the date of the termination or discontinuance. The total amount in each Participant's Accounts shall be distributed, as the Administrator shall direct, to him or for his benefit or continued in trust for his benefit.

(b) The Plan will be deemed terminated (i) if and when the Company is judicially declared bankrupt or executes a general assignment to or for the benefit of its creditors, (ii) if and when the Company is a party to a merger in which it is not the surviving organization unless the surviving organization adopts the Plan within sixty (60) days after the merger, or (iii) upon dissolution of the Company.

## Article XIV

## MISCELLANEOUS PROVISIONS

14.1 Limitation of Liability

Neither the Company, any Employer, the Board of Directors, the Committee, the Administrator, nor any of their respective directors, officers and employees, shall incur any liability for any act or failure to act unless such act or failure to act constitutes a lack of good faith, willful misconduct or gross negligence in relation to the Plan or the Trust Fund.

14.2 Indemnification

To the extent that the Administrator, or directors, officers and employees of the Company or of a participating Employer who act as or on behalf of the Administrator or otherwise as plan fiduciaries, are not protected and held harmless by or through insurance, the Company indemnifies and saves harmless the Administrator and any director, officer or employee of the Company or of a participating Employer who acts on behalf of the Administrator or otherwise as a plan fiduciary, from and against any and all loss resulting from liability to which the Administrator, director, officer or employee, may be subjected by reason of any act or conduct (except willful misconduct or gross negligence) in connection with the Plan or Trust Fund or both, including reasonable attorneys' fees and amounts paid in settlement of any claims approved by the Company.

14.3 Compliance with ERISA

Anything herein to the contrary notwithstanding, nothing above or any other provision contained elsewhere in the Plan shall relieve a fiduciary or other person of any responsibility or liability for any responsibility, obligation or duty imposed upon him pursuant to Title I, Part 4 of ERISA. Furthermore, anything in the Plan to the contrary notwithstanding, if any provision of the Plan is voided by ERISA Sections 410 and 411, such provision shall be of no force and effect only to the extent that it is voided by such Section.

14.4 Nonalienation of Benefits

(a) None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor of such Participant and, in particular, shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, commute, pledge, encumber or assign any of the benefits or payments which he or she may expect to receive, contingently or otherwise, under the Plan, except the right to designate a Beneficiary or Beneficiaries as hereinbefore provided.

(b) Section 14.4(a) also shall apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is a qualified domestic relations order as defined in Section 414(p) of the Code.

(c) The Plan may offset against the Account of any Participant, any amount that the Participant is ordered or required to pay under a judgment, order, decree or settlement described in ERISA Section 206(d)(4) and Section 401(a)(13)(C) of the Code.

14.5 Employment not Guaranteed by Plan

Neither the establishment of the Plan nor its amendment nor the granting of a benefit pursuant to the Plan shall be construed as giving any Participant the right to continue as an employee of an Employer, as limiting the rights of such Employer to dismiss or impose penalties upon the Participant or as modifying in any other way the terms of employment of any Participant.

14.6 Form of Communication

Any election, application, claim, notice or other communication required or permitted to be made by or to a Participant, the Administrator, the Company, or an Employer in writing shall be made in such form as the Administrator, the Company or the Employer, as the case may be, shall prescribe. Such communication shall be effective upon mailing if sent first class, postage prepaid and addressed to the addressee at its principal office, or to the Participant at his last known address, or upon personal delivery, if delivered to an officer of the addressee or to the Participant, as the case may be.

14.7 Facility of Payment

If the Participant entitled to receive payments hereunder is unable to care for his affairs because of illness, accident or disability, and a duly qualified guardian or legal representative is appointed for such Participant, the Administrator shall direct the Trustees to pay any amount to which the Participant is entitled to such duly qualified guardian or legal representative upon claim of such guardian or legal representative. If a duly qualified guardian or legal representative is not appointed for such Participant, the Administrator shall direct the Trustees to pay any amount to which the Participant is entitled to such person's Spouse, child, grandchild, parent, brother or sister or to a person deemed by the Administrator to have incurred expense for such person entitled to payment. Any payment made pursuant to this Section 14.7 in good faith shall be a payment for the account of the Participant and shall be a complete discharge from any liability of the Trust Fund or the Trustees therefor.

14.8 Service in More Than One Fiduciary Capacity

Any individual, entity or group of persons may serve in more than one fiduciary capacity with respect to the Plan, the Trust Fund or both.

14.9 Binding Effect of Company's Actions

Each Employer shall be bound by any and all decisions and actions taken by the Company hereunder.

14.10 Governing Law

Except to the extent inconsistent with and preempted by ERISA or other applicable Federal law, the Plan and all matters arising thereunder shall be governed by the laws of the Commonwealth of Massachusetts.

14.11 Military Service

Notwithstanding any other provision of the Plan to the contrary, service credit and contributions with respect to qualified Military Service will be provided in accordance with Section 414(u) of the Code. In addition, in accordance with Section 401(a)(37) of the Code, the survivors of a Participant who dies while performing qualified military service shall be entitled to additional benefits (other than benefit accruals relating to the period of qualified

military service) that would be provided under the Plan if the Participant had resumed employment and then terminated employment on account of death. Thus, to the extent required by Section 401(a)(37) and Section 414(u)(8)(B), such a Participant shall be credited with vesting service for the period of the Participant's qualified military service.

IN WITNESS WHEREOF, and as evidence of the adoption of the Plan, the undersigned officer duly authorized has appended his signature this 22nd day of February 2021.

PerkinElmer, Inc.

By: /s/ Joel S. Goldberg

Chair, Administrative Committee

Appendix A

**ADDITIONAL RULES FOR PUERTO RICAN PARTICIPANTS**

(as amended and restated effective January 1, 2007)

1. **Purpose and Effect** – The purpose of this Appendix A is to modify the Plan to comply with the retirement plan qualification requirements of Sections 1081.01 of the Puerto Rico Internal Revenue Code of 2011, as amended (the "PRIRC"). This Appendix A shall only apply to those Employees who are residents of Puerto Rico for purposes of Section 1010.01(a)(30) of the PRIRC and whose compensation is considered gross income for purposes of Section 1031.01(a) of the PRIRC (the "P.R. Participants").

This Appendix A was originally effective on May 28, 1999, and at the time it incorporated the retirement plan qualification requirements of Section 1165 of the Puerto Rico Internal Revenue Code of 1994, as amended (the "PRIRC-1994"). This Appendix A was subsequently amended effective as of January 1, 2002. Unless otherwise noted herein, this Appendix A, as amended, shall be effective as of January 1, 2011.

2. **Type of Plan** – It is the intent of the Employer that, with regard to the P.R. Participants, the Plan be a profit-sharing plan with a cash or deferred arrangement qualified in the United States pursuant to Section 401(a) of the Code and in Puerto Rico pursuant to Section 1081.01(a) of the PRIRC (i.e., a dual-qualified plan). The Plan is funded through a trust fund located in the United States.

3. **Before-Tax Contributions** – Notwithstanding the provisions of Section 3.1(b) of the Plan, effective for the Plan Years beginning on January 1, 2011 and the Plan Year beginning on January l, 2012, a P.R. Participant's Before-Tax Contributions shall be subject to the annual limit set forth in Section 1081.01(d)(7)(A)(i) of the PRIRC, and effective for Plan Years beginning on or after January l, 2013, a P.R. Participant's Before-Tax Contributions shall be subject to the annual limit set forth in Section 1081.01(d)(7)(A)(ii) of the PRIRC.

4. **Catch-up Contributions** – Notwithstanding the provisions of Section 3.1 (e) of the Plan, a P.R. Participant's catch-up contributions shall be subject to the annual limit set forth in Section 1081.01(d)(7)(C)(i) of the PRIRC. The Administrator may reduce the amount of a P.R. Participant's catch-up contributions to the extent the Administrator, in its sole discretion, considers such reduction to be necessary or appropriate to comply with the limit set forth in Section 1081.01(d)(7)(C)(i) of the PRIRC.

5. **After-Tax Contributions** – Notwithstanding the provisions of Section 3.2 of the Plan, a P.R. Participant's After-Tax Contributions shall be subject to the limit set forth in Section 1081.01(a)(15) of the PRIRC. The Administrator may reduce the amount of a P.R. Participant's After-Tax Contributions to the extent the Administrator, in its sole discretion, considers such reduction to be necessary or appropriate to comply with the limit set forth in Section 1081.01(a)(15) of the PRIRC.

6. **Rollover Contributions** – Notwithstanding the provisions of Section 3.4 of the Plan, a P.R. Participant may make a Rollover Contribution only if such contribution is a direct or indirect rollover of all or part of a lump-sum distribution from another retirement plan qualified in the United States under Section 401(a) of the Code and in Puerto Rico under Section 1081.01(a) of the PRIRC and the contribution otherwise meets the provisions of Section 402(c) of the Code and Section 1081.01(b)(2)(A) of the PRIRC.

7. **Roth Elective Deferrals** – Notwithstanding the provisions of Article IV of the Plan, a P.R. Participants may not make Roth Elective Deferrals.

8. **Conditions on Employer Contributions** – Employer contributions to the Accounts of the P.R. Participants are expressly conditioned on their deductibility for Puerto Rico income tax purposes under Section 1033.09(a)(1)(C) of the PRIRC for the taxable year for which contributed. If the Puerto Rico Department of the Treasury ("Hacienda") disallows the deduction such contributions shall be returned to the Employer within one year after the disallowance of the deduction (to the extent disallowed). Employer contributions to the Accounts of the P.R. Participants shall be paid to the Trustee not later than the due date for filing the Employer's Puerto Rico income tax return for the taxable year in which such payroll period falls, including any extension thereof.

9. **PRIRC Nondiscrimination Tests** – Each Plan Year the Plan will have to satisfy the following PRIRC nondiscrimination tests: (1) the minimum coverage test of Section 1081.01(a)(3) of the PRIRC; (2) with regard to Before-Tax Contributions, the actual deferral percentage test of Section 1081.01(d)(3)(A)(ii) of the PRIRC; and (3) with regard to Employer contributions other than Before-Tax Contributions, the general nondiscrimination test on benefits and contributions of Section 1081.01(a)(4) of the PRIRC. In determining the Plan's compliance with PRIRC Sections 1081.01(a)(3) and (4), the only Employees to be taken into account shall be those Employees who, during the Plan Year for which the relevant tests are performed, were: (i) active Employees; (ii) non-excludable Employees pursuant to Section 1081.01(a)(3)(C) of the PRIRC; and (iii) bona fide residents of Puerto Rico pursuant to Section 1010.01(a)(30) of the PRIRC and whose compensation is considered gross income for purposes of Section 1031.01(a) of the PRIRC. Notwithstanding the foregoing, pursuant to Article 1165-3(a)(1) of the regulations under the PRIRC-1994, the Employer reserves the discretion to perform the PRIRC nondiscrimination tests for any or all Plan Years by taking into account those Employees working both in the United States and Puerto Rico who would be taken into account for the relevant Plan Year for purposes of performing the minimum coverage test of Section 410(b) of the Code.

Effective for Plan Years commenced on or after January l, 2012, for purposes of determining the Plan's compliance with the PRIRC nondiscrimination tests the term "Employer" shall include the Employer and any subsidiary or affiliated company that has to be aggregated as a single employer for purposes of Section 1081.01(a)(14) of the PRIRC, and shall adopt by reference the equivalent provisions of Sections 414(b), (c) and (m) of the Code.

10. **Highly Compensated Employees** – Notwithstanding the provisions of Section 1.37 of the Plan, for purposes of determining the Plan's compliance with the PRIRC nondiscrimination tests, the term "Highly Compensated Employee" shall be defined pursuant to Section 1081.01(d)(3)(E)(iii) of the PRIRC to include an Employee who is: (1) an officer of the Employer; (2) a shareholder holding more than 5% of the voting shares or total value of all classes of stock of the Employer; or (3) an Employee who in the preceding tax year had Compensation from the Employer in excess of the annual limit set forth in Section 414(q)(1)(B) of the Code. The term "Non-Highly Compensated Employee" shall mean an Employee who is not a Highly Compensated Employee.

11. **Direct Rollovers** – Notwithstanding the provisions of Section 9.6 of the Plan, for Puerto Rico income tax purposes a Direct Rollover by the Plan to an Eligible Retirement Plan specified by a Distributee who is a resident of Puerto Rico for purposes of Section 1010.01(a)(30) of the PRIRC (a "P.R. Distributee") shall be treated as a taxable distribution to the P.R. Distributee, unless: (l) the Eligible Rollover Distribution is all or part of a single lump sum payment pursuant to Section 1081.01(b)(l) of the PRIRC, and (2) the Eligible Retirement Plan is a qualified employees' trust described Section 1081.01(a) of the PRIRC or an individual retirement account or individual retirement annuity described in Section 1081.02 of the PRIRC.

12. **Taxation of Distributions** – Distributions of benefits to a P.R. Distributee shall be subject to the P.R. income taxation rules of Section 1081.01(b) of the PRIRC and the Trustee or its designee shall be responsible

for withholding any applicable P.R. income taxes and reporting the distributions to the P.R. Distributee and Hacienda in Form 480.7C.

13. **Plan Merger** – Notwithstanding Section 13.2 of the Plan, any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust to another trust as applied to an P.R. Participant under Plan section 13.2 will be limited to such other plan and trust that is qualified in the United States under Section 401(a) of the Code and in Puerto Rico under Section 1081.01(a) of the PRIRC.

14. **Plan Termination or Discontinuance of Contributions** – Notwithstanding Section 13.4 of the Plan, the Trustee or its designee shall not be required to make any distribution from the Trust to a P.R. Participant in the event the Plan is terminated, until such time as Hacienda shall have determined in writing that such termination will not adversely affect the prior qualification of the Plan under the PRIRC.

15. **Governing Law** – With respect to the P.R. Participants and the participating employers engaged in trade or business in Puerto Rico, the provisions of this Appendix A shall be governed and construed according to the PRIRC, where such law is not in conflict with such applicable federal laws, including ERISA.

16. **Application of Plan Terms** – Unless otherwise noted in this Appendix A, all terms and provisions of the Plan shall continue to apply to the P.R. Participants.

Appendix B

**PREPARTICIPATION SERVICE**

Employees of the following entities shall receive credit under the Plan for preparticipation service within the meaning of Treasury Regulation Section 1.401(a)(4)-11(d)(3)(ii)(A) for the following entities as of the dates indicated:

| **ENTITY** | **DATE** |
|---|---|
| Packard Bioscience Company | November 13, 2001 |
| Analytical Automation Specialists, Inc. | April 2, 2001 |
| Lumen Technologies, Inc. | January 31, 2000 |
| Wolfram, Inc. | January 31, 2000 |
| Voltarc Technologies, Inc. | January 31, 2000 |
| ILC Technology, Inc. | January 31, 2000 |
| ORC Technologies | January 31, 2000 |

Appendix C

**EFFECTIVE DATE OF ADOPTION OF 5% MATCHING CONTRIBUTION**

| | |
|---|---|
| Life Sciences Divisions 154 and 179 | February 1, 2001 |
| All Other Life Sciences SBU | January 1, 2003 |
| Corporate (SBU 011) | January 1, 2003 |
| Analytical Instruments (SBU 193 and 229) | January 1, 2003 |
| OptoElectronics (generally) | January 1, 2009 |
| OptoElectronics (grandfathered ERP participants) | January 31, 2011 (pro rated) |

Appendix D

**FLUID SCIENCES PARTICIPANTS**

Active Participants employed by the Fluid Sciences Strategic Business Unit at the sites identified below ceased to be employed by the Company as of the transaction dates identified below (each, a "Transaction Date"). Any such Fluid Sciences Participant who remained employed by the Company through his applicable Transaction Date shall have a fully vested and nonforfeitable right to his Account.

| Division | Location Number(s) | Transaction Date |
|---|---|---|
| Industrial Technologies | San Antonio – 043 | November 9, 2005 |
| Aerospace | Beltsville – 075 | December 6, 2005 |
| | Phelps – 025 | December 6, 2005 |
| | Warwick – 031,040 | December 6, 2005 |
| Semiconductor | Daytona | February 28, 2006 |

With respect to such Fluid Sciences Participants for the Plan Year ending December 31, 2005 (December 31, 2006 with respect to Semiconductor employees), the Employer shall make Matching Contributions, as of the Transaction Date, on behalf of each such Participant who is employed on the Transaction Date. The amount of Matching Contributions allocable to the Matching Contribution Account of each such eligible Fluid Sciences Participant shall be 55% of the Participant's matched contributions for the part of the Plan Year in which he is a Participant.

Appendix E

**IDS PARTICIPANTS**

IDS Participants. Active Participants employed by the Company's Illumination and Detection Solutions ("IDS") business ceased to be employed by the Company and its affiliates as of November 28, 2010 (the "Final Employment Date"). Any such IDS Participant who remained employed by the Company through the Final Employment Date shall have a fully vested and nonforfeitable right to his Account.

With respect to such IDS Participants who are "Grandfathered Participants" described in Section 3.3(b)(ii) of the prior Plan, for the Plan Year ending December 31, 2010, the Employer shall make Matching Contributions, as of the Final Employment Date, on behalf of each such Participant who is employed on the Final Employment Date. The amount of Matching Contributions allocable to the Matching Contribution Account of each such eligible Grandfathered Participant shall be 55% of the Participant's matched contributions (not exceeding 6% of Compensation) for the part of the Plan Year ending December 31, 2010 in which he is a Participant.

With respect to IDS Participants who are eligible to receive a Matching Contribution described in Section 3.3(a) of the Plan, the provisions of Section 3.3(a)(ii) shall be applied for the Plan Year ending December 31, 2010 by substituting the words "the Final Employment Date" for the words "December 1 of such Plan Year."

For the avoidance of doubt, compensation attributable to periods on and after the Final Employment Date shall be disregarded for all purposes under the Plan and, on and after the Final Employment Date, PerkinElmer Illumination, Inc., PerkinElmer LED Solutions, Inc., and PerkinElmer Sensors, Inc. shall no longer be treated as Employers under the terms of the Plan because such entities have, following the Final Employment Date, ceased to be a subsidiaries or affiliates of the Company.

Appendix F

**ADOPTING EMPLOYERS**
**August 1, 2019**

| | |
|---|---|
| PerkinElmer Inc | 04-2052042 |
| PerkinElmer Holdings Inc | 04-2436772 |
| PerkinElmer Informatics Inc | 04-2897700 |
| PerkinElmer Health Sciences | 04-3361624 |
| Novascreen Biosciences Corp | 86-0593048 |
| Caliper Life Sciences Inc | 33-0675808 |
| PerkinElmer Genetics Inc | 25-1645804 |
| Viacord LLC | 04-3201419 |
| Bioo Scientific Corp | 87-0781699 |
| EUROIMMUN US Incorporated | 20-1507364 |
| Cisbio US Inc. | 77-0688289 |
| Solus Scientific Solutions, Inc. | 83-1089050 |

Appendix G

CARES ACT **PROVISIONS**

CARES Act Withdrawal and Loan Provisions, the Plan permits COVID-related withdrawals and COVID-related loans.

(a) The Plan permits COVID-related withdrawals as provided for under the CARES Act. A COVID-related withdrawal is a distribution (which may be an in-service withdrawal) taken prior to December 31, 2020, not to exceed $100,000 or the Participant's Account balance (if less) made to a CARES Act Qualifying Individual who makes a certification that the amount of the withdrawal, when combined with all withdrawals required to be aggregated with the Plan COVID-related withdrawal, does not exceed $100,000. A COVID-related withdrawal is not subject to mandatory 20% withholding and receives other favorable tax treatment as provided in the CARES Act.

(b) The Plan permits COVID-related loans as provided for under the CARES Act. A COVID-related loan is a loan made prior to September 23, 2020, not to exceed $100,000 or the Participant's Account balance (if less) made to a CARES Act Qualifying Individual who is a current Employee and who makes a certification that the amount of the loan, when combined with all loans required to be aggregated with the Plan COVID-related loan, does not exceed $100,000. The Plan permits a CARES Act Qualifying Individual to elect to delay for up to one year loan repayments otherwise due from April 1 through December 31, 2020.

(c) "CARES Act Qualified Individual" means a Participant who has certified in the form provided by the recordkeeper that:

(i) The Participant, the Participant's spouse or Participant's dependent is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;

(ii) The Participant experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off, or having work hours reduced due to SARF-CoV-2 or COVID-19;

(iii) The Participant experiences adverse financial consequences as a result of being unable to work due to lack of childcare due to SARS-CoV-2 or COVID-19;

(iv) The Participant experiences adverse financial consequences as a result of closing or reducing hours of a business that the Participant owns or operates due to SARS-CoV-2 or COVID-19; or

(v) The Participant is treated as eligible under guidance issued by the IRS.

(d) The Plan Administrator or recordkeeper may adopt administrative rules and procedures provisions regarding COVID-related withdrawals, loans and repayment delays, including amortization schedules, that are permitted by the CARES Act. The provisions of this Section, including any rules and procedures adopted by the Plan Administrator or recordkeeper pursuant to the previous sentence, apply notwithstanding any conflicting requirements of any other Plan provision.

Required Minimum Distributions. The Plan temporarily waives required minimum distributions for Participants who are required to take such distributions in 2020. For Participants who have already begun taking Required Minimum Distributions or who reached age 70 ½ in 2019 and were required to begin in 2020, distributions requirements are waived for 2020.

**EXHIBIT 21**

Subsidiaries of the Registrant

As of March 2, 2021, the following is a list of the parent (Registrant) and its active subsidiaries, together with their subsidiaries. Except as noted, all voting securities of the listed subsidiaries are 100% beneficially owned by the Registrant or a subsidiary thereof. The subsidiaries are arranged alphabetically by state and then country of incorporation or organization.

| | Name of Company | State or Country of Incorporation or Organization | Name of Parent |
|---|---|---|---|
| 1. | PerkinElmer, Inc. | Massachusetts | N/A |
| 2. | Caliper Life Sciences, Inc. | Delaware | PerkinElmer Holdings, Inc. |
| 3. | Cambridge Research & Instrumentation, Inc. | Delaware | Caliper Life Sciences, Inc. |
| 4. | Dharmacon, Inc. | Delaware | Horizon Discovery Group Ltd. |
| 5. | Horizon Discovery, Inc. | Delaware | Horizon Discovery Limited |
| 6. | PerkinElmer Argentina Holdings, LLC | Delaware | PerkinElmer Holdings, Inc. |
| 7. | PerkinElmer CV Holdings, LLC | Delaware | PerkinElmer Global Holdings S.à r.l. |
| 8. | PerkinElmer Diagnostics Holdings, Inc. | Delaware | PerkinElmer Holdings, Inc. |
| 9. | PerkinElmer Health Sciences, Inc. | Delaware | PerkinElmer Holdings, Inc. |
| 10. | PerkinElmer Informatics, Inc. | Delaware | PerkinElmer Holdings, Inc. |
| 11. | Sage Labs, Inc. | Delaware | Dharmacon, Inc. |
| 12. | ViaCord, LLC | Delaware | PerkinElmer Diagnostics Holdings, Inc. |
| 13. | VisEn Medical Inc. | Delaware | PerkinElmer Health Sciences, Inc. |
| 14. | Xenogen Corporation | Delaware | Caliper Life Sciences, Inc. |
| 15. | Omni International, Inc. | Georgia | PerkinElmer Holdings, Inc. |
| 16. | NovaScreen Biosciences Corporation | Maryland | Caliper Life Sciences, Inc. |
| 17. | CisBio US Inc. | Massachusetts | PerkinElmer Holdings, Inc. |
| 18. | PerkinElmer Holdings, Inc. | Massachusetts | PerkinElmer, Inc. |
| 19. | EUROIMMUN US Inc. | New Jersey | PerkinElmer Diagnostics Holdings, Inc. |
| 20. | EUROIMMUN US Real Estate LLC | New Jersey | EUROIMMUN US Inc. |
| 21. | PerkinElmer Genetics, Inc. | Pennsylvania | PerkinElmer Diagnostics Holdings, Inc. |
| 22. | Bioo Scientific Corporation | Texas | PerkinElmer Holdings, Inc. |
| 23. | PerkinElmer Automotive Research, Inc. | Texas | PerkinElmer Holdings, Inc. |
| 24. | Perkin-Elmer Argentina S.R.L. | Argentina | PerkinElmer Holdings, Inc. (98%) [1] |
| 25. | PerkinElmer Health Sciences (Australia) Pty. Ltd. | Australia | PerkinElmer Holdings Pty. Ltd. |
| 26. | PerkinElmer Holdings Pty. Ltd. | Australia | PerkinElmer Diagnostics Global Holdings S.à r.l. |
| 27. | PerkinElmer Pty. Ltd. | Australia | PerkinElmer Holdings, Inc. |
| 28. | Perten Instruments of Australia Pty Ltd. | Australia | Perten Instruments AB |
| 29. | Horizon Genomics GmbH | Austria | Horizon Discovery Group Ltd. |
| 30. | PerkinElmer VertriebsgmbH | Austria | Wellesley B.V. |
| 31. | PerkinElmer BVBA | Belgium | PerkinElmer Life Sciences International Holdings [2] |
| 32. | EUROIMMUN Brasil Medicina Diagnóstica Ltda. | Brazil | EUROIMMUN Medizinische Labordiagnostika AG [3] |
| 33. | PerkinElmer do Brasil Ltda. | Brazil | PerkinElmer Diagnostics Global Holdings S.à r.l. (99%) [4] |
| 34. | EUROIMMUN Medical Diagnostics Canada Inc. | Canada | EUROIMMUN Medizinische Labordiagnostika AG |
| 35. | PerkinElmer Health Sciences Canada, Inc. | Canada | PerkinElmer Life Sciences International Holdings (97%) [5] |
| 36. | Perkin Elmer Chile Ltda. | Chile | PerkinElmer Health Sciences, Inc. (68%) [6] |
| 37. | Beijing Huaan Magnech Bio-Tech Co., Ltd. | China | Shandong Meizheng Bio-Tech Co., Ltd. |
| 38. | Beijing Longrun Bio-Tech Co., Ltd. | China | Shandong Meizheng Bio-Tech Co., Ltd. |
| 39. | Beijing Meizheng Bio-Tech Co., Ltd. | China | Shandong Meizheng Bio-Tech Co., Ltd. |
| 40. | Beijing Meizheng Testing Lab Co., Ltd. | China | Shandong Meizheng Bio-Tech Co., Ltd. |
| 41. | Beijing OUMENG Biotechnology Co., Ltd. | China | EUROIMMUN Medizinische Labordiagnostika AG |
| 42. | Chengdu PerkinElmer Medical Laboratory Co., Ltd. | China | Suzhou PerkinElmer Medical Laboratory Co., Ltd. |
| 43. | Cisbio China, Ltd. | China | Cisbio Asia Pacific Ltd |
| 44. | EUROIMMUN (Hangzhou) Medical Laboratory Diagnostics Co., Ltd. | China | EUROIMMUN Medical Diagnostics (China) Co., Ltd. |
| 45. | EUROIMMUN Medical Diagnostics (China) Co., Ltd. | China | EUROIMMUN Medizinische Labordiagnostika AG |
| 46. | EUROIMMUN (Tianjin) Medical Diagnostic Technology Co., Ltd. | China | EUROIMMUN Medical Diagnostics (China) Co., Ltd. |

| | | | |
|---|---|---|---|
| 47. | Guangzhou EUROIMMUN Medical Diagnostic Products Co., Ltd. | China | EUROIMMUN Medical Diagnostics (China) Co., Ltd. |
| 48. | Hangzhou EUROIMMUN Medical Diagnostic Products Co., Ltd. | China | EUROIMMUN Medical Diagnostics (China) Co., Ltd. |
| 49. | Jiangsu Meizheng Bio-Tech Co., Ltd. | China | Shandong Meizheng Bio-Tech Co., Ltd. |
| 50. | PerkinElmer Healthcare Diagnostics (Shanghai) Co., Ltd. | China | PerkinElmer IVD Pte Ltd. |
| 51. | PerkinElmer Instruments (Suzhou) Co., Ltd. | China | Wellesley B.V. |
| 52. | PerkinElmer Management (Shanghai) Co., Ltd. | China | PerkinElmer Singapore Pte Ltd. |
| 53. | PerkinElmer (Shanghai) Equity Investment Fund, L.P. | China | PerkinElmer Singapore Pte Ltd. (98%) [7] |
| 54. | PerkinElmer (Shanghai) Equity Investment Fund Management Co., Ltd. | China | PerkinElmer Singapore Pte Ltd. |
| 55. | Perten Instruments (Beijing) Co., Ltd. | China | Perten Instruments AB |
| 56. | Shandong Meizheng Bio-Tech Co., Ltd. | China | PerkinElmer Health Sciences B.V. |
| 57. | Shanghai Haoyuan Biotech Co., Ltd. | China | PerkinElmer Holding Luxembourg S.à r.l. |
| 58. | Shanghai Spectrum Instruments Co., Ltd. | China | Wellesley B.V. |
| 59. | Suzhou PerkinElmer Medical Laboratory Co., Ltd. | China | Suzhou Sym-Bio Lifescience Co., Ltd. (70) [8] |
| 60. | Suzhou Sym-Bio Lifescience Co., Ltd. | China | PerkinElmer Healthcare Diagnostics (Shanghai) Co., Ltd. |
| 61. | PerkinElmer Danmark A/S | Denmark | Wallac Oy |
| 62. | PerkinElmer Finland Oy | Finland | Wallac Oy |
| 63. | PerkinElmer Investments Ky | Finland | PerkinElmer Finance Luxembourg S.à r.l. [9] |
| 64. | PerkinElmer Oy | Finland | Wellesley B.V. |
| 65. | Wallac Oy | Finland | PerkinElmer Oy |
| 66. | Bio Evolution SAS | France | EUROIMMUN France SAS |
| 67. | Cisbio Bioassays SAS | France | Cisbio Group. SAS |
| 68. | Cisbio Group SAS | France | PerkinElmer SAS |
| 69. | EUROIMMUN France SAS | France | EUROIMMUN Medizinische Labordiagnostika AG |
| 70. | PerkinElmer SAS | France | PerkinElmer Nederland B.V. |
| 71. | Perten Instruments France SASU | France | Perten Instruments AB |
| 72. | ZeLab SAS | France | Cisbio Group SAS |
| 73. | EUROIMMUN Medizinische Labordiagnostika AG | Germany | PerkinElmer Germany Diagnostics GmbH |
| 74. | PerkinElmer Cellular Technologies Germany GmbH | Germany | PerkinElmer LAS (Germany) GmbH |
| 75. | PerkinElmer chemagen Technologie GmbH | Germany | PerkinElmer Cellular Technologies Germany GmbH |
| 76. | PerkinElmer Germany Diagnostics GmbH | Germany | PerkinElmer Global Diagnostics S.C.A. |
| 77. | PerkinElmer LAS (Germany) GmbH | Germany | PerkinElmer Germany Diagnostics GmbH |
| 78. | Perten Instruments GmbH | Germany | Perten Instruments AB |
| 79. | Cisbio Asia Pacific Ltd | Hong Kong | Cisbio Bioassays SAS |
| 80. | PerkinElmer (Hong Kong) Ltd. | Hong Kong | PerkinElmer Holdings, Inc. |
| 81. | Biosense Technologies Pvt Ltd. | India | Tulip Diagnostics Pvt Ltd. [10] |
| 82. | Orchid Biomedical Systems Pvt Ltd. | India | Tulip Diagnostics Pvt Ltd. |
| 83. | PerkinElmer Health Sciences Pvt Ltd. | India | PerkinElmer IVD Pte Ltd. (91%) [11] |
| 84. | PerkinElmer (India) Pvt Ltd. | India | PerkinElmer Singapore Pte Ltd. [12] |
| 85. | Tulip Diagnostics Pvt Ltd. | India | PerkinElmer Holding Luxembourg S.à r.l. (99%) [13] |
| 86. | PerkinElmer (Ireland) Ltd. | Ireland | Wellesley B.V. |
| 87. | PerkinElmer Israel Ltd. | Israel | PerkinElmer Holding Luxembourg S.à r.l. |
| 88. | Dani Analitica S.r.l. | Italy | Perkin Elmer Italia S.p.A. |
| 89. | EUROIMMUN Italia Diagnostica Medica S.r.l. | Italy | EUROIMMUN Medizinische Labordiagnostika AG |
| 90. | Perkin Elmer Italia SpA | Italy | Wellesley B.V. |
| 91. | Perten Instruments Italia S.r.l. | Italy | Perten Instruments AB |
| 92. | Cisbio KK | Japan | Cisbio Asia Pacific Ltd |
| 93. | EUROIMMUN Japan Co. Ltd. | Japan | EUROIMMUN Medizinische Labordiagnostika AG |
| 94. | Horizon Discovery KK | Japan | Horizon Discovery Group Ltd. |
| 95. | PerkinElmer Japan Co. Ltd. | Japan | PerkinElmer Life Sciences International Holdings (97%) [14] |
| 96. | Perkin Elmer Yuhan Hoesa | Korea | PerkinElmer Diagnostics Global Holdings S.à r.l. |
| 97. | PerkinElmer Diagnostics Global Holdings S.à r.l. | Luxembourg | PerkinElmer Global Holdings S.à r.l. |
| 98. | PerkinElmer Finance Luxembourg S.à r.l. | Luxembourg | PerkinElmer Holding Luxembourg S.à r.l. |
| 99. | PerkinElmer Global Diagnostics S.C.A. | Luxembourg | PerkinElmer Global Financing S.à r.l. [15] |
| 100. | PerkinElmer Global Financing S.à r.l. | Luxembourg | PerkinElmer Global Holdings S.à r.l. |
| 101. | PerkinElmer Global Holdings S.à r.l. | Luxembourg | PerkinElmer Holdings, Inc. |
| 102. | PerkinElmer Holding Luxembourg S.à r.l. | Luxembourg | PerkinElmer Diagnostics Global Holdings S.à r.l. |

| | | | |
|---|---|---|---|
| 103. | DNA Laboratories Sdn. Bhd. | Malaysia | Perkin Elmer Sdn. Bhd. |
| 104. | Perkin Elmer Sdn. Bhd. | Malaysia | PerkinElmer Diagnostics Global Holdings S.à r.l. |
| 105. | Inochem S.A. de C.V. | Mexico | Perkin Elmer de Mexico, S.A.[16] |
| 106. | Perkin Elmer de Mexico, S.A. | Mexico | PerkinElmer Holdings, Inc. [17] |
| 107. | PerkinElmer Health Sciences B.V. | Netherlands | PerkinElmer Life Sciences International Holdings |
| 108. | PerkinElmer International C.V. | Netherlands | PerkinElmer Global Holdings S.à r.l. [18] |
| 109. | PerkinElmer Nederland B.V. | Netherlands | Wellesley B.V. |
| 110. | Wellesley B.V. | Netherlands | PerkinElmer Holding Luxembourg S.à r.l. |
| 111. | PerkinElmer Norge AS | Norway | Wallac Oy |
| 112. | Perkin-Elmer Instruments (Philippines) Corporation | Philippines | PerkinElmer Holdings, Inc. |
| 113. | EUROIMMUN Polska Sp. z o.o. | Poland | EUROIMMUN Medizinische Labordiagnostika AG |
| 114. | PerkinElmer Polska Sp. z o.o. | Poland | Wellesley B.V. |
| 115. | PerkinElmer Shared Services Sp. z o.o. | Poland | Wellesley B.V. |
| 116. | EUROIMMUN Portugal Unipessoal Lda. | Portugal | EUROIMMUN Medizinische Labordiagnostika AG |
| 117. | EUROIMMUN (South East Asia) Pte Ltd. | Singapore | EUROIMMUN Medizinische Labordiagnostika AG |
| 118. | PerkinElmer Holdings Singapore Pte Ltd. | Singapore | PerkinElmer Holdings, Inc. |
| 119. | PerkinElmer IVD Pte Ltd. | Singapore | Wallac Oy |
| 120. | PerkinElmer Singapore Pte Ltd. | Singapore | PerkinElmer Diagnostics Global Holdings S.à r.l. |
| 121. | Singapore Biosciences Pte Ltd. | Singapore | Tulip Diagnostics Pvt Ltd. |
| 122. | EUROIMMUN Medical Laboratory Diagnostics South Africa (Pty) Ltd. | South Africa | EUROIMMUN Medizinische Labordiagnostika AG |
| 123. | PerkinElmer South Africa (Pty) Ltd. | South Africa | Wellesley B.V. |
| 124. | EUROIMMUN Diagnostics España, S.L. | Spain | EUROIMMUN Medizinische Labordiagnostika AG |
| 125. | Integromics, S.L. | Spain | PerkinElmer España, S.L. |
| 126. | PerkinElmer España, S.L. | Spain | Wellesley B.V. |
| 127. | PerkinElmer Sverige AB | Sweden | Wallac Oy |
| 128. | PerkinElmer Sweden Health Sciences Holdings AB | Sweden | Perten Instruments AB |
| 129. | Perten Instruments AB | Sweden | PerkinElmer Holding Luxembourg S.à r.l. (73%) [19] |
| 130. | Vanadis Diagnostics AB | Sweden | Perten Instruments AB |
| 131. | EUROIMMUN Schweiz AG | Switzerland | EUROIMMUN Medizinische Labordiagnostika AG |
| 132. | PerkinElmer (Schweiz) AG | Switzerland | Wellesley B.V. |
| 133. | PerkinElmer Taiwan Corporation | Taiwan | PerkinElmer Holding Luxembourg S.à r.l. |
| 134. | PerkinElmer Limited | Thailand | PerkinElmer, Inc. |
| 135. | EUROIMMUN Turkey Tibbi Laboratuar Teşhisleri A.S. | Turkey | EUROIMMUN Medizinische Labordiagnostika AG [20] |
| 136. | PerkinElmer Sağlık ve Çevre Bilimleri Ltd. | Turkey | PerkinElmer Holding Luxembourg S.à r.l. |
| 137. | PerkinElmer Health Sciences FZ-LLC | United Arab Emirates | PerkinElmer Holding Luxembourg S.à r.l. |
| 138. | EUROIMMUN UK Ltd. | United Kingdom | EUROIMMUN Medizinische Labordiagnostika AG |
| 139. | Horizon Diagnostics Limited | United Kingdom | Horizon Discovery Limited |
| 140 | Horizon Discovery Biosciences Limited | United Kingdom | Horizon Discovery Limited |
| 141. | Horizon Discovery Group Ltd. | United Kingdom | PerkinElmer (UK) Holdings Ltd. |
| 142. | Horizon Discovery Limited | United Kingdom | Horizon Discovery Group Ltd. |
| 143. | PerkinElmer LAS (UK) Ltd. | United Kingdom | PerkinElmer (UK) Holdings Ltd. |
| 144. | PerkinElmer Life Sciences International Holdings | United Kingdom | PerkinElmer Health Sciences, Inc. |
| 145. | PerkinElmer Ltd. | United Kingdom | PerkinElmer (UK) Holdings Ltd. |
| 146. | PerkinElmer (UK) Holdings Ltd. | United Kingdom | Wellesley B.V. |
| 147. | RayAl Ltd. | United Kingdom | Solus Scientific Solutions Ltd. |
| 148. | Solus Scientific Solutions Ltd. | United Kingdom | PerkinElmer (UK) Holdings Ltd. |
| 149. | Synthetx Limited | United Kingdom | Horizon Discovery Limited |

[1] PerkinElmer Argentina Holdings, LLC owns 2%.
[2] PerkinElmer Holdings, Inc. owns a de minimus share.
[3] PerkinElmer Holdings, Inc. owns a de minimus share.
[4] PerkinElmer Holdings, Inc. owns 1%; PerkinElmer Health Sciences, Inc. owns a de minimus share.
[5] Perten Instruments AB owns 3%.
[6] PerkinElmer Holdings, Inc. owns 32%.
[7] PerkinElmer (Shanghai) Equity Investment Fund Management Co., Ltd. owns 2%.
[8] Shanghai Sai Ke Si Medical Technology L.P. owns 30%.
[9] PerkinElmer Holding Luxembourg S.à r.l. owns a de minimus share.
[10] Individual shareholder owns 1%.
[11] Surendra Genetic Laboratory & Research Centre Pvt Ltd. owns 9%.

[12] Wellesley B.V. owns a de minimus share.
[13] Individual shareholders own 1%.
[14] Wallac Oy owns 3%.
[15] PerkinElmer Global Holdings S.à.r.l owns 1%.
[16] EUROIMMUN Medizinische Labordiagnostika AG owns 1%..
[17] PerkinElmer, Inc. owns a de minimus share.
[18] PerkinElmer CV Holdings, LLC owns 1%.
[19] PerkinElmer Diagnostics Global Holdings S.à r.l. owns 27%.
[20] Individual shareholders own de minimus shares.

**EXHIBIT 23**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-61615, 333-65367, 333-81759, 333-61938, 333-73350, 333-92228, 333-129407, 333-158877 and 333-231071 on Form S-8 and 333-230425 on Form S-3 of our reports dated March 2, 2021, relating to the financial statements of PerkinElmer, Inc. and subsidiaries, and the effectiveness of PerkinElmer, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended January 3, 2021.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 2, 2021

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302

**EXHIBIT 31.1**

**CERTIFICATION**

I, Prahlad Singh, certify that:

1. I have reviewed this Annual Report on Form 10-K of PerkinElmer, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 2, 2021

/S/ PRAHLAD SINGH, PhD

**Prahlad Singh, PhD**
**President and Chief Executive Officer**

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302

**EXHIBIT 31.2**

**CERTIFICATION**

I, James M. Mock, certify that:

1. I have reviewed this Annual Report on Form 10-K of PerkinElmer, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 2, 2021

/s/ JAMES M. MOCK

**James M. Mock**
**Senior Vice President and Chief Financial Officer**

CERTIFICATION OF CEO AND CFO PURSUANT TO SECTION 906

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of PerkinElmer, Inc. (the "Company") for the period ended January 3, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Prahlad Singh, President and Chief Executive Officer of the Company, and James M. Mock, Senior Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Based on my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: March 2, 2021

/S/ PRAHLAD SINGH, PhD

**Prahlad Singh, PhD**
**President and Chief Executive Officer**

Date: March 2, 2021

/s/ JAMES M. MOCK

**James M. Mock**
**Senior Vice President and Chief Financial Officer**