ICO Global Communications (Holdings) LTD
Form DEF 14A
October 29, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

ICO Global Communications (Holdings) Limited

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Title of each class of securities to which transaction applies:

Aggregate number of securities to which transaction applies:

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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Date Filed:

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ICO GLOBAL COMMUNICATIONS (HOLDINGS) LIMITED

2300 Carillon Point

Kirkland, Washington 98033

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On December 13, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders (Annual Meeting) of **ICO Global Communications (Holdings) Limited**, a Delaware corporation (Company or ICO). The meeting will be held on **Monday, December 13, 2010** at **10:00 a.m.** local time at The Woodmark Hotel, 1200 Carillon Point, Kirkland, WA 98033 for the following purposes:

1. To elect 9 directors to serve until the Company s next annual meeting or until their successors are elected.

2. To ratify the selection by the Audit Committee of the independent registered public accounting firm of Deloitte & Touche LLP as independent auditor of the Company for its fiscal year ending December 31, 2010.

3. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice. The Company s annual report for the year ended December 31, 2009 is also enclosed.

The record date for the Annual Meeting is October 22, 2010. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

Important Notice Regarding Availability of Proxy Materials for the Stockholder Meeting to Be Held on December 13, 2010. You may access an electronic, searchable copy of the Proxy Statement and the Annual Report to Stockholders for the year ended December 31, 2009 at: http://bnymellon.mobular.net/bnymellon/icog**.**

By Order of the Board of Directors

/s/ Timothy M. Dozois

Timothy M. Dozois

Corporate Secretary

Kirkland, Washington

October 29, 2010

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ICO GLOBAL COMMUNICATIONS (HOLDINGS) LIMITED

2300 Carillon Point

Kirkland, Washington 98033

PROXY STATEMENT

FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS

December 13, 2010

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We have sent you this proxy statement and the enclosed proxy card because the Board of Directors (Board of Directors) of ICO Global Communications (Holdings) Limited (Company or ICO) is soliciting your proxy to vote at the 2010 Annual Meeting of Stockholders (Annual Meeting). You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or on the Internet.

The Company intends to mail this proxy statement and accompanying proxy card on or about October 29, 2010 to all stockholders of record entitled to vote at the Annual Meeting.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on October 22, 2010 (Record Date) will be entitled to vote at the Annual Meeting. On this Record Date, there were 199,980,177 shares of Class A common stock outstanding and entitled to vote (one vote per share) and 53,660,000 shares of Class B common stock outstanding and entitled to vote (ten votes per share).

Stockholders of Record: Shares Registered in Your Name

If on the Record Date your shares were registered directly in your name with ICO s transfer agent, BNY Mellon Shareowner Services (BNY Mellon), then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on the Record Date your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. As a beneficial owner, you have the right

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to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are two matters scheduled for a vote:

- Election of 9 directors; and
- Ratification of the selection by the Audit Committee of the independent registered public accounting firm of Deloitte & Touche LLP as independent auditor of the Company for its fiscal year ending December 31, 2010.

How do I vote?

You may either vote For all the nominees to the Board of Directors or you may Withhold your vote for any nominee you specify. For each of the other matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone, or vote by proxy on the Internet. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote over the telephone, dial toll-free 1-866-580-9477 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 PM Eastern Time on December 12, 2010, the day prior to the Annual Meeting, to be counted.
- To vote on the Internet, go to http://www.eproxy.com/icog to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 PM Eastern Time on December 12, 2010, the day prior to the Annual Meeting, to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from ICO. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or bank. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent. You may contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares on-line, with procedures designed to ensure the authenticity and correctness of your proxy vote. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

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How many votes do I have?

On each matter to be voted upon, you will have one vote for each share of Class A common stock you own as of the Record Date and ten votes for each share of Class B common stock you own as of the Record Date.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted **For** the election of all 9 nominees for director and **For** the ratification of the selection by the Audit Committee of the independent registered public accounting firm of Deloitte & Touche LLP as independent auditor of the Company for its fiscal year ending December 31, 2010. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date.

You may send a timely written notice that you are revoking your proxy to the Company s Corporate Secretary at 2300 Carillon Point, Kirkland, Washington 98033.

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Withhold with respect to the election of directors, and, with respect to proposals other than the election of directors, Against votes, abstentions and broker non-votes. Abstentions will be counted towards the vote total for each proposal, and will have the same effect as Against votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

What are broker non-votes ?

If your shares are held by your broker as your nominee (that is, in street name), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding

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how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. The election of directors is a non-discretionary item, so if you do not provide instructions to your broker, your broker will not be able to vote your shares for the election of directors. Discretionary items are proposals considered routine on which your broker may vote shares held in street name in the absence of your voting instructions. The proposal to ratify the appointment of our independent auditor is a discretionary item.

How many votes are needed to approve each proposal?

For Proposal No. 1, Election of Directors, the 9 nominees receiving the most For votes (from the holders of votes of shares present in person or represented by proxy and entitled to vote on the election of directors) will be elected. Only votes For will affect the outcome.

To be approved, Proposal No. 2, Ratification of the Selection by the Audit Committee of the Board of Directors of the Independent Registered Public Accounting Firm of Deloitte & Touche LLP as Independent Auditor, must receive For votes from the holders of a majority of shares present in person or by proxy. If you Abstain from voting, it will have the same effect as an Against vote.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding shares representing a majority of the combined voting power of the outstanding Class A common stock and Class B common stock are present at the meeting in person or represented by proxy. On the Record Date, there were 199,980,177 shares of Class A common stock outstanding and 53,660,000 shares of Class B common stock outstanding. Thus holders of shares representing 368,290,089 votes must be present in person or represented by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Form 8-K to be filed with the SEC on or before December 17, 2010.

HOUSEHOLDING OF PROXY MATERIALS

The U.S. Securities and Exchange Commission (SEC) has adopted rules that permit companies and intermediaries (*e.g.,* brokers) to satisfy the delivery requirements for annual report to stockholders, proxy statement, or Notice of Internet Availability of Proxy Materials with respect to two or more stockholders sharing the same address by delivering a single annual report to stockholders, proxy statement, or Notice of Internet Availability of Proxy Materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are ICO s stockholders will be householding our proxy materials. A single annual report to stockholders, proxy statement, or Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be

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householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate annual report to stockholders, proxy statement, or Notice of Internet Availability of Proxy Materials, please notify your broker. Upon written or oral request, we will promptly deliver a separate copy of the annual report to stockholders, proxy statement, or Notice of Internet Availability of Proxy Materials, as applicable, to a stockholder at a shared address to which a single copy of the documents was delivered. Direct your written request to ICO, 2300 Carillon Point, Kirkland, Washington 98033, Attn: General Counsel. Stockholders who currently receive multiple copies of the proxy statement at their addresses and would like to request householding of their communications should contact their brokers.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Company s Board of Directors has identified 9 director nominees for election at the Annual Meeting of the Company s stockholders. Each nominee that is elected at the Annual Meeting will hold office until the next Annual Meeting of stockholders and until his successor is elected, or, if sooner, until the director s death, resignation or removal. Except for Messrs. Emerson, Fox, Salemme, Sloan and Wolff, who joined the Board of Directors since the last Annual Meeting, each of the nominees listed below is currently a director of the Company who was previously elected by the stockholders. Mr. Wasserman, who currently serves on the Board, will not stand for re-election at the Annual Meeting. The Company encourages nominees for directors and directors to attend the Annual Meeting.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The 9 nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the 9 nominees named below. Each person nominated for election has agreed to serve if elected, and we have no reason to believe that any nominee will be unable to serve.

Nominees

Name	Age	Principal Occupation/ Position Held with the Company
Richard P. Emerson	48	Director
Richard P. Fox	63	Director
Nicolas Kauser	70	Director
Craig O. McCaw	61	Director
Barry L. Rowan	54	Director
R. Gerard Salemme	56	Director
Stuart M. Sloan	66	Director
H. Brian Thompson	71	Director
Benjamin G. Wolff	41	Chief Executive Officer; Chairman, Board of Directors

We have provided information below about our directors, including their names, years of service as a director, business experience and service on other boards of directors, including any other directorships held during the past five years. In addition, we have included information about each director s specific experience, qualifications, attributes or skills that led the Board of Directors to conclude that the director should serve as a director of the Company.

Richard P. Emerson

Director since October 2010. Mr. Emerson has spent his entire career in investment banking and corporate finance. Most recently, from 2004 through 2008, he was Senior Managing Director of Evercore Partners, a leading independent investment banking advisory firm that provides advisory services to prominent multinational corporations and financial sponsors on significant mergers, acquisitions, divestitures, restructurings, financings, public offerings, private placements and other strategic transactions. From 2000 through 2003, Mr. Emerson served as Senior Vice President for Microsoft Corporation, reporting directly to the chief executive officer, with responsibility for all acquisitions, investments and strategic partnerships. Mr. Emerson joined Microsoft after establishing and running the west coast office of Lazard Freres, where, from 1996 through 2000, he advised telecom and technology clients on significant mergers, acquisitions and related financial transactions. Prior to opening Lazard Frere s west coast office, Mr. Emerson held senior advising roles with The Blackstone Group and Morgan Stanley & Company. Mr. Emerson previously served on the board of directors of Clearwire Corporation from 2003 through 2008, where he also served on the Audit Committee.

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With a career dedicated to corporate finance and mergers and acquisitions, Mr. Emerson is ideally suited to assist the Company with future financing and investment opportunities. In addition, in his role as a former member of the audit committee for Clearwire Corporation and a current member of the audit committee of the California Academy of Science, he provides oversight and review of financial policy and reporting of the type required of the Company s Audit Committee. As such, the Board has appointed Mr. Emerson to serve as a member of its Audit Committee.

Richard P. Fox

Director since October 2010. For more than 28 years, Mr. Fox served in various roles with Ernst & Young, a major international accounting firm, including partner-in-charge of the audit department in Seattle from 1989 through 1995, and managing partner of E&Y s Seattle office from 1995 to 1997. Thereafter, he served as Senior Vice President of PACCAR, Incorporated, with responsibility for the accounting, treasury, and information systems functions. In April 1998, he joined Wall Data, Incorporated as its chief financial officer and director, where he initiated a study of strategic alternatives that led to the sale of the company in early 2000. After emerging from that sale, Mr. Fox was tapped by CyberSafe Corporation to serve as its president and chief operating officer, a role that he held until launching an independent consulting practice in late 2001. Mr. Fox also serves on the boards of directors of Flow International Corporation, Univar, Inc. and Orbitz Worldwide, Inc.

With more than 40 years of experience reviewing, auditing and implementing financial systems and financing structures, Mr. Fox will be instrumental in assisting the Company with its financial planning and future investment opportunities. Moreover, his experience with financial reporting systems and accounting functions qualifies him as an audit committee financial expert, as defined in the applicable rules of the SEC and the Nasdaq Global Market (Nasdaq). As such, the Board has appointed Mr. Fox to serve as chair of the Audit Committee. The Board has also appointed Mr. Fox to serve as a member of the Compensation Committee.

Nicolas Kauser

Director since December 2008 and from May 2000 to May 2004. Mr. Kauser has spent over 40 years in the communications industry, including as President of Clearwire International LLC, and CTO of Clearwire, EVP and CTO for AT&T Wireless Services, Inc. (formerly McCaw Cellular Communications, Inc.), Sr. VP of Operations and VP of Engineering of Cantel, Inc., and spent 20 years in Venezuela where he first worked for the National Telephone Co. and subsequently co-founded two companies in the communications industry. Mr. Kauser is a Director of TriQuint Semiconductors, Inc. He earned his bachelor s degree in electrical engineering from McGill University, Montreal, Quebec in 1963 and successfully completed graduate courses in Logic Design and Random Signal and Noise in Telecommunications Systems. In 1998, Mr. Kauser received the prestigious Gold Prize awarded by The Carnegie Melon Institute and American Management Systems for excellence in the application of information technology.

Mr. Kauser has been involved in the technology industry for many years and has particular experience with communications companies. In addition to his industry experience, Mr. Kauser s experience as a senior officer at Clearwire and AT&T Wireless Services, Inc. provides him with the management experience to assist in the oversight of our operations and strategic objectives. He has served on the board of directors of a number of companies, including RadioFrame Networks and TriQuint Semiconductors, Inc. Mr. Kauser was a director with ICO from 2000 to 2004 and is familiar with our operations and history.

Craig O. McCaw

Director since May 2000 and Chairman of the Board of Directors from 2000 until 2009. Mr. McCaw served as a Director and Chairman of ICO North America, Inc. from September 2005 through December 16, 2008. Since 1993, Mr. McCaw has been Chairman, Chief Executive Officer, and a member of the Eagle River group of investment companies which focus on strategic investments in the telecommunications industry. Mr. McCaw

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founded Clearwire in October 2003 and currently serves as its Chairman of the Board. Mr. McCaw was a director of Nextel Communications, Inc., from July 1995 until December 2003, and a director of XO Communications, Inc. (formerly known as NEXTLINK Communications, Inc.) (XO), from January 1997 until January 2002. From September 1994 to July 1997, he was also XO s Chief Executive Officer. From 1974 to September 1994, Mr. McCaw served as Chairman and CEO of McCaw Cellular Communications, Inc., which he built into the nation s leading provider of cellular services in more than 100 U.S. cities, until the company was sold to AT&T Corp. in August 1994.

Mr. McCaw brings to our Board of Directors extensive understanding and knowledge of our business in particular and the wireless and satellite industries in general, as well as demonstrated leadership skills and operating experience, including those acquired during more than 30 years of serving as a senior executive and director of Clearwire, XO, Nextel and McCaw Cellular Communications. As a director of other public and private companies in the telecommunications industry, Mr. McCaw also brings to the Company broad-based business experience and financial acumen.

Barry L. Rowan

Director since June 2006. Barry Rowan has over 25 years of financial and operational experience building technology and communications companies. Mr. Rowan has been the Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Vonage Holdings Corp. since March 2010. From August 2005 until June 2006, he was Executive Vice President, Chief Financial Officer of Nextel Partners and its subsidiaries. Mr. Rowan joined Nextel Partners in August 2003 as Vice President and Chief Financial Officer, and from August 2003 to August 2004 he also served as the company s Treasurer. From January 2002 to August 2003, he was a principal at Rowan & Company, LLC, a consulting and private investment firm, and from 1999 to 2001, Mr. Rowan was the Chief Financial Officer at Velocom, Inc., an international communications company, during which time he served as Chief Executive Officer of Vesper, the company s Brazilian subsidiary, for six months. From 1992 until 1999, Mr. Rowan held a number of executive management positions at Fluke Corporation, including Chief Financial Officer, and Senior Vice President and Division General Manager. Mr. Rowan earned his M.B.A. from the Harvard Business School, and his B.S., *summa cum laude*, in Business Administration and Chemical Biology from The College of Idaho.

As a senior finance executive for several public and private companies, Mr. Rowan possesses significant finance experience that qualifies him to serve as a director of our Company and a member of our Audit Committee. In addition to being a financial expert, Mr. Rowan is familiar with the technology industry, having served as a senior executive at Vonage Holdings Corp, and Nextel Partners. This experience as a senior executive also gives Mr. Rowan the management background necessary for the oversight of our financial and operational performance.

R. Gerard Salemme

Director since June 2010 and from May 2002 to December 2008. Mr. Salemme has over 27 years of experience in the telecommunications industry. From November 2004 until early October 2010, he served as Executive Vice President-Strategy, Policy and External Affairs of Clearwire Corporation, a broadband wireless service provider deploying operations throughout the United States and in other countries throughout the world. He is also a Principal of Eagle River Holdings, LLC, an affiliate of Eagle River Investments, LLC. From May 1997 to June 2003, Mr. Salemme was Senior Vice President, External Affairs of XO, and, before joining XO, he was AT&T Corporation s Vice President of Government Affairs, directing AT&T s federal regulatory public policy organization, and overseeing AT&T s participation in the FCC s narrowband and broadband PCS auctions. Prior to joining AT&T, Mr. Salemme was Senior Vice President, External Affairs for McCaw Cellular Communications Inc. He also held the position of Senior Telecommunications Policy Analyst for the U.S. House of Representatives Subcommittee on Telecommunications and Finance. He also served as Chief of Staff to Congressman Ed Markey of Massachusetts.
Mr. Salemme earned a B.A. in Political Science and Economics, and an M.A. in Economics, from Boston College.

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Mr. Salemme brings to our Board of Directors significant experience with regulatory matters, particularly in the telecommunications industry, including experience as a senior executive officer with Clearwire, XO and AT&T, which provides him with the management experience to assist in the oversight of our operations and strategic objectives. He has served on the boards of directors of a number of companies, in addition to having served on our Board of Directors from 2002 to 2008 and is familiar with our operations and history.

Stuart M. Sloan

Director since October 2010. Since 1994, Mr. Sloan has been a principal of Sloan Capital Partners, a private investment company that serves as general partner in the redevelopment of University Village, a nationally recognized regional center for upscale shopping in Seattle, Washington. From 1986 through 1999, Mr. Sloan was an owner and executive officer of Quality Food Centers, Inc. (QFC), which was acquired by Fred Meyer in 1997. Prior to QFC, from 1967 until 1984, Mr. Sloan owned in part and operated Schuck s Auto Supply, Inc., which was sold to Pay n Save Corp in 1984. Mr. Sloan currently serves as a director of Anixter International, Inc. and J. Crew Group, Inc. He also serves on the board of the Ohio State University Medical Center and is active, both personally and through his private foundation, in numerous civic, cultural, educational and other philanthropic activities.

Mr. Sloan s extensive management experience, along with his service on numerous boards of directors, provides him with the experience to assist in the oversight of our operations and strategic objectives. His direct involvement, over the span of decades, with management of franchise operations, personnel management and employee incentives makes him particularly well-suited to assist with compensation issues and other human resource matters. As such, the Board has appointed Mr. Sloan to serve as a member of the Compensation Committee.

H. Brian Thompson

Director since May 2007. Mr. Thompson is Executive Chairman of Global Telecom & Technology, a global telecommunications network integrator that provides its clients with a broad portfolio of wide-area network and wireless mobility services from its headquarters in Northern Virginia and offices in London, Dusseldorf and Denver. Mr. Thompson continues to head his own private equity investment and advisory firm, Universal Telecommunications, Inc. From December 2002 to June 2007, Mr. Thompson was Chairman of Comsat International, one of the largest independent telecommunications operators serving all of Latin America. Mr. Thompson was Chairman and CEO of LCI International from 1991 until its merger with Qwest Communications International Inc. in June 1998. Mr. Thompson became Vice Chairman of the board for Qwest until his resignation in December 1998. Mr. Thompson previously served as Executive Vice President of MCI Communications Corporation from 1981 to 1990, and prior to MCI, was a management consultant with the Washington, DC offices of McKinsey & Company for nine years, where he specialized in the management of telecommunications. He currently serves as a member of the board of directors of Axcelis Technologies, Inc., Penske Automotive Group, and Sonus Networks, Inc. He serves as a member of the Irish Prime Minister s Ireland-America Economic Advisory Board, and from January-March 1999, he served as Non-Executive Chairman of Telecom Eireann, Ireland s incumbent telephone company. Mr. Thompson received his M.B.A. from Harvard s Graduate School of Business, and holds an undergraduate degree in chemical engineering from the University of Massachusetts.

Mr. Thompson brings to our Board of Directors significant experience in the telecommunications industry, including experience as an executive chairman at Global Telecom & Technology and chairman at Comsat International. His executive officer experience at LCI International and MCI Communications Corporation provides him with the management experience to assist in the oversight of our operations and strategic objectives. He has served on the board of directors of a number of companies, including Axcelis Technologies, Inc. and Sonus Networks, Inc.

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Benjamin G. Wolff

Chairman and Chief Executive Officer of ICO Global Communications since December 2009 and previously served as a director of the company from 2005 to 2008. Mr. Wolff was a Co-Founder of Clearwire Corporation (Clearwire), where he served in a variety of capacities including as a member of the Board of Directors, as Executive Vice President, company President, Co-CEO, CEO and finally Co-Chairman, a position he held until March 2009. Mr. Wolff also serves as the President of the Eagle River group of investment companies, a position he has served in since April 2004, and he serves on the board of directors of some of Eagle River s privately held portfolio companies.

From January 1994 until April 2004, Mr. Wolff was a lawyer with Davis Wright Tremaine LLP (DWT), where he became a partner in 1998. Mr. Wolff s practice focused on mergers and acquisitions, corporate finance and strategic alliance transactions. While with DWT, he co-chaired the firm s Business Transactions Department and served on the firm s Executive Committee. In 2003, Mr. Wolff was identified as one of the top 45 lawyers in the country under the age of 45 by the American Lawyer magazine.

Mr. Wolff brings to our Board of Directors extensive senior management, finance and industry experience, in addition to having served on our Board of Directors from 2005 to 2008 and since December 2009. In particular, having served both as our Chairman and Chief Executive Officer and previously as Co-Chairman and Chief Executive Officer of Clearwire Corporation, Mr. Wolff possesses the operational, financial, strategic and governance experience needed to make significant contributions to our Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE FOR EACH NAMED NOMINEE

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INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Selection and Composition of the Board of Directors and Standing Committees

Controlled Company

Under the Nasdaq Marketplace Rules, a controlled company is a company of which more than 50% of the voting power is held by an individual, a group or another company. ICO is a controlled company because 65.8% of its voting power is held by Eagle River Satellite Holdings, LLC (ERSH), Eagle River Partners, LLC (ERP) and Eagle River, Inc (ERI). Eagle River Investments, LLC is the controlling member of ERSH. Craig O. McCaw, one of our directors, is the sole shareholder of ERI, the sole manager and beneficial member of Eagle River Investments, LLC and the voting member of ERP. Benjamin G. Wolff, our Chairman and Chief Executive Officer, is the President of ERSH, ERI and Eagle River Investments, LLC. Gerry Salemme, one of our directors, is the Vice President of ERI. As a controlled company, ICO is exempt from: (i) Nasdaq s requirement that a majority of the Board of Directors consist of independent directors, (ii) Nasdaq s requirement that the compensation of officers be determined, or recommended to the Board of Directors for determination, by a majority of the independent directors or a compensation committee comprised solely of independent directors, and (iii) Nasdaq s requirement that director nominees be selected, or recommended for the Board of Directors selection, by a majority of the independent directors or a nominating committee comprised solely of independent directors with a written charter or board resolution addressing the nomination process.

Independence

Notwithstanding the Company s controlled company exemption, Messrs. Emerson, Fox, Rowan, Sloan and Thompson are independent directors within the meaning of the applicable Nasdaq listing standards. As such, a majority of the Company s directors are currently independent, as are all members of the Company s Audit Committee and Compensation Committee.

Nomination Process

Consistent with its status as a controlled company, the Board of Directors has not established a nominating committee comprised solely of independent directors and has not adopted a nominating committee charter or a policy for the nomination of directors; nor does the Company have a formal policy on diversity for its Board of Directors. Instead, the Board of Directors, as a nominating group, consults with the Company s counsel to ensure that its nominations are consistent with relevant securities and other laws and regulations, including those set forth in pertinent Nasdaq listing standards. In addition to nominations by the Board of Directors, shareholders may nominate directors or recommend nominees to the Board of Directors in a manner provided by Delaware law and by the Bylaws of the Company. During the year ended December 31, 2009, there were no changes to the procedures by which stockholders may nominate directors or recommend nominees to our Board of Directors.

Meetings of the Board of Directors

The Board of Directors met eleven times during 2009. All directors except David Wasserman attended at least 75% of the meetings of the Board of Directors held during the period for which they were directors.

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Information Regarding Committees of the Board of Directors

The Board of Directors has three standing committees: an Audit Committee, a Compensation Committee and a Strategy Committee. All committee members attended at least 75% of the committee meetings held during the period for which they were committee members. The following table provides membership information for 2009 for each of the Board committees:

Name	Audit	Compensation	Strategy
Mr. J. Timothy Bryan **			
Mr. Samuel L. Ginn	X		X
Mr. Nicolas Kauser			
Mr. Craig O. McCaw			X
Mr. Barry L. Rowan	X	X	
Mr. H. Brian Thompson	X	X	
Mr. David Wasserman			
Mr. Benjamin G. Wolff *			
Total Meetings in 2009	4	7	0

* Mr. Wolff became a Director and Chairman of the Board of Directors effective December 7, 2009.
** Mr. Bryan resigned as a Director and the Company s Chief Executive Officer effective February 5, 2009.
Committee Chair during fiscal year 2009.

The following table provides membership information for each of the Board committees as of the Record Date:

Name	Audit	Compensation	Strategy
Mr. Richard P. Emerson	X		
Mr. Richard P. Fox	X	X	
Mr. Nicolas Kauser			
Mr. Craig O. McCaw			X
Mr. Barry L. Rowan	X	X	
Mr. R. Gerard Salemme			
Mr. Stuart M. Sloan		X	
Mr. H. Brian Thompson	X	X	
Mr. Benjamin G. Wolff			

Committee Chair.

Audit Committee

The Audit Committee of the Board of Directors was established by the Board of Directors in accordance with Section 10A(m) of the Securities Exchange Act of 1934, as amended (Exchange Act), and Nasdaq Marketplace Rule 4350(d) to assist the Board of Directors in overseeing the Company s accounting and financial reporting processes and system of internal controls; evaluating the qualifications and independence of the Company s independent auditor; and overseeing the Company s independent auditor. The Audit Committee: (i) evaluates the performance of and assesses the qualifications and independence of the independent auditor; (ii) determines and approves the engagement of the independent auditor; (iii) determines whether to retain or terminate the existing independent auditor or to appoint and engage a new independent auditor; (iv) reviews and approves the retention of the independent auditor to perform any proposed permissible non-audit services; (v) reviews and evaluates the qualifications, performance and independence of the lead audit partner of the independent auditor and assures the regular rotation of the lead audit partner, reviewing partner and other audit engagement team partners of the independent auditor as required by law; (vi) reviews and approves or rejects transactions between the Company and any related persons; (vii) confers with management and the independent auditor regarding the effectiveness of internal controls over financial reporting; (viii) establishes procedures, as

required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submissions by employees of concerns regarding questionable accounting or auditing matters; (ix) meets to review the Company s annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the Company s disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations and discusses, as appropriate, any major issues as to the adequacy of the Company s internal controls and the adequacy of disclosures about changes in internal control over financial reporting; (x) annually reviews the terms of the directors and executive officers insurance coverage and approves the terms prior to the renewal of the policy; (xi) reviews and assesses the adequacy of the Company s investment policy and recommends any proposed changes to the Board of Directors; (xii) ensures the Company maintains an internal audit capability, at least annually evaluates the performance of the Company s internal audit capability, and discusses with the independent auditor and management the internal audit capabilities responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit; and (xiii) has such other authority, duties and responsibilities as the Board of Directors delegates to the Audit Committee. The Audit Committee was composed of three directors during 2009: Messrs. Rowan (chair), Ginn and Thompson. As of the Record Date, the Audit Committee is composed of four directors: Messrs. Fox (chair), Emerson, Rowan and Thompson. The Board of Directors has adopted a written charter for the Audit Committee that is available to stockholders on the Company s website at *www.ico.com*.

Audit Committee Independence

The Board of Directors has determined that Messrs. Emerson, Fox, Rowan and Thompson are independent (as independence is currently defined in Nasdaq Marketplace Rule 4350(d)(2)(A)(i) and (ii)). The Board of Directors has also determined that Mr. Rowan qualifies as audit committee financial expert, as defined in the applicable rules of the SEC and Nasdaq. The Board of Directors made a qualitative assessment of Mr. Rowan s level of knowledge and experience based on a number of factors, including his formal education and experience as a chief financial officer for public reporting companies. In appointing Mr. Fox as the new chair of the Audit Committee, the Board of Directors also recognized that Mr. Fox qualifies as an audit committee financial expert, based on a qualitative assessment of Mr. Fox s level of knowledge and experience, including his formal education, his service as chief financial officer of a public reporting company, and his role as a managing partner for the Seattle office of a major international accounting firm.

Compensation Committee

The Compensation Committee of the Board of Directors was established by the Board of Directors to: (i) act on behalf of the Board of Directors in fulfilling the Board of Director s responsibilities to oversee the Company s compensation policies, plans and programs; (ii) review and determine the compensation to be paid to the Company s executive officers and directors; (iii) review the Compensation Discussion and Analysis (CD&A) with management and make a recommendation as to whether the CD&A should be included in the Company s annual report and/or proxy statement; (iv) prepare and review the Compensation Committee report included in the Company s annual proxy statement in accordance with applicable rules and regulations of the SEC in effect from time to time; and (v) perform such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing. The Compensation Committee was composed of two directors during 2009: Messrs. Thompson (chair) and Rowan. As of the Record Date, the Compensation Committee is composed of four directors: Messrs. Thompson (chair), Fox, Rowan and Sloan, each of whom is an independent director. The Compensation Committee has adopted a written charter that is available to stockholders on the Company s website at *www.ico.com*.

Corporate Governance

Board of Directors Leadership Structure

Mr. Wolff is the Chairman of the Board of Directors. The Board of Directors believes that having Mr. Wolff serve as Chairman as well as Chief Executive Officer at this time provides an effective and appropriate

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leadership structure for the Company by promoting unified leadership and direction for the Board of Directors and management. Moreover, in the view of the Board of Directors, this arrangement provides alignment and accountability in the development and execution of the Company s strategic initiatives and business. Mr. Wolff is highly familiar with the Company s business and industry from his previous service as a Director of the Company and as Co-Chairman and CEO of Clearwire, and from his more than fifteen years of industry experience while at Eagle River and Davis Wright Tremaine. The Board of Directors believes he can best set the strategic direction for the Company and lead management to execute on that strategic direction by acting in his combined role.

Compensation Committee Processes and Procedures

In accordance with its charter, the Compensation Committee meets at least one time annually and with greater frequency if necessary. In 2009, it met seven times. The chair of the Compensation Committee, the Chairman of the Board of Directors or the Chief Executive Officer may call meetings. From time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice, or otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in or be present during any deliberations or determinations of the Compensation Committee regarding his compensation. The charter of the Compensation Committee grants the Compensation Committee members full access to all books, records, facilities and personnel of the Company, as well as the authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultants reasonable fees and other retention terms.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is, or was during 2009, an officer or employee of ICO, and none of the Company s executive officers serves, or during 2009 served, as a member of a compensation committee (or other board committee performing equivalent functions) of any entity that has one or more executive officers serving as a member of the Company s Compensation Committee. No member of the Compensation Committee is a former officer of the Company; nor does any executive officer of the Company serve as a director of any entity that is in any manner affiliated with a member of the Compensation Committee.

Stockholder Communications with the Board of Directors

The only method for direct communications from stockholders to Board of Directors is through the Investor Relations page on the Company s website. Notwithstanding the absence of any other direct communication link, the Company believes it has provided for the views of its stockholders to be heard by the Board of Directors or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. Stockholders may submit questions to the Board of Directors by going to the Investor Relations section of the Company s website at *www.ico.com*.

Code of Conduct and Ethics

The Company has adopted the ICO Global Communications (Holdings) Limited Code of Conduct and Ethics that applies to all officers, directors and employees. The Code of Conduct and Ethics is available on the Company s website at *www.ico.com*. If the Company makes any substantive amendments to the Code of Conduct and Ethics or grants any waiver from a provision of the Code of Conduct and Ethics to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website.

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Risk Oversight Policies and Risk Analysis

The Board of Directors has an active role, as a whole and also at the committee level, in formulating risk management policies and risk oversight policies, and in overseeing management of the Company s risks. The Board of Directors regularly reviews information regarding the Company s credit, liquidity and operations, as well as the risks associated with each. The Compensation Committee oversees management of risks related to the Company s executive compensation plans and arrangements. The Audit Committee oversees management of financial risks and enterprise risks. The chairmen of these committees regularly inform the entire Board of Directors of the conclusions and results of such risk management functions. Our management team is charged with implementing risk management policies that are established by our Board of Directors, and with managing our risk profile on a daily basis.

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PROPOSAL 2

RATIFICATION OF THE SELECTION BY THE AUDIT COMMITTEE OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF DELOITTE & TOUCHE LLP

The Audit Committee of the Board of Directors has selected the independent registered public accounting firm of Deloitte & Touche LLP as the Company s independent auditor for the fiscal year ending December 31, 2010, and has further directed that management submit the selection of the independent auditor for ratification by the stockholders at the Annual Meeting. Deloitte & Touche LLP has audited the Company s financial statements for the years ending December 31, 2003 through December 31, 2009. Representatives of Deloitte & Touche LLP will be available telephonically at the Annual Meeting to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Company s Bylaws nor other governing documents or law require stockholder ratification of the selection of Deloitte & Touche LLP as the Company s independent auditor. However, the Audit Committee of the Board of Directors is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board of Directors in its discretion may direct the appointment of a different independent auditor at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of Deloitte & Touche LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

Principal Accountant Fees and Services

The following table represents aggregate fees billed to the Company for the fiscal years ended December 31, 2009 and 2008 by Deloitte & Touche LLP, the Company s principal accountant.

	Fiscal Year Ended December 31,	
	2009	**2008**
Audit Fees (1)	$ 835,750	$ 967,159
Audit-related Fees (2)		7,500
Tax Fees		
All Other Fees		
Total Fees	$ 835,750	$ 974,659

(1) Audit Fees consist of fees and expenses for professional services rendered by Deloitte & Touche LLP in connection with: (i) the audit of the Company s annual financial statements included in the Annual Report on Form 10-K, and review of the financial statements included in the Quarterly Reports on Form 10-Q; (ii) the audit of the Company s internal control over financial reporting with the objective of obtaining reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects; and (iii) services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related Fees consist of fees for assurance and related services rendered by Deloitte & Touche LLP that are reasonably related to the performance of the audit or review of the Company s financial statements and are not reported under Audit Fees. This category includes fees related to audit and attest services not required by statute or regulations, due diligence related to mergers, acquisitions and investments and consultations concerning financial accounting and reporting standards.

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Pre-Approval Policies and Procedures

The Audit Committee charter permits the Audit Committee to delegate pre-approval authority to subcommittees consisting of one or more individuals, as well as to pre-approve defined categories of services. However, the Audit Committee has not done so, but has instead pre-approved all audit and non-audit services rendered by Deloitte & Touche LLP as part of the scope of the independent auditor engagement or on a case-by-case basis prior to engagement for service. All of the services provided by Deloitte & Touche LLP in 2009, as described under Audit Fees above, were pre-approved by the Audit Committee.

Report of the Audit Committee

The Audit Committee has reviewed and discussed the audited consolidated financial statements for the fiscal year ended December 31, 2009 with management of the Company. The Audit Committee has discussed with the independent auditor the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from the independent accountants required by the applicable requirements of the PCAOB regarding the independent accountant s communications with the Audit Committee concerning independence and has discussed with the independent accountants the independent accountant s independence. Based on the foregoing, at its meeting on October 5, 2010, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Form 10-K for the fiscal year ended December 31, 2009. **The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.**

AUDIT COMMITTEE as of October 5, 2010

Mr. Barry L. Rowan, Chairman
Mr. Samuel L. Ginn
Mr. H. Brian Thompson

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE FOR THE RATIFICATION OF THE SELECTION BY THE AUDIT COMMITTEE OF THE INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM OF DELOITTE & TOUCHE LLP

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Security Ownership Of Certain Beneficial Owners And Management

The following table sets forth certain information regarding the ownership of the Company s common stock as of the Record Date by: (i) each director and nominee for director; (ii) each of the named executive officers named in the Summary Compensation Table; (iii) all named executive officers and directors of the Company as a group; and (iv) all those known by the Company to be beneficial owners of more than five percent of its Class A common stock and Class B common stock.

	Class A Common Stock		Class B Common Stock	
Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Five percent stockholders				
Eagle River Satellite Holdings, LLC Eagle River, Inc. Eagle River Partners, LLC 2300 Carillon Point, Kirkland, Washington 98033	43,780,036(2)(3)(4)(5)	21.6%	44,360,000	82.7%
James D. Dondero, Highland Capital Management, L.P., and affiliates Two Galleria Tower 13455 Noel Road, Suite 800 Dallas, Texas 75240	49,989,136(6)	25.0%		
CDR-Satco LLC c/o Clayton, Dubilier & Rice Fund VI Limited Partnership 1403 Foulk Road, Suite 106 Wilmington, Delaware 19803	13,928,649(7)	7.0%		
Mente, LLC 2365 Carillon Point, Kirkland, Washington 98033	1,912,080(5)(8)(9)	*	9,300,000	17.3%
Executive officers:				
Benjamin G. Wolff±	45,877,536(2)(3)(4)(5)(10)	22.6%	44,360,000	82.7%
John L. Flynn	476,010(10)	*		
Timothy P. Leybold	0	*		
David Bagley	454,510(10)	*		
Robert S. Day, Jr.	730,833(10)	*		
David Zufall	530,640(10)	*		
Directors:				
Craig O. McCaw	44,005,036(2)(3)(4)(5)(10)	21.7%	44,360,000	82.7%
Samuel L. Ginn	600,639(10)	*		
Nicolas Kauser	57,500(10)	*		
Barry L. Rowan	293,750(10)	*		
H. Brian Thompson	195,000(10)	*		
David Wasserman	0(11)	*		
R. Gerard Salemme	20,891,499(10)(12)	10.3%		
Richard P. Fox	0	*		
Richard P. Emerson	0	*		

Stuart M. Sloan	0	*		
All directors and executive officers as a group (11 persons)	114,112,953	55.6%	44,360,000	82.7%

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± Mr. Wolff also serves as a director.

* Less than one percent of the outstanding Class A common stock.

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally requires that a person have or share voting or investment power with respect to the securities in question. Shares of common stock issuable upon the conversion of shares or the exercise of options and warrants that are exercisable or convertible within 60 days of the date of this table are deemed to be beneficially owned by the holder of such securities but are not outstanding for the purpose of computing the percentage ownership of any other stockholder. As of the Record Date, the Company had 199,980,177 shares of Class A common stock and 53,660,000 shares of Class B common stock issued and outstanding.

(2) Includes the 20,696,037 shares of Class A common stock beneficially owned by Eagle River Satellite Holdings, LLC, 2,151,348 shares of Class A common stock held by Eagle River, Inc., and 17,932,651 shares of Class A common stock held by Eagle River Partners, LLC. Mr. McCaw is the sole manager and beneficial member of Eagle River Investments, LLC, which is the controlling member of Eagle River Satellite Holdings, LLC, the controlling shareholder of Eagle River, Inc. and the manager and voting member of Eagle River Partners, LLC. Mr. Wolff is the President of Eagle River Investments, LLC, Eagle River, Inc. and Eagle River Partners, LLC.

(3) Excludes Class A common stock into which the Class B common stock held by Eagle River Satellite Holdings is convertible on a share-for-share basis, at the discretion of Eagle River Satellite Holdings, LLC.

(4) Includes 3,000,000 shares of Class A common stock that Eagle River Investments, LLC may acquire, at an exercise price of $0.01 per share, upon exercise of a warrant that expires on December 12, 2012.

(5) Holders of Class B common stock are entitled to ten votes per share on each matter submitted to a vote of stockholders, as opposed to one vote per share of Class A common stock. For Eagle River Satellite Holdings, LLC and Mente, LLC, the common stock beneficially owned represents approximately 65.8% and 12.9%, respectively, of the combined voting power of both classes of our common stock.

(6) Based on information provided by Highland Capital Management, L.P. (Highland Capital) in Schedule 13D/A filed with the Securities and Exchange Commission on September 1, 2010 and Form 4 filed on September 1, 2010, September 9, 2010 and October 1, 2010. Includes shares of Class A common stock beneficially owned and/or held by or for the account of James D. Dondero, (including through family trusts); Highland Capital and Strand Advisors, Inc. Highland Capital serves as an investment adviser to, and manages investment and trading accounts of, other persons and may be deemed, through investment advisory contracts or otherwise, to beneficially own securities owned by other persons. Strand Advisors, is the general partner of Highland Capital and may be deemed to beneficially own securities owned by Highland Capital. Mr. Dondero is the President and a director of Strand Advisors and may be deemed to beneficially own securities owned by Strand Advisors. Mr. Dondero, Highland Capital and Strand Advisors disclaim beneficial ownership of the securities covered on the Schedule 13D/A filed on September 1, 2010, except to the extent of any pecuniary interest therein.

(7) CDR-Satco LLC shares voting and dispositive power over the Company s shares owned by CDR-Satco LLC with Clayton, Dubilier & Rice Fund VI Limited Partnership (Fund VI), CD&R Associates VI Limited Partnership (Associates VI LP), and CD&R Investment Associates VI, Inc. (Associates VI, Inc.). Fund VI is the sole member of CDR-Satco LLC. Associates VI LP is the general partner of Fund VI. Associates VI, Inc. is the general partner of Associates VI LP. As a result, each of Fund VI, Associates VI LP and Associates VI, Inc. may be deemed to be the beneficial owner of the shares owned by CDR-Satco LLC. Each of Associates VI LP and Associates VI, Inc. disclaims beneficial ownership of those shares. Associates VI, Inc. is managed by a board of directors comprised of over fifteen individuals, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. As a result, no person controls the voting and disposition of Associates VI, Inc. with respect to the shares shown as beneficially owned by CDR-Satco LLC. Does not include 225,000 options to purchase shares of Class A common stock exercisable within 60 days issued to Clayton, Dubilier & Rice, LLC, as assignee of compensation to Mr. Wasserman. Each of CDR-Satco LLC, Fund VI, Associates VI LP and Associates VI, Inc. disclaims beneficial ownership of those options.

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(8) William H. Gates III is the sole member of Mente, LLC. The business address for Mr. Gates is Microsoft Corporation, One Microsoft Way, Redmond, Washington 98052.

(9) Excludes Class A common stock into which the Class B common stock held by Mente, LLC is convertible on a share-for-share basis at the discretion of Mente, LLC.

(10) Includes beneficial ownership of Class A common stock that may be acquired pursuant to the following options held by Mr. McCaw of 225,000, Mr. Rowan of 293,750, Mr. Thompson of 195,000, Mr. Ginn of 312,500, Mr. Wolff of 97,500, Mr. Bagley of 417,500, Mr. Day of 660,257, Mr. Zufall of 463,750, Mr. Kauser of 57,500 and Mr. Salemme of 707,500.

(11) Does not include 13,928,649 shares of Class A common stock held by CDR-Satco LLC or 225,000 options to purchase shares of Class A common stock exercisable within 60 days issued to Clayton, Dubilier & Rice, LLC as assignee of compensation to Mr. Wasserman. Mr. Wasserman disclaims beneficial ownership of the shares held by CDR-Satco LLC and the options to purchase shares held by Clayton, Dubilier & Rice, LLC.

(12) Includes 2,151,348 shares of Class A common stock held by Eagle River, Inc., and 17,932,651 shares of Class A common stock held by Eagle River Partners, LLC. Mr. Salemme is the Vice President of Eagle River, Inc. and Eagle River Partners, LLC, and as such, has a pecuniary interest in Eagle River, Inc. and Eagle River Partners LLC. Mr. Salemme shares the power to vote or to direct the vote, or to dispose or direct the disposition of the securities beneficially owned by Eagle River, Inc. and Eagle River Partners, LLC.

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EQUITY COMPENSATION PLAN INFORMATION

Set forth below is information concerning our equity compensation plans, for which the Company s common stock has been authorized for issuance, as of December 31, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding option, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans(1)
Equity compensation plans approved by security holders:			
2000 Stock Incentive Plan as Amended and Restated effective June 15, 2007 (Plan)			
Class A common stock options	12,406,448	$ 4.15	
Class B common stock options	1,571,000	$ 4.42	
	13,977,448	$ 4.18	4,770,249
ICO-Teledesic Global Limited 2000 Stock Incentive Plan (ITGL Plan) (2)	222,573	$ 10.91	
Equity compensation plans not approved by security holders (3)	270,000	$ 3.60	
Total	14,470,021	$ 4.27	4,770,249

(1) The securities that remain available for future issuance under the Plan may be issued as either Class A common stock or Class B common stock.

(2) Under the terms of the merger with ICO Global Limited on November 28, 2001, the ITGL Plan and all the outstanding options under the plan were assumed by the Company. All the options outstanding under the ITGL Plan are exercisable for the Company s Class A common stock. Effective December 31, 2005, the Company will not issue any further awards under the ITGL Plan.

(3) Options granted under other equity compensation plans not approved by security holders are limited solely to options granted to Clayton, Dubilier & Rice, Inc. to acquire Class A common stock as assignee of compensation to David Wasserman These options vest 25% after each full year of board service, fully vesting after four years of service. The grant date for each option is the date that is 10 years prior to the expiration date. Mr. Wasserman disclaims beneficial ownership of the options to purchase shares held by Clayton, Dubilier & Rice, Inc., which consist of the following:

Name	Number of securities underlying option	Exercise price	Expiration date
Clayton, Dubilier & Rice, Inc.	150,000	$ 4.25	November 14, 2015
Clayton, Dubilier & Rice, Inc.	30,000	$ 5.85	October 1, 2016
Clayton, Dubilier & Rice, Inc.	30,000	$ 3.50	October 1, 2017
Clayton, Dubilier & Rice, Inc.	30,000	$ 1.01	October 1, 2018
Clayton, Dubilier & Rice, Inc.	30,000	$ 0.79	October 1, 2019
Clayton, Dubilier & Rice, Inc.	30,000	$ 1.63	October 1, 2020

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company s directors and executive officers, and persons who own more than ten percent of a registered class of the Company s equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company s knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2009, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with on a timely basis.

EXECUTIVE OFFICERS

The following table sets forth certain information about our executive officers, including their ages as of the Record Date.

Name	Age	Position Held with the Company
Benjamin G. Wolff	41	Chairman, Chief Executive Officer and President
Timothy M. Dozois	48	Acting General Counsel and Acting Corporate Secretary
Timothy P. Leybold	53	Interim Senior Vice President Finance, Chief Financial Officer
David Bagley	52	Senior Vice President Corporate Strategy
Robert S. Day, Jr.	51	Senior Vice President Space Systems
David Zufall	49	Senior Vice President Network Systems

Benjamin G. Wolff

President and Chief Executive Officer. Mr. Wolff s credentials and experience are described above in Information Regarding the Board of Directors and Corporate Governance.

Timothy M. Dozois

Acting General Counsel and Acting Corporate Secretary. Mr. Dozois joined the company in May, 2010. He has 21 years of experience supporting organizations with securities law compliance, mergers, acquisitions, divestitures, and technology licensing matters. Most recently, Mr. Dozois has been a partner with Zupancic Rathbone Law Group, Inc., a firm that specializes in structured financing with a particular emphasis on the acquisition, financing and management of troubled real property assets. For 15 years, Mr. Dozois served as an equity partner of Davis Wright Tremaine LLP, a Seattle-based law firm of approximately 500 lawyers.

Mr. Dozois is a member of the American Bar Association, the Oregon State Bar Association Securities Section, and the American Health Lawyers Association. He received his B.S. in Financial Management from Oregon State University and his J.D from the University of Oregon School of Law, where he was Order of the Coif.

Timothy P. Leybold

Interim Senior Vice President, Chief Financial Officer. Mr. Leybold has been with the Company since January 2010 and was appointed interim Senior Vice President, Chief Financial Officer in February 2010. He has more than 30 years of experience in financial leadership roles with public and private companies. From 2007 to

2008, he was Executive Vice President and Chief Financial Officer of Coast Crane Company, a leading equipment distribution and rental company. From 2004 to 2007, he served as Executive Vice President and Chief Financial Officer for Port Townsend Paper Corp., a $350 million market leader in the corrugated paper industry. He has also held senior finance roles with The Port Blakely Company and RLC Industries, Inc. He was previously a CPA with a leading international public accounting firm. Mr. Leybold holds an M.B.A. from the University of Oregon and an undergraduate degree in business administration from the University of Portland.

Mr. Leybold was the Chief Financial Officer of Port Townsend Paper Corp. which, in January 2007, filed a voluntary petition for reorganization under Chapter 11 of Title 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Western District of Washington. Port Townsend Paper Corp. exited Bankruptcy in August 2007, under new management.

David Bagley

Senior Vice President, Corporate Development. Mr. Bagley has been Senior Vice President, Corporate Development since July 2002. Mr. Bagley has over 20 years of experience in the telecommunications industry. Mr. Bagley also serves as DBSD s Senior Vice President, Corporate Development. From June 2000 to June 2001, he was Vice President of Business Development for IPWireless, where he was in charge of spectrum acquisition, strategic partnering and regulatory affairs. Mr. Bagley spent four years at AirTouch and Vodafone, which acquired AirTouch in 1999. He held various Corporate Development positions working on transactions throughout the world. His most recent position was head of Corporate Development for the Americas for Vodafone. Prior to AirTouch, Mr. Bagley spent eight years at SBC Communications in finance and Corporate Development positions. Mr. Bagley holds a Bachelor s degree in Accounting and Economics from Pacific University and a Master s degree in International Management from Thunderbird Graduate School of International Management.

Robert S. Day, Jr.

Senior Vice President, Space Systems. Mr. Day has been Senior Vice President, Space Systems since July 2002. Mr. Day has been with the Company for over nine years and has over 28 years of telecommunications industry experience. Mr. Day serves as Senior Vice President, Space Systems for both the Company and DBSD and is responsible for the design, procurement, deployment, and operation of the DBSD North America space segment. The space segment includes the DBSD satellite, launch vehicle, gateway, satellite control center, and satellite operations. His areas of expertise include satellite design, integration, test, launch, operations, and system engineering. Prior to joining the Company, he was the Vice President of Space Technology for Teledesic LLC. Mr. Day also spent 19 years at Hughes Space and Communications where he provided system engineering leadership or served as program manager for several major geosynchronous satellite programs. He led the integration, test, and launch team for the first HS601 satellite, and served as the Deputy Business Unit Leader for Spacecraft Design and Production at Hughes. Mr. Day holds a Bachelor s degree in General Engineering from the University of Illinois, a Master s degree in Mechanical Engineering from UCLA, and a certificate in Astronautical Engineering from UCLA.

David Zufall

Senior Vice President, Network Systems. Mr. Zufall has been Senior Vice President, Network Systems since January 2006. During the 12 years prior to joining the Company, Mr. Zufall served in a number of technical and operational capacities at Nextel Communications, Inc., including Vice President, Infrastructure Technology Development and Vice President, Network Architecture/Chief Architect. Nextel operated a nationwide digital cellular network in the United States. Mr. Zufall had responsibility for working with partners in Nextel s strategy and marketing divisions to establish Nextel s long-term network and technology roadmap. Mr. Zufall holds a Bachelor of Sciences degree in Electrical Engineering and an M.B.A. in Finance and International Business, both from Columbia University.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

The primary goals of the Company s executive officer compensation program are to tie compensation to achievement of specified performance objectives, to attract and retain talented and dedicated executives, and to align the Company s executive officers interests with those of its stockholders. The elements of this executive compensation program (some or all of which may be applicable to any particular executive) include the following: base salary, annual bonus, equity incentive compensation and other compensation. Each element is designed to achieve one or more of the Company s goals regarding performance, alignment and retention. While the Compensation Committee sets and oversees compensation policy for all of the Company s executive officers and directors, this discussion and analysis is limited to compensation granted to the Company s named executive officers.

Performance

One goal of the Company s executive compensation program is to reward individual performance and contributions toward Company performance. Stock options and restricted stock awards, the value of which are contingent upon the performance of the Company s share price, and subject to vesting schedules that require continued service and the achievement of certain performance conditions, were designed to achieve this goal. Similarly, base compensation amounts and cash bonuses were designed to reward responsibilities, demonstrated leadership, and management experience and effectiveness.

Alignment

The Company seeks to align the interests of its named executive officers with those of its stockholders by evaluating executive performance on the basis of key operational measurements which the Company believes closely correlate to long-term stockholder value. The element of compensation that most directly aligns the interests of named executive officers with stockholders is equity incentive compensation, which links a significant portion of compensation to stockholder value because the total value of those awards is tied to stock price appreciation.

Retention

The Company has historically competed for executive talent in the technology and telecommunications industries. Accordingly, in 2009, as in prior years, the Company paid competitive salaries as well as a competitive total compensation package. In the future, the Company will continue to compete for executive talent with other small and mid-cap public companies generally, and specifically with those companies with a business focus similar to the Company s business focus. To encourage retention of its named executive officers, the Company makes a substantial portion of their compensation dependent upon continued service. The Company s equity incentive compensation awards require long-term continued service to receive any, or the maximum, payout.

Implementing the Company s Objectives

The Compensation Committee determines compensation for named executive officers after reviewing the overall performance of the Company and evaluating executive performance during the year. The Compensation Committee evaluates executive performance based upon leadership, operational performance, responsibilities, and career with the Company. Specific factors affecting compensation decisions for the Company s named executive officers include:

- achievement of specific operational goals for the Company, including sustained progress in furtherance of its business; and

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achievement of strategic objectives such as maintaining the value of the Company s assets, including those related to taxes, litigation and spectrum; entering into key transactions; and achieving financial and other corporate goals.

Management s Role

The Chief Executive Officer, in conjunction with the Director of Human Resources, coordinates the annual review of the compensation programs for all of the Company s named executive officers, other than the Chief Executive Officer. This includes an evaluation of individual and Company performance, competitive practices and trends, and various compensation issues. Based on the outcomes of this review, the Chief Executive Officer makes recommendations to the Compensation Committee regarding the compensation of each of the named executive officers, other than the Chief Executive Officer. Management also makes recommendations to the Compensation Committee regarding executive compensation design.

Compensation Committee

The Compensation Committee is responsible for the review, evaluation and approval of (i) programs to ensure that compensation plans and levels are reasonable, consistent with the Company s stated compensation objectives and consistent with its business goals and objectives; and (ii) the compensation for the Company s executive officers and directors. As part of its function, the Compensation Committee also conducts an annual review of the Chief Executive Officer and approves his annual compensation. In 2009, the members of the Compensation Committee were Mr. Thompson, who serves as chair, and Mr. Rowan. Mr. Thompson and Mr. Rowan remain on the Compensation Committee, and have, as of October 8, 2010, been joined on the committee by Messrs. Fox and Sloan.

Annual Review of Executive Compensation

The pay of each executive officer is not determined by formula, but by comparison to positions with similar responsibilities and impact on operations in the market generally and within our Company. The Compensation Committee evaluates each named executive officer s total compensation, equity holdings and merit history, including management s recommendations regarding the appropriate compensation for each named executive officer other than the Chief Executive Officer. In making its decisions on each named executive officer s compensation, the Compensation Committee considers the nature and scope of all elements of the executive officer s total compensation package, responsibilities, and his or her effectiveness in supporting the Company s key strategic, operational and financial goals. The Compensation Committee also considers recommendations from the Chief Executive Officer regarding total compensation for those officers reporting directly to him. Consistent with this approach, in 2009, the Compensation Committee reviewed the information prepared by management, considered each executive s contribution to the achievement of strategic goals and objectives, the executive s overall compensation and other factors to determine the appropriate level and mix of incentive compensation.

Chief Executive Compensation

Consistent with the evaluation process described above, the Compensation Committee approved the following compensation package for Mr. Wolff, the Company s president and chief executive officer, which took effect as of January 1, 2010: (i) base compensation of $500,000 annually, (ii) a discretionary annual bonus equal to 100% of his salary, (iii) a restricted stock grant of 2,000,000 shares of the Company s Class A Common Stock, of which 25% vest upon resolution of the Boeing litigation in a manner satisfactory to the Board, with an additional 25% vesting upon procurement of financing or completion of a transaction that unlocks the value of the Company s net operating losses, with the remaining 50% vesting in four equal annual installments, and (iv) options to purchase up to 2,000,000 shares of the Company s Class A Common Stock**.** If the Company terminates the employment of Mr. Wolff without cause, or if Mr. Wolff leaves the Company for good reason, the

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Company must: (a) pay an amount equal to two times the sum of his base salary then in effect plus 100% of his target bonus, (b) continue health benefits subject to certain conditions, and (c) vest all options and shares of restricted stock in which he would have vested through the second anniversary of the date of termination.

Employment Letters and Consulting Agreements for 2009 Named Executive Officers

The Company s 2009 named executive officers, who perform services primarily for the Company s direct and indirect subsidiaries, were compensated in the manner described in such officers employment letters or consulting agreements with DBSD s subsidiary, DBSD Satellite Services G.P. (DBSD Satellite). Each such employment letter or consulting agreement provides for a base salary or base compensation, subject to adjustment from time to time. DBSD Satellite may terminate each executive s employment or consulting relationship at any time. If Mr. Bagley s employment is terminated without cause, DBSD Satellite must pay him 30 days salary (or may elect to give 30 days notice in the alternative) and one month of medical and dental benefits, plus a pro-rated bonus. From and after the effective date of the Plan of Reorganization for DBSD, Mr. Bagley will be entitled to six months of base salary if he is terminated without cause. If Mr. Day s employment is terminated without cause, DBSD Satellite must pay him six month s salary (or may elect to give six months notice in the alternative). If Mr. Zufall s employment is terminated without cause, DBSD Satellite must pay him six month s salary. For additional information about the employment agreements with Mr. Bagley, Mr. Day, and Mr. Zufall, see Potential Payments Upon Termination or Change-in-Control below.

Arrangements with New Executive Officers

Mr. Dozois appointment is on a month-to-month basis though a contractual arrangement with Zupancic Rathbone Law Group, Inc. In connection with his engagement, and consistent with the Chief Executive Officer s equity grant authority, Mr. Dozois received a grant of options to acquire up to 30,000 shares of the Company s Class A Common Stock. Mr. Leybold s appointment is on an interim basis though a contractual arrangement with Tatum, LLC. Either of these appointments may be terminated by providing 30 days prior written notice.

Arrangements with Former Executive Officers

Effective February 5, 2009, Mr. Bryan resigned his position as Chief Executive Officer and became a consultant to the Company. Mr. Bryan s consulting agreement subsequently expired in August 2010. Effective February 5, 2009, Mr. Corkery was named acting Chief Executive Officer and Executive Vice President, Chief Financial Officer by the Board of Directors, a position he held until December 31, 2009. Mr. Jorgens resigned his position as President effective June 30, 2009 and became a consultant to the Company. Mr. Jorgens consulting agreement expired on February 28, 2010. The impact of these resignations and terminations on the compensation paid to these individuals are described below in Potential Payments Upon Termination or Change-in-Control.

Equity Grant Practices

The Company s equity grant process authorizes the Company s Chief Executive Officer to grant options to newly hired employees and consultants, subject to certain limitations. Each such option must have an exercise price equal to the closing share price on the date of grant, which is to be made on the 15th of each month that is on or after the service provider s service start date. The shares covered by the option are limited in number by executive position (up to 250,000 shares for an executive who is a senior vice president). In addition, the total number of shares covered by options granted by the Chief Executive Officer cannot exceed 2,000,000 shares unless further approval is obtained from the Board of Directors. For new hires not subject to the process described above, the Board of Directors (either by itself or through the Compensation Committee) continues to approve option grants, with an exercise price equal to the closing share price on the date of grant, which is to be made on the 15th of the month that is on or following the new hire s or consultant s start date.

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Compensation Elements

The Company s executive compensation program includes the following elements: base salary, annual bonus, equity incentive compensation and other compensation (which collectively represent an executive officer s total direct compensation, as reported below). For 2009, the mix of the total direct compensation elements for each of the named executive officers is as follows:

Percent of Total Direct Compensation

Officer	Base Salary and Other Compensation	Annual Bonus and Non-Equity Incentive Compensation	Equity and Long-Term Incentive Awards
Mr. Bryan *	100.0%	0.0%	0.0%
Mr. Corkery *	100.0%	0.0%	0.0%
Mr. Wolff *	0.0%	0.0%	0.0%
Mr. Jorgens *	100.0%	0.0%	0.0%
Mr. Flynn *	81.4%	18.6%	0.0%
Mr. Bagley	81.5%	18.5%	0.0%
Mr. Day	81.4%	18.6%	0.0%
Mr. Zufall	81.5%	18.5%	0.0%

* Effective February 5, 2009, Mr. Bryan resigned his position as Chief Executive Officer and became a consultant to the Company. Effective February 5, 2009, Mr. Corkery was named acting Chief Executive Officer and Executive Vice President, Chief Financial Officer by the Board of Directors, a position he held until December 31, 2009. Mr. Wolff became our interim Chief Executive Officer on December 31, 2009, and on February 17, 2010, was named our Chief Executive Officer effective as of January 1, 2010. Mr. Jorgens resigned his position as President effective June 30, 2009 and became a consultant to the Company. Mr. Jorgens consulting agreement expired on February 28, 2010. Effective May 21, 2010, Mr. Flynn resigned his position as Executive Vice President, General Counsel and Corporate Secretary. For additional information, see Potential Payments Upon Termination or Change-In-Control, Employment Letters and Agreements below.

Base Compensation

Base compensation for the Company s named executive officers are established based on the scope of their responsibilities, taking into account the Compensation Committee s judgment in its determination of competitive salaries paid by other companies for similar positions. There were no increases in base pay for any of our named executive officers during 2009.

Annual Bonus Structure

The employment agreement for Mr. Wolff provides that he is eligible for a discretionary annual bonus equal to 100% of his salary. The employment arrangements for Messrs. Bagley, Day, and Zufall provide that they are eligible for a discretionary annual bonus based on 30% of each executive s base salary. In addition to these bonus awards described in executive employment agreements, the Compensation Committee has the authority to award discretionary annual bonuses and to set the terms and conditions of those bonuses.

Equity Incentive Compensation

The Company s equity incentive compensation program consists of stock options and restricted stock awards. The Company grants equity awards as long-term incentive compensation for its named executive officers. Equity awards allow the executive to acquire and maintain stock ownership in the Company and encourage the executive to remain employed by the Company or its direct or indirect subsidiaries to satisfy the

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vesting conditions. The equity awards are granted under the 2000 Stock Incentive Plan as Amended and Restated Effective June 15, 2007 (Plan). The Plan permits the grant of options and stock awards. The Company records stock-based compensation expense on stock options and restricted stock awards issued to its named executive officers in accordance with Accounting Standards Codification (ASC) 718 Stock Compensation (formerly Statement of Financial Accounting Standards 123 (revised 2004), *Share-Based Payment* (ASC 718).

Other Compensation

Each executive officer who is an employee is eligible to participate in the health, medical and other benefits made available by the Company or its direct or indirect subsidiaries. The employer pays the monthly premiums for health, dental, vision insurance, long term disability and life insurance for all employees. Additionally, for the period from January 1, 2009 to March 31, 2009, the employer made a non-elective employer contribution to employee 401(k) accounts equal to 12% of the employee s base salary, subject to Internal Revenue Service limitations. Effective April 1, 2009, the non-elective employer contribution to an employee s 401(k) account was reduced to 3%. In January 2010, the non-elective employer contribution to an employee s 401(k) account was increased to 8%.

2009 Compensation

2009 Bonus Awards

On April 6, 2010, the Compensation Committee awarded cash bonuses to the Company s named executive officers based upon the Company s 2009 performance and the individual executive officer s performance for 2009. The bonuses were awarded at 80% of target, which is 30% of each named executive s current annual base salary. In April 2010, Messrs. Flynn, Bagley, Day and Zufall received bonuses of $94,380, $69,290, $65,805, and $62,726 respectively. Under its cost-sharing arrangement with DBSD, the Company is responsible for $23,595, $10,394, $9,871, and $3,136 respectively, of these amounts.

Other 2009 Compensation

In 2009, the Company paid the premium related to Mr. Jorgen s individual disability insurance for the period from January 1, 2009 to July 31, 2009. Additionally, in 2009, Mr. Bagley received $1,522 for travel stipends and Messrs. Bryan, Jorgens and Corkery received $33,726, $58,004, and $18,049, respectively, related to vacation payout upon their separations from the Company.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management. Based on this review and discussion, at its meeting on October 6, 2010, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement. **The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.**

COMPENSATION COMMITTEE as of October 6, 2010

Mr. H. Brian Thompson, Chairman
Mr. Barry L. Rowan

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Summary Compensation Table

The following table shows for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007, compensation awarded to, earned by, or paid to the Company s Chief Executive Officer, Chief Financial Officer and its four other most highly compensated executive officers (named executive officers).

Summary Compensation Table for Fiscal Year 2009

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)(4)	Total ($)
J. Timothy Bryan,	2009	74,718				491,376(5)	566,094(17)
Chief Executive Officer *	2008	593,450			166,000	51,002(6)	810,452
	2007	568,333		267,600	480,000	27,000	1,342,933
Michael P. Corkery,	2009	327,438				35,240(7)	362,678(17)
Acting Chief Executive Officer, and Executive	2008	327,031			83,000	28,412(8)	438,443
Vice President, Chief Financial Officer *	2007	39,394		75,800	663,000	3,250	781,444
Benjamin G. Wolff,	2009						
Interim Chief Executive Officer *	2008						
	2007						
Craig Jorgens,	2009	296,400				478,982(9)	775,382(17)
President *	2008	592,800				43,224(10)	636,024
	2007	589,000		178,400	240,000	36,832(10)	1,044,232
John L. Flynn,	2009	393,250	94,380			20,646(11)	508,276(17)
Executive Vice President, General Counsel and	2008	387,291		54,000	83,000	28,412(12)	552,703
Corporate Secretary *	2007	352,083		223,000	144,000	27,000	746,083
David Bagley,	2009	288,708	69,290			16,679(13)	374,677(17)
Senior Vice President, Corporate Development	2008	286,636	86,613		83,000	28,892(14)	485,141
	2007	274,505	90,000	156,100	240,000	27,000	787,605
Robert S. Day, Jr.	2009	274,186	65,805			14,395(15)	354,386(17)
Senior Vice President, Space Systems	2008	270,032	82,256	54,000	83,000	28,892(16)	518,180
	2007	245,483	112,167	223,000	480,000	27,000	1,087,650
David Zufall,	2009	261,360	62,726			15,346(18)	339,432(17)
Senior Vice President, Network Systems	2008	257,400	78,408		83,000	29,312(19)	448,120
	2007	234,000	90,000	278,750	300,000	27,000	929,750

* Effective February 5, 2009, Mr. Bryan resigned his position as Chief Executive Officer and became a consultant to the Company. Effective February 5, 2009, Mr. Corkery was named acting Chief Executive Officer and Executive Vice President, Chief Financial Officer by the Board of Directors, a position he held until December 31, 2009. Mr. Wolff became our interim Chief Executive Officer on December 31, 2009, and on February 17, 2010, was named our Chief Executive Officer effective as of January 1, 2010. Mr. Wolff was not separately compensated for his service in 2009. Mr. Jorgens resigned his position as President effective June 30, 2009 and became a consultant to the Company. Mr. Jorgens consulting agreement expired on February 28, 2010. Effective May 21, 2010, Mr. Flynn resigned his position as Executive Vice President, General Counsel and Corporate Secretary.

(1) Amounts reported in the Bonus column reflect discretionary cash bonuses as described in more detail in the section entitled Compensation Discussion and Analysis, Compensation Elements, Annual Bonus above.

(2) Amounts represent the aggregate grant date fair value computed in accordance with ASC 718. These amounts do not reflect the actual value that may or will be realized by the named executive officers. See

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Note 10 of Notes to Financial Statements set forth in the Company s Form 10-K for fiscal year 2009, filed with the SEC on March 16, 2010, for the assumptions used in determining such amounts.

(3) Amounts represent the aggregate grant date fair value computed in accordance with ASC 718. These amounts do not reflect the actual value that may or will be realized by the named executive officers. See Note 10 of Notes to Financial Statements set forth in the Company s Form 10-K for fiscal year 2009, filed with the SEC on March 16, 2010, for the assumptions used in determining such amounts. The aggregate grant date fair value of Mr. Wolff s option awards in 2008 and 2007 represent options granted to Mr. Wolff as compensation for services provided to the Company as a director.

(4) Amounts include the maximum Company contribution in 2008 and 2007 of $27,600, and $27,000, respectively, to each of the named executive officer s 401(k) account, as described in more detail in the section entitled Compensation Discussion and Analysis above. Mr. Corkery s contribution in 2007 was pro-rated based on his hire date of November 19, 2007.

(5) Amount includes $8,966 for the 2009 employer contribution to Mr. Bryan s 401(k) account, $33,726 representing his accrued but unused vacation time through the date of his separation, and $448,684 for payment of consulting fees.

(6) In addition to the 2008 employer contribution to Mr. Bryan s 401(k) account, amount also includes a tax gross up related to Mr. Bryan s relocation expenses in the amount of $19,590 and $3,812 for travel stipends.

(7) Amount includes $17,191 for the 2009 employer contribution to Mr. Corkery s 401(k) account, and $18,049 representing his accrued but unused vacation time through the date of his separation.

(8) In addition to the 2008 employer contribution to Mr. Corkery s 401(k) account, amount also includes $812 for travel stipends.

(9) Amount includes $22,230 for the 2009 employer contribution to Mr. Jorgens 401(k) account, $58,004 representing his accrued but unused vacation time through the date of his separation, $3,688 related to premiums paid by the Company in 2009 related to Mr. Jorgens individual disability insurance and $395,060 for payment of consulting fees.

(10) In addition to the 2008 and 2007 employer contributions to Mr. Jorgens 401(k) account, amount includes Company paid premiums related to Mr. Jorgens supplemental life insurance and individual disability insurance of $1,510 and $6,322, respectively. Also includes $2,000 paid towards Mr. Jorgen s tax return preparation fees. The 2008 amount also includes $5,792 for travel stipends.

(11) Amount represents 2009 employer contribution to Mr. Flynn s 401(k) account.

(12) In addition to the 2008 employer contribution to Mr. Flynn s 401(k) account, amount also includes $812 for travel stipends.

(13) Amount includes $15,157 for the 2009 employer contribution to Mr. Bagley s 401(k) account and $1,522 for travel stipends.

(14) In addition to the 2008 employer contribution to Mr. Bagley s 401(k) account, amount also includes $1,292 for travel stipends.

(15) Amount represents 2009 employer contribution to Mr. Day s 401(k) account.

(16) In addition to the 2008 employer contribution to Mr. Day s 401(k) account, amount also includes $1,292 for travel stipends.

(17) Amounts include DBSD s proportionate share of total compensation of $82,187, $181,339, $266,225, $381,207, $317,182, $301,228 and $320,917 for Mr. Bryan, Mr. Corkery, Mr. Jorgens, Mr. Flynn, Mr. Bagley, Mr. Day, and Mr. Zufall, respectively.

(18) Amount includes $13,721 for the 2009 employer contribution to Mr. Zufall s 401(k) account and $1,624 for travel stipends.

(19) In addition to the 2008 employer contribution to Mr. Zufall s 401(k) account, amount also includes $2,312 for travel stipends.

Grants of Plan-Based Awards

During the fiscal year ended 2009, the Company did not grant any plan-based awards to any named executive officer.

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Outstanding Equity Awards

The following table shows certain information regarding outstanding equity awards at December 31, 2009 for the named executive officers.

Outstanding Equity Awards at December 31, 2009

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested ($)
Mr. Bryan *	2,000,000	(1)		4.25	11/14/2015				
	150,000	50,000(1)		5.90	10/3/2016				
	100,000	100,000(1)		4.46	10/22/2017	18,750(1)(2)	20,250(4)		
	50,000	150,000(1)		1.08	12/2/2018				
Mr. Corkery *	162,500			3.79	11/19/2017				
	25,000			1.08	12/2/2018				
Mr. Wolff *	30,000			4.25	11/14/2015				
	22,500	7,500		5.85	10/1/2016				
	15,000	15,000		3.50	10/1/2017				
	7,500	22,500		1.01	10/1/2018				
Mr. Jorgens *	50,000	(3)		10.92	11/27/2011				
	500,000	(3)		4.25	11/14/2015				
	102,750	34,250(3)		5.90	10/3/2016				
	50,000	50,000(3)		4.46	10/22/2017	11,000(2)	11,880(4)		
	25,000	75,000(3)		1.08	12/2/2018				
Mr. Flynn	262,500	87,500		5.88	5/8/2016				
	39,375	13,125		5.90	10/3/2016				
	30,000	30,000		4.46	10/22/2017	15,625(2)	16,875(4)		
	25,000	75,000		1.08	12/2/2018				
Mr. Bagley	250,000			4.25	11/14/2015				
	31,875	10,625		5.90	10/3/2016				
	50,000	50,000		4.46	10/22/2017	9,625(2)	10,395(4)		
	25,000	75,000		1.08	12/2/2018				
Mr. Day	80,465			10.91	12/5/2010				
	29,792			10.91	12/5/2010				
	275,000			4.25	11/14/2015				
	56,250	18,750		5.90	10/3/2016				
	100,000	100,000		4.46	10/22/2017	12,500(2)	13,500(4)		
	25,000	75,000		1.08	12/2/2018				
Mr. Zufall	250,000			4.75	2/6/2016				
	70,000			5.90	10/3/2016				

62,500	62,500	4.46	10/22/2017	15,625(2)	16,875(4)
25,000	75,000	1.08	12/2/2018		

* Effective February 5, 2009, Mr. Bryan resigned his position as Chief Executive Officer and became a consultant to the Company. Effective February 5, 2009, Mr. Corkery was named acting Chief Executive Officer and

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Executive Vice President, Chief Financial Officer by the Board of Directors, a position he held until December 31, 2009. Mr. Wolff became our interim Chief Executive Officer on December 31, 2009, and on February 17, 2010, was named our Chief Executive Officer effective as of January 1, 2010. Mr. Jorgens resigned his position as President effective June 30, 2009 and became a consultant to the Company. Mr. Jorgens consulting agreement expired on February 28, 2010. Effective May 21, 2010, Mr. Flynn resigned his position as Executive Vice President, General Counsel and Corporate Secretary.

(1) Pursuant to the terms of Mr. Bryan s consulting agreement, Mr. Bryan continued to vest in his stock options and restricted stock awards granted in connection with his service as an employee as long as he remained a service provider under the consulting agreement. Mr. Bryan s consulting agreement terminated on August 15, 2010. The Compensation Committee approved an extension of the exercise period to permit Mr. Bryan to exercise any of his vested stock options during the 12-month period following the expiration of his consulting agreement.

(2) Restricted stock awards contain performance and service conditions to encourage the attainment of key performance targets and retention of employees. The portion of restricted stock awards allocated to a particular performance condition vest 50% when that performance condition is achieved. After the performance condition is achieved, 25% of shares allocated to that performance condition vest one year after the performance condition is achieved and the remaining 25% of shares allocated to that condition vest two years after the performance condition is achieved. The percentages allocated to each performance condition for our named executive officers range from 0-70%.

(3) Pursuant to the terms of Mr. Jorgens consulting agreement, Mr. Jorgens continued to vest in his stock options and restricted stock awards granted in connection with his service as an employee as long as he remained a service provider under the consulting agreement. Mr. Jorgens consulting agreement terminated on February 28, 2010. The Compensation Committee approved an extension of the exercise period to permit Mr. Jorgens to exercise any of his vested stock options during the 12-month period following the expiration of his consulting agreement.

(4) The market value of stock was computed by multiplying the number of shares by our closing stock price on December 31, 2009, $1.08 per share.

Option Exercises and Stock Vested

The following table shows for the fiscal year ended December 31, 2009, certain information regarding option exercises and stock vested during 2009 with respect to the named executive officers:

Option Exercises And Stock Vested In Fiscal 2009

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise**	**Value Realized On Exercise**	**Number of Shares Acquired On Vesting (#)**	**Value Realized On Vesting(1)($)**
Mr. Bryan *			18,750	18,788
Mr. Corkery *			6,250	6,263
Mr. Wolff *				
Mr. Jorgens *			11,000	11,055
Mr. Flynn *			65,625	45,156
Mr. Bagley			9,625	9,293
Mr. Day			62,500	39,713
Mr. Zufall			15,625	16,213

* Effective February 5, 2009, Mr. Bryan resigned his position as Chief Executive Officer and became a consultant to the Company. Effective February 5, 2009, Mr. Corkery was named acting Chief Executive Officer and Executive Vice President, Chief Financial Officer by the Board of Directors, a position he held until December 31, 2009. Mr. Wolff became our interim Chief Executive Officer on December 31, 2009,

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and on February 17, 2010, was named our Chief Executive Officer effective as of January 1, 2010. Mr. Jorgens resigned his position as President effective June 30, 2009 and became a consultant to the Company. Mr. Jorgens consulting agreement expired on February 28, 2010. Effective May 21, 2010, Mr. Flynn resigned his position as Executive Vice President, General Counsel and Corporate Secretary.

(1) Amounts have been computed by multiplying the number of shares by the market value of the underlying shares on the vesting date.

Pension Benefits

During the fiscal year ended December 31, 2009, the Company did not provide pension benefits for any named executive officer.

Non-Qualified Deferred Compensation

During the fiscal year ended December 31, 2009, the Company did not provide non-qualified deferred compensation benefits for any named executive officer.

Potential Payments Upon Termination or Change-In-Control

The following summaries set forth potential payments payable to our named executive officers upon termination of their engagement or a change-in-control of the Company under their employment letter agreements, consulting agreements and our Plan. Actual payments may be more or less than the amounts described below. In addition, the Company may enter into new arrangements or modify these arrangements, from time to time.

Employment Letters and Agreements

Benjamin G. Wolff. The Company has entered into an employment agreement with Benjamin G. Wolff. Under the agreement, Mr. Wolff s employment is at-will, and he is subject to termination with or without cause. However, if the Company terminates Mr. Wolff without Cause or if he resigns for Good Reason (as those terms are defined in his employment agreement), and upon execution of a release of claims, he is entitled to: (i) payment of an amount equal to two times the sum of his base salary then in effect plus 100% of his target bonus, (ii) continuation of health benefits subject to certain conditions, and (iii) vesting of all options and shares of restricted stock in which he would have vested had he remained actively employed through the second anniversary of the date of termination. The total cost of such termination payments would be in excess of $2,000,000. If Mr. Wolff resigns or is terminated for Cause, he is only be entitled to a lump sum payment of accrued base salary through the date of termination, the value of accrued but unused vacation time, and reimbursement of reasonable business expenses.

David Bagley. DBSD Satellite has entered into an executive employment agreement with David Bagley. Either DBSD Satellite or Mr. Bagley may terminate the agreement for any reason with 30 days written notice or, in lieu of notice, DBSD Satellite may pay Mr. Bagley one month s base salary, one month of medical and dental benefits, plus a pro-rated bonus. DBSD Satellite may also terminate his employment for Cause (as that term is defined in his employment agreement) without notice, in which case Mr. Bagley will not be entitled to any further compensation, including unpaid bonuses or benefits, other than his accrued salary, accrued but unused vacation time and reimbursement of expenses. Following the effective date of the Plan of Reorganization for DBSD, Mr. Bagley will be entitled to six months of base salary if he is terminated without cause. The total cost of such termination payments would be in excess of $150,000. In the event of Mr. Bagley s death, the amount payable under his life insurance policy would be $483,000.

Robert S. Day, Jr. DBSD Satellite has entered into an executive employment agreement with Robert S. Day, Jr., for an indefinite term. While Mr. Day s employment is at-will, he and DBSD Satellite are each required to

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provide at least six months notice prior to termination, other than in the case of termination for Cause (as that term is defined in his employment agreement). DBSD Satellite, however, has the right to pay him his salary in lieu of notice, and Mr. Day may also elect to take a payment rather than continuing his employment during the six-month notice period. The total cost of such termination payments would be in excess of $150,000. In the event of Mr. Day s death, the amount payable under his life insurance policy would be $392,000.

David Zufall. DBSD Satellite has entered into an executive employment agreement with David Zufall for an indefinite term. While Mr. Zufall s employment is at-will, Mr. Zufall will be entitled to six months of base salary if he is terminated without Cause (as that term is defined in his employment agreement). In the event of Mr. Zufall s death, the amount payable under his life insurance policy would be $500,000.

J. Timothy Bryan. DBSD Satellite entered into an employment agreement with J. Timothy Bryan pursuant to which Mr. Bryan s employment was at-will. On February 5, 2009, DBSD Satellite and Mr. Bryan entered into a Separation Agreement (Bryan Separation Agreement). Pursuant to the Bryan Separation Agreement, Mr. Bryan resigned as a Director and as the Company s Chief Executive Officer effective February 5, 2009, and was engaged thereafter to serve as a consultant. Pursuant to the Bryan Separation Agreement, Mr. Bryan no longer participates in the Company s benefit plans, but his outstanding stock options and restricted stock awards continued vesting in accordance with the original vesting schedules through August 15, 2010, which is the date on which his consulting agreement expired. Mr. Bryan has 12 months from such expiration date to exercise any vested options.

Craig Jorgens. DBSD Satellite entered into an employment agreement with Craig Jorgens pursuant to which Mr. Jorgen s employment was at-will. On June 30, 2009, DBSD Satellite and Mr. Jorgens entered into a Separation Agreement (Jorgens Separation Agreement). Pursuant to the Jorgens Separation Agreement, Mr. Jorgens resigned as the Company s President effective June 30, 2009, and was engaged thereafter to serve as a consultant. Pursuant to the Jorgens Separation Agreement, Mr. Jorgens no longer participates in benefit plans, but his outstanding stock options and restricted stock awards continued vesting in accordance with the original vesting schedules through February 28, 2010, which is the date on which his consulting agreement expired. Mr. Jorgens has 12 months from such expiration date to exercise any vested options.

John L. Flynn. DBSD Satellite entered into an employment agreement with John Flynn pursuant to which Mr. Flynn s employment was at will. Effective May 21, 2010, Mr. Flynn resigned from employment and from his position as Executive Vice President, General Counsel and Corporate Secretary of the Company. As a result, Mr. Flynn received a lump sum payment of accrued base salary through the date of resignation, the value of accrued but unused vacation time, and reimbursement of reasonable business expenses.

2000 Stock Incentive Plan, as Amended and Restated effective June 15, 2007

Under the terms of the Plan, in the event of a Corporate Transaction (as defined in the Plan), the awards granted pursuant to the Plan will either automatically vest, or, depending on the type of Corporate Transaction, may be replaced with essentially equivalent awards from the surviving entity in the Corporate Transaction.

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DIRECTOR COMPENSATION

The following table shows for the fiscal year ended December 31, 2009 certain information with respect to the compensation of all non-employee directors of the Company:

Director Compensation for Fiscal 2009

Name	Fees Earned or Paid in Cash(1)	Option Awards (2)(3)(4)	Total
Craig O. McCaw		$ 21,000	$ 21,000
Samuel L. Ginn	$ 30,000	$ 21,000	$ 51,000
Nicolas Kauser		$ 21,000	$ 21,000
Barry L. Rowan	$ 30,000	$ 21,000	$ 51,000
H. Brian Thompson	$ 30,000	$ 21,000	$ 51,000
David Wasserman	$ 30,000(5)	$ 21,000	$ 51,000
Benjamin G. Wolff *			

* Mr. Wolff became a director effective December 7, 2009. For additional information on Mr. Wolff s compensation, see Summary Compensation Table above.

Although Messrs. McCaw and Wolff do not receive director fees, the Company has an agreement with Eagle River, Inc. to provide advisory services to the Company. This agreement requires (i) payment of an annual fee of $500,000 in quarterly installments in stock or cash, at the Company s option, and (ii) reimbursement of out-of-pocket expenses. The Company has elected to make all payments in Class A common stock and total payments for the year ended December 31, 2009 were 1,008,816 shares of Class A common stock.

(1) Amounts represent annual service cash payments in the amount of $30,000 for a full year of service on the Board of Directors in accordance with the Company s Board Compensation Policy for directors who have been determined to be independent under Nasdaq Marketplace Rule 4200(a)(15). All service cash payments were paid in quarterly installments in arrears.

(2) Amounts represent the aggregate grant date fair value computed in accordance with ASC 718. These amounts do not reflect the actual value that may be realized by the individuals. See Note 10 of Notes to Financial Statements set forth in the Company s Form 10-K for fiscal year 2009, filed with the SEC on March 16, 2010, for the assumptions used in determining such amounts.

(3) Each of the directors named above (excluding Mr. Wolff) was granted a non-qualified stock option on October 1, 2009 to purchase 30,000 shares of Class A common stock with an exercise price of $0.79 per share (which is equal to the closing market price of the Company s common stock on the date of grant) under the Plan. Each option has a term of 10 years and vests over four years from the date of grant, with 25% vesting in equal increments at the end of each annual period thereafter. The grant date fair value of each October 1, 2009 option grant, determined in accordance with ASC 718, was $21,000.

(4) The following table sets forth the aggregate number of option awards held by each director as of December 31, 2009:

Name	Aggregate Number of Option Awards
Craig O. McCaw	270,000
Samuel L. Ginn	370,000
Nicolas Kauser	130,000
Barry L. Rowan	345,000
H. Brian Thompson	290,000
David Wasserman	270,000(6)
Benjamin G. Wolff	120,000

(5) Represents fees paid to Clayton, Dubilier & Rice, LLC as assignee of compensation to Mr. Wasserman.
(6) Represents 270,000 options granted to Clayton, Dubilier & Rice, LLC as assignee of compensation to Mr. Wasserman. Mr. Wasserman disclaims beneficial ownership of the options to purchase shares held by Clayton, Dubilier & Rice, LLC.

Director Equity Compensation

Pursuant to the Company s Board Compensation Policy in effect at December 31, 2009, members of the Board of Directors who are not employees receive an initial service option grant to purchase 100,000 shares of Class A common stock at the current fair market value at the time they are elected to the Board of Directors. The initial service options will become 25% vested following each full year of service as a Board member, beginning with the date the options are granted, with the effect that the initial service options become fully vested following four years of service. On October 1 of each year, each non-employee director is automatically granted an annual service option grant to purchase an additional 30,000 shares of Class A common stock at the current fair market value on the date of grant. The annual service option grants will become 25% vested following each year of service on the Board of Directors, beginning as of the date of grant and continuing through the following September 30, with the effect that the annual service options become fully vested and exercisable after four years of service on the Board.

Additionally, non-employee members of the Board of Directors who serve on the Audit Committee of the Board of Directors receive options to purchase 50,000 shares of Class A common stock at the current fair market value price, granted on the date of appointment to such committee. The member of the Audit Committee who serves as chair receives a grant to purchase an additional 50,000 shares of Class A common stock on the date appointed as chair of the Audit Committee. All committee option grants become 25% vested following each year of service on the committee, following the date of appointment, with the effect that the committee service option grants become fully vested after four years of service on the committee, or as chair of the Audit Committee, as applicable.

Currently, non-employee members of the Board of Directors who serve on the Compensation Committee of the Board of Directors receive options to purchase 25,000 shares of Class A common stock at the current fair market value price, granted on the date of appointment to such committee. The member of the Compensation Committee who serves as chair receives a grant to purchase an additional 25,000 shares of Class A common stock on the date appointed as chair of the Compensation Committee. Compensation Committee option grants become 25% vested following each year of service on the committee, following the date of appointment, with the effect that the committee service option grants become fully vested after four years of service on the committee, or as chair of the Compensation Committee, as applicable.

Generally, all stock options granted under our Plan have a term of 10 years. Pursuant to the terms of the Plan, stock options will accelerate following a change-in-control, for some transactions, only if they are not assumed or substituted by the successor company.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related-Person Transactions Policy and Procedures

Our Audit Committee is given the responsibility to review and approve all related party transactions as outlined in its charter and as described under rules and regulations promulgated by the SEC. We do not currently have a written policy regarding the approval of all related party transactions. All proposed related party transactions, however, are subject to approval by the Audit Committee. In determining whether to approve or ratify a related party transaction, the Audit Committee will take into account, among other factors deemed appropriate, whether the related party transaction is on terms no more favorable to the counterparty than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party s interest in the transaction. To assist with the identification of potential related party transactions, we solicit information through questionnaires in connection with the appointment of new directors and executive officers and on an annual basis with respect to existing directors and executive officers.

Certain Related-Person Transactions

ERSH, Eagle River Investments, Eagle River, Inc. and ERP.

ERSH is the Company s controlling stockholder that held an economic interest of approximately 31.9% and a voting interest of approximately 67.4% as of December 31, 2009. In addition, ERSH holds warrants exercisable through December 12, 2012 to purchase an aggregate of three million shares of our Class A common stock at an exercise price of $0.01 per share.

The Company has an agreement with Eagle River, Inc. to provide advisory services to the Company. This agreement requires (i) payment of an annual fee of $500,000 in quarterly installments in stock or cash, at the Company s option, and (ii) reimbursement of out-of-pocket expenses. The Company has elected to make all payments in Class A common stock and total payments for the year ended December 31, 2009 were 1,008,816 shares of Class A common stock.

Benjamin G. Wolff, the Company s Chairman and Chief Executive Officer, is the President of ERSH, Eagle River Investments, Eagle River, Inc. and ERP, and is compensated by both Eagle River Investments and the Company.

Davis Wright Tremaine

Mr. Wolff is the spouse of a partner at the law firm DWT, which provides the Company with ongoing legal services. Total of payments made to DWT for the year ended December 31, 2009 was $359,000.

Indemnification Agreements

The Company has entered into indemnity agreements with its executive officers and directors which provide, among other things, that the Company will indemnify such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of the Company, and otherwise to the fullest extent permitted under Delaware law and the Company s Bylaws.

Under an indemnification agreement between the Company and Eagle River Investments, LLC, we are required to indemnify, defend, and hold harmless Eagle River Investments, its affiliates, and their respective members, directors, officers, agents, employees and controlling persons against claims, liabilities, losses, damages and fees and expenses incurred resulting from, or in connection with, the fact that such entity or person is or was a shareholder, director, officer, or employee of the Company or any of its subsidiaries, or based on an alleged breach of his or her fiduciary duty as a director or officer of the Company or any of its subsidiaries. The

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indemnification obligation is subject to certain exceptions, including losses and damages incurred through certain violations of the U.S. securities laws and damages caused by acts that a court determines to be a breach of fiduciary duties, gross negligence, or willful misconduct. We agreed to advance reasonable costs and expenses incurred for defending any claim upon receipt of an undertaking to repay the advanced amounts if it is ultimately determined the indemnitee was not entitled to indemnification under the agreement.

Under an indemnification agreement with Cascade Investment, we are similarly required to indemnify Cascade Investment, its affiliates (including Mente), and their respective members, directors, officers, agents, employees and controlling persons.

We are also a party to an indemnification agreement with CDR-Satco, Clayton, Dubilier & Rice, LLC. (CD&R) and The Clayton, Dubilier & Rice Fund VI Limited Partnership, which obligates us to indemnify, defend, and hold harmless each of those entities and their respective directors, officers, partners, members, employees, agents and controlling persons under the same general terms as the indemnification agreement with Eagle River Investments, LLC, other than the addition of an obligation to indemnify for any claims arising out of or based upon the provision by CD&R of any consulting services (except to the extent a court finds that any of the indemnitees acted with gross negligence or intentional misconduct).

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OTHER MATTERS

When are stockholder proposals due for next year s Annual Meeting?

It is anticipated that next year s annual meeting will be held in June 2011. To be included in next year s proxy materials, your proposal must be submitted in writing within a reasonable time after receiving notice of the date of next year s annual meeting from the Company, to ICO s Corporate Secretary at 2300 Carillon Point, Kirkland, Washington 98033.

A stockholder proposal or nomination for director that will not be included in next year s proxy materials pursuant to Rule 14a-8 under the Securities and Exchange Act, but that a stockholder intends to present in person at next year s Annual Meeting, must comply with the notice, information and consent provisions contained in the Company s Bylaws. The Bylaws provide that to timely submit a proposal or nominate a director you must do so by submitting the proposal or nomination in writing, which must be delivered to or mailed and received by the Company s Corporate Secretary at the Company s principal executive offices no later than the close of business on the 7th day following the earlier of the date on which notice of the date of the meeting was mailed or a public announcement of the meeting date was made. The Company s Bylaws contain additional requirements to properly submit a proposal or nominate a director. If you do not submit your proposal or nomination within a reasonable period of time prior to the mailing of the Company s proxy statement for the next annual meeting, management will have discretionary voting authority at the 2011 annual meeting with respect to any such proposal or nomination without discussion of the matter in the Company s proxy statement. If you plan to submit a proposal or nominate a director, please review the Company s Bylaws carefully. You may obtain a copy of the Company s Bylaws by mailing a written request to the Corporate Secretary of ICO at 2300 Carillon Point, Kirkland, Washington 98033 or by visiting the Company s website at *www.ico.com*.

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

/s/ Timothy M. Dozois

Timothy M. Dozois
Corporate Secretary

October 29, 2010

A copy of the Company s Annual Report to the Securities and Exchange Commission on Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2009 is available without charge upon written request to: Corporate Secretary, ICO Global Communications (Holdings) Limited, 2300 Carillon Point, Kirkland, Washington 98033.

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YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.

We encourage you to take advantage of Internet or telephone voting.

Both are available 24 hours a day, 7 days a week.

Internet and telephone voting are available through 11:59 PM Eastern Time the day prior to the December 13, 2010 stockholder meeting date.

ICO GLOBAL COMMUNICATIONS

(HOLDINGS) LIMITED

INTERNET

http://www.proxyvoting.com/icog

Use the Internet to vote your proxy. Have your proxy card in hand when you access the web site.

OR

TELEPHONE

1-866-540-5760

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.

To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

Fulfillment
82778 82777

q **FOLD AND DETACH HERE** q

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND FOR ITEM 2.

Please mark your votes as indicated in this example X

1. ELECTION OF DIRECTORS

Nominees:		FOR ALL	WITHHOLD FOR ALL	*EXCEPTIONS
01 Richard P. Emerson	06 R. Gerard Salemme	..	..	..
02 Richard P. Fox	07 Stuart M. Sloan			
03 Nicolas Kauser	08 H. Brian Thompson			
04 Craig O. McCaw	09 Benjamin G. Wolff			
05 Barry L. Rowan				

	FOR	AGAINST	ABSTAIN
2. Vote to ratify the Selection by the Audit Committee of the Independent Registered Public Accounting Firm of Deloitte & Touche LLP as Independent Auditor of the Company for its fiscal year ending December 31, 2010.	..	..	..

(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the Exceptions box above and write that nominee s name in the space provided below.)

*Exceptions

Will Attend Meeting .. **YES**

Mark Here for Address Change or Comments **SEE REVERSE** ..

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature **Signature** **Date**

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You can now access your ICO Global Communications (Holdings) Limited account online.

Access your ICO Global Communications (Holdings) Limited account online via Investor ServiceDirect® (ISD).

BNY Mellon Shareowner Services, the transfer agent for ICO Global Communications (Holdings) Limited, now makes it easy and convenient to get current information on your shareholder account.

View account status	View payment history for dividends
View certificate history	Make address changes
View book-entry information	Obtain a duplicate 1099 tax form
	Establish/change your PIN

Visit us on the web at http://www.bnymellon.com/shareowner/isd

For Technical Assistance Call 1-877-978-7778 between 9am-7pm

Monday-Friday Eastern Time

Investor ServiceDirect®

Available 24 hours per day, 7 days per week

TOLL FREE NUMBER: 1-800-370-1163

Choose **MLink℠** for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect®** at www.bnymellon.com/shareowner/isd where step-by-step instructions will prompt you through enrollment.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders. The Proxy Statement and the 2009 Annual Report to Stockholders are available at: **http://www.proxyvoting.com/icog**

q **FOLD AND DETACH HERE** q

PROXY

ICO GLOBAL COMMUNICATIONS (HOLDINGS) LIMITED

Annual Meeting of Stockholders December 13, 2010

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY

The undersigned hereby appoints Benjamin G. Wolff and Timothy M. Dozois, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of ICO Global Communications (Holdings) Limited Common Stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Stockholders of the company to be held December 13, 2010 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Meeting.

Address Change/Comments

(Mark the corresponding box on the reverse side)

BNY MELLON SHAREOWNER SERVICES
P.O. BOX 3550

SOUTH HACKENSACK, NJ 07606-9250

(Continued and to be marked, dated and signed, on the other side)

82778 Fulfillment 82777

k 2px solid">

	(55.7)
Net Income	
$	317.6
$	290.4
$	931.2
$	801.5

Basic Weighted Average Shares	361.2	362.6	359.8	365.6
Plus Effect of:				
Equity forward arrangement	2.5	—	0.8	—
Stock options and restricted units	3.6	2.8	3.5	2.6
Diluted Weighted Average Shares	367.3	365.4	364.1	368.2
Basic Earnings per Share:				
Continuing operations	$ .88	$ .83		

$
2.60
$
2.39

Discontinued operations

—
(.02)
(.01)
(.19)

$
.88
$
.80
$
2.59
$
2.19

Diluted Earnings per Share:

Continuing operations

$
.86
$
.82
$
2.57
$
2.37

Discontinued operations

—
(.02)

	(.01)
	(.19)
$	.86
$	.79
$	2.56
$	2.18

Options to purchase 0.1 million, 6.4 million, 1.3 million and 8.6 million shares of common stock were not included in the computation of diluted earnings per share for the third quarter of 2013 and 2012 and the first nine months of 2013 and 2012, respectively, because their effect would have been antidilutive.

Note 8. Debt and Other Financing Arrangements

Credit Facilities

On July 25, 2013, the company terminated its prior revolving credit agreement and entered into a new revolving credit facility with a bank group that provides for up to $1.5 billion of unsecured multi-currency revolving credit. The facility expires in July 2018. The agreement calls for interest at either a LIBOR-based rate or a rate based on the prime lending rate of the agent bank, at the company's option. The agreement contains affirmative, negative and financial covenants, and events of default customary for financings of this type. The financial covenant requires the company to maintain a Consolidated Leverage Ratio of debt to EBITDA (as defined in the agreement) below 3.5 to 1.0 prior to the closing date of the Life Technologies Acquisition, below 5.5 to 1.0 during the first six months after the closing date of the Life Technologies Acquisition and decreasing, based on the passage of time, to 3.5 to 1.0, after 18 months and an Interest Coverage Ratio of EBITDA (as defined in the agreement) to interest expense below 3.0 to 1.0. The credit agreement permits the company to use the facility for working capital; acquisitions; repurchases of common stock, debentures and other securities; the refinancing of debt; and general corporate purposes. The credit agreement allows for the issuance of letters of credit, which reduces the amount available for borrowing. If the company borrows under this facility, it intends to leave undrawn an amount equivalent to outstanding commercial paper ($50 million at September 28, 2013) to provide a source of funds in the event that commercial paper markets are not available. As of September 28, 2013, no borrowings were outstanding under the facility, although available capacity was reduced by approximately $46 million as a result of outstanding letters of credit.

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THERMO FISHER SCIENTIFIC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

In connection with the planned acquisition of Life Technologies, the company entered into a bridge credit agreement and a term loan agreement. The bridge credit agreement is a 364-day unsecured committed bridge facility in the principal amount of $3.56 billion as of November 1, 2013. The term loan agreement is a 3-year unsecured $5 billion term loan facility. Borrowing under both agreements is conditioned on, among other things, the consummation of the Life Technologies Acquisition. The agreements call for interest at either a LIBOR-based rate or a rate based on the prime lending rate of the agent bank, at the company's option. The agreements contain affirmative, negative and financial covenants, and events of default customary for financings of this type. The financial covenants require the company to maintain a Consolidated Leverage Ratio of debt to EBITDA (as defined in the agreements) below 5.5 to 1.0 during the first six months after the borrowing date and decreasing, based on the passage of time, to 3.5 to 1.0, beginning 18 months after the borrowing date. The company must also maintain a minimum interest coverage ratio of 3.0 to 1.0. The company expects to issue long-term debt to replace the bridge facility.

Cash Flow Hedge Arrangements

During 2013, the company entered into interest rate swap agreements to mitigate the risk of interest rates rising prior to completion of a debt offering. Based on the company's conclusion that a debt offering is probable as a result of debt maturing in 2014 and that such debt would carry semi-annual interest payments over a 10-year term, the swaps hedge the cash flow risk for each of the semi-annual fixed-rate interest payments on $575 million of principal amount of the planned 10-year fixed-rate debt issue. The increase in the fair value of the hedges, $5 million, net of tax, as of September 28, 2013, was classified as an increase to accumulated other comprehensive items within shareholder's equity.

Note 9. Commitments and Contingencies

There are various lawsuits and claims pending against the company involving product liability, contract, commercial and other issues. In view of the company's financial condition and the accruals established for these matters, management does not believe that the ultimate liability, if any, related to these matters will have a material adverse effect on the company's financial condition, results of operations or cash flows.

The company establishes a liability that is an estimate of amounts needed to pay damages in the future for events that have already occurred. The accrued liabilities are based on management's judgment as to the probability of losses for asserted and unasserted claims and, where applicable, actuarially determined estimates. The reserve estimates are adjusted as additional information becomes known or payments are made.

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

The company is currently involved in various stages of investigation and remediation related to environmental matters. The company cannot predict all potential costs related to environmental remediation matters and the possible impact on future operations given the uncertainties regarding the extent of the required cleanup, the complexity and interpretation of applicable laws and regulations, the varying costs of alternative cleanup methods and the extent of the company's responsibility. Expenses for environmental remediation matters related to the costs of permit requirements and installing, operating and maintaining groundwater-treatment systems and other remedial activities related to historical environmental contamination at the company's domestic and international facilities were not material in any period presented. The company records accruals for environmental remediation liabilities, based on current interpretations of environmental laws and regulations, when it is probable that a liability has been incurred and the amount of such liability can be reasonably estimated. The company calculates estimates based upon several factors, including reports prepared by environmental specialists and management's knowledge of and experience with these environmental matters. The company includes in these estimates potential costs for investigation, remediation and operation and maintenance of cleanup sites.

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THERMO FISHER SCIENTIFIC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Management believes that its reserves for environmental matters are adequate for the remediation costs the company expects to incur. As a result, the company believes that the ultimate liability with respect to environmental remediation matters will not have a material adverse effect on the company's financial position, results of operations or cash flows. However, the company may be subject to additional remedial or compliance costs due to future events, such as changes in existing laws and regulations, changes in agency direction or enforcement policies, developments in remediation technologies or changes in the conduct of the company's operations, which could have a material adverse effect on the company's financial position, results of operations or cash flows. Although these environmental remediation liabilities do not include third-party recoveries, the company may be able to bring indemnification claims against third parties for liabilities relating to certain sites.

Note 10. Comprehensive Income and Shareholders' Equity

Comprehensive Income

Comprehensive income combines net income and other comprehensive items. Other comprehensive items represent certain amounts that are reported as components of shareholders' equity in the accompanying balance sheet.

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

(In millions)	Currency Translation Adjustment	Unrealized Gains (Losses) on Available-for-Sale Investments	Unrealized Gains (Losses) on Hedging Instruments	Pension and Other Postretirement Benefit Liability Adjustment	Total
Balance at December 31, 2012	$ 87.4	$ 7.7	$ (32.9)	$ (212.6)	$ (150.4)
Other comprehensive income (loss) before reclassifications	(6.2)	1.2	5.0	(0.2)	(0.2)
Amounts reclassified from accumulated other comprehensive items	—	(8.0)	2.4	5.8	0.2
Net other comprehensive items	(6.2)	(6.8)	7.4	5.6	—
Balance at September 28, 2013	$ 81.2	$ 0.9	$ (25.5)	$ (207.0)	$ (150.4)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The amounts reclassified out of accumulated other comprehensive items are as follows:

(In millions)	Affected Line Item in the Statement of Income	Nine Months Ended September 28, 2013	Nine Months Ended September 29, 2012
Amounts Reclassified From Accumulated Other Comprehensive Items			
Unrealized gains and losses on available-for-sale investments			
Realized gain on sale or transfer of available-for-sale investments	Other Expense, Net	$ (10.5)	$ —
Tax provision	Provision for Income Taxes	2.5	—
		$ (8.0)	$ —
Unrealized gains and losses on hedging instruments			
Realized loss on interest rate swaps and locks	Other Expense, Net	$ 4.0	$ 3.9
Tax benefit	Provision for Income Taxes	(1.6)	(1.5)
		$ 2.4	$ 2.4
Pension and other postretirement benefit liability adjustment			
Amortization of actuarial losses	Net Periodic Benefit Cost -	$ 8.6	$ 5.0
Amortization of prior service benefit	see Note 6 for details	(0.2)	(0.1)
Total before tax		8.4	4.9
Tax benefit	Provision for Income Taxes	(2.6)	(1.6)
		$ 5.8	$ 3.3
Total reclassifications		$ 0.2	$ 5.7

Shareholders' Equity

In June 2013, in anticipation of the planned acquisition of Life Technologies, the company entered into equity forward agreements in connection with a public offering of 29.6 million shares of its common stock. The use of the equity forward agreements substantially eliminates future equity market price risk by fixing a common equity offering sales price under the then existing market conditions, while mitigating share dilution from the offering by postponing the actual issuance of common stock until the funds are needed for the Life Technologies Acquisition.

Under the terms of the agreements, the counterparties borrowed shares of the company’s common stock and sold them for $85.50 per share. Upon settlement of the agreements, to the extent that the agreements are physically settled, the company would be required to issue and deliver shares of its common stock at the then applicable forward sale price. The forward price was initially $83.2770 per share, net of underwriting fees, and is subject to adjustment in accordance with the terms of the agreements including fixed reductions related to cash dividends. The forward price was $82.8277 per share on September 28, 2013. The equity forward agreements must be settled fully within 14 months of the date of the agreements. Although the company expects to physically settle the forward sale agreements by delivering shares of its common stock in exchange for cash proceeds, it may elect cash or net share settlement for all or a portion of its obligations under the forward agreements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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The equity forward agreements had no initial fair value as they were entered into at the then market price of the common stock. The company will not receive any proceeds from the sale of common stock until the equity forward agreements are settled, and at that time it will record the proceeds, if any, in equity.

At September 28, 2013, the equity forward agreements could have been settled with physical delivery of the shares to the forward counterparties in exchange for cash of $2.45 billion. At September 28, 2013, the equity forward agreements could also have been cash settled, with delivery of cash of approximately $301.3 million to the forward counterparties, or net share settled with delivery of approximately 3.2 million shares of common stock to the forward counterparties.

Prior to their settlement, to the extent that the equity forward agreements are dilutive, they are reflected in the company’s diluted earnings per share calculations using the treasury stock method.

Note 11. Fair Value Measurements and Fair Value of Financial Instruments

Fair Value Measurements

The company uses the market approach technique to value its financial instruments and there were no changes in valuation techniques during 2013. The company’s financial assets and liabilities carried at fair value are primarily comprised of investments in money market funds; derivative contracts, insurance contracts, mutual funds holding publicly traded securities and other investments in unit trusts held as assets to satisfy outstanding deferred compensation and retirement liabilities; and acquisition-related contingent consideration.

The fair value accounting guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities that the company has the ability to access.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data such as quoted prices, interest rates and yield curves.

Level 3: Inputs are unobservable data points that are not corroborated by market data.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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The following table presents information about the company's financial assets and liabilities measured at fair value on a recurring basis as of September 28, 2013:

(In millions)	September 28, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash equivalents	$ 869.5	$ 869.5	$ —	$ —
Investments in mutual funds, unit trusts and other similar instruments	9.6	9.6	—	—
Insurance contracts	70.6	—	70.6	—
Auction rate securities	4.2	—	—	4.2
Derivative contracts	11.2	—	11.2	—
Total Assets	$ 965.1	$ 879.1	$ 81.8	$ 4.2
Liabilities				
Derivative contracts	$ 3.3	$ —	$ 3.3	$ —
Contingent consideration	32.9	—	—	32.9
Total Liabilities	$ 36.2	$ —	$ 3.3	$ 32.9

The following table presents information about the company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

(In millions)	December 31, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash equivalents	$ 73.6	$ 73.6	$ —	$ —
Investments in mutual funds, unit trusts and other similar instruments	36.6	36.6	—	—
Insurance contracts	62.5	—	62.5	—
Auction rate securities	4.3	—	—	4.3
Derivative contracts	1.6	—	1.6	—

Total Assets	$	178.6	$	110.2	$	64.1	$	4.3
Liabilities								
Derivative contracts	$	0.8	$	—	$	0.8	$	—
Contingent consideration		20.1		—		—		20.1
Total Liabilities	$	20.9	$	—	$	0.8	$	20.1

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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The company determines the fair value of its insurance contracts by obtaining the cash surrender value of the contracts from the issuer. The fair value of derivative contracts is the estimated amount that the company would receive/pay upon liquidation of the contracts, taking into account the change in interest rates and currency exchange rates. The company determines the fair value of the auction rate securities by obtaining indications of value from brokers/dealers. The company determines the fair value of acquisition-related contingent consideration based on assessment of the probability that the company would be required to make such future payment. Changes to the fair value of contingent consideration are recorded in selling, general and administrative expense. The following tables provide a rollforward of the fair value, as determined by Level 3 inputs, of the auction rate securities and contingent consideration.

(In millions)	Three Months Ended September 28, 2013	Three Months Ended September 29, 2012	Nine Months Ended September 28, 2013	Nine Months Ended September 29, 2012
Auction Rate Securities				
Beginning Balance	$ 4.2	$ 4.3	$ 4.3	$ 4.3
Sale of securities	—	—	(0.1)	—
Ending Balance	$ 4.2	$ 4.3	$ 4.2	$ 4.3

The company has the ability and intent to hold the auction rate securities to maturity unless they are redeemed earlier by the issuer.

(In millions)	Three Months Ended September 28, 2013	Three Months Ended September 29, 2012	Nine Months Ended September 28, 2013	Nine Months Ended September 29, 2012
Contingent Consideration				
Beginning Balance	$ 33.7	$ 4.6	$ 20.1	$ 1.7
Additions	—	12.9	—	15.8
Payments	(0.7)	(0.7)	(0.7)	(1.0)
Change in fair value included in earnings	(0.1)	—	13.5	0.3
Ending Balance	$ 32.9	$ 16.8	$ 32.9	$ 16.8

The notional amounts of derivative contracts outstanding, consisting of currency exchange contracts and interest rate locks, totaled $1.62 billion and $719 million at September 28, 2013 and December 31, 2012, respectively.

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

	Fair Value – Assets	Fair Value – Liabilities

(In millions)	September 28, 2013	December 31, 2012	September 28, 2013	December 31, 2012
Derivatives Designated as Hedging Instruments				
Interest rate forward swaps (a)	$ 10.5	$ —	$ 2.5	$ —
Derivatives Not Designated as Hedging Instruments				
Currency exchange contracts (b)	0.7	1.6	0.8	0.8

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(In millions)	Gain (Loss) Recognized Three Months Ended September 28, 2013	September 29, 2012	Nine Months Ended September 28, 2013	September 29, 2012
Derivatives Not Designated as Fair Value Hedges				
Currency exchange contracts				
Included in cost of revenues	$ 1.5	$ 1.2	$ 2.0	$ 2.6
Included in other expense, net	(26.8)	(8.8)	(12.0)	(2.2)

Gains and losses recognized on currency exchange contracts are included in the consolidated statement of income together with the corresponding, offsetting losses and gains on the underlying hedged transactions.

Fair Value of Other Financial Instruments

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

(In millions)	September 28, 2013 Carrying Value	Fair Value	December 31, 2012 Carrying Value	Fair Value
Notes Receivable	$ 3.8	$ 3.8	$ 4.7	$ 4.7
Debt Obligations:				
Senior notes	$ 7,008.2	$ 7,085.1	$ 7,019.5	$ 7,455.2
Commercial paper	50.0	50.0	50.0	50.0
Other	53.3	53.3	54.8	54.8
	$ 7,111.5	$ 7,188.4	$ 7,124.3	$ 7,560.0

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

Note 12. Supplemental Cash Flow Information

(In millions)	Nine Months Ended September 28, 2013	September 29, 2012
Non-cash Activities		
Fair value of assets of acquired businesses and product lines	$ —	$ 1,164.3
Cash paid for acquired businesses and product lines	—	(1,069.0)

Liabilities assumed of acquired businesses and product lines	$	—	$	95.3
Fair value of available-for-sale investments contributed to defined benefit plans	$	27.1	$	—
Declared but unpaid dividends	$	55.5	$	47.7
Issuance of stock upon vesting of restricted stock units	$	63.2	$	28.8

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 13. Restructuring and Other Costs, Net

Restructuring and other costs in the first nine months of 2013 primarily included continuing charges for headcount reductions and facility consolidations in an effort to streamline operations, including the closure and consolidation of operations within several facilities in the U.S. and Europe. The company's year-to-date severance actions associated with facility consolidations and cost reduction measures affected approximately 2% of the company's workforce.

As of November 1, 2013, the company has identified restructuring actions that will result in additional charges of approximately $60 million, primarily in the remainder of 2013.

Third Quarter of 2013

During the third quarter of 2013, the company recorded net restructuring and other costs by segment as follows:

(In millions)	Analytical Technologies	Specialty Diagnostics	Laboratory Products and Services	Corporate	Total
Cost of Revenues	$ 0.4	$ 0.5	$ —	$ —	$ 0.9
Selling, General and Administrative Expenses	16.4	(0.7)	—	8.3	24.0
Restructuring and Other Costs, Net	1.4	5.2	4.7	0.1	11.4
	$ 18.2	$ 5.0	$ 4.7	$ 8.4	$ 36.3

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

Analytical Technologies

The Analytical Technologies segment recorded $18.2 million of net restructuring and other charges in the third quarter of 2013. The segment recorded charges to cost of revenues of $0.4 million for accelerated depreciation at facilities closing due to real estate consolidation; charges to selling, general and administrative expenses of $16.4 million primarily for transaction costs related to the pending acquisition of Life Technologies (Note 2); and $1.4 million of other restructuring costs, net, $3.4 million of which were cash costs. These costs, which were associated with headcount reductions and facility consolidations including the consolidation and closure of several facilities in the U.S. and Europe, consisted of $3.0 million of severance; $0.2 million of abandoned facility costs; and $0.2 million of other cash costs, primarily outplacement costs for severed employees. The segment also realized gains of $2.0 million on the sale of real estate in the U.S. and Europe.

Specialty Diagnostics

The Specialty Diagnostics segment recorded $5.0 million of net restructuring and other charges in the third quarter of 2013. The segment recorded charges to cost of revenues of $0.5 million for accelerated depreciation at facilities closing due to real estate consolidation; a reduction to selling, general and administrative expenses of $0.7 million for revisions of estimated contingent consideration for a recent acquisition; and $5.2 million of other restructuring costs, which were primarily cash costs principally associated with headcount reductions. The cash costs consisted of $4.2 million of severance and $1.1 million of other cash costs, primarily outplacement costs for severed employees and moving expenses associated with facility consolidations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Laboratory Products and Services

The Laboratory Products and Services segment recorded $4.7 million of net restructuring and other charges in the third quarter of 2013. The segment recorded $3.6 million of cash costs, associated with headcount reductions and facility consolidations to streamline operations, which included $2.4 million of severance and $1.3 million of abandoned facility costs. The segment also recorded $1.1 million of non-cash expense primarily for pension charges related to the headcount reductions.

Corporate

During the third quarter of 2013, the company recorded a charge to selling, general and administrative expenses of $8.3 million associated with product liability litigation and $0.1 million of cash restructuring costs primarily for severance at its corporate operations.

First Nine Months of 2013

During the first nine months of 2013, the company recorded net restructuring and other costs as follows:

(In millions)	Analytical Technologies	Specialty Diagnostics	Laboratory Products and Services	Corporate	Total
Cost of Revenues	$ 1.9	$ 24.7	$ 0.6	$ —	$ 27.2
Selling, General and Administrative Expenses	26.7	12.9	—	8.3	47.9
Restructuring and Other Costs, Net	15.0	14.9	22.5	2.0	54.4
	$ 43.6	$ 52.5	$ 23.1	$ 10.3	$ 129.5

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

Analytical Technologies

In the first nine months of 2013, the Analytical Technologies segment recorded $43.6 million of net restructuring and other charges. The segment recorded charges to cost of revenues of $1.9 million for accelerated depreciation at facilities closing due to real estate consolidation; charges to selling, general and administrative expenses of $26.7 million primarily for transaction costs related to the pending acquisition of Life Technologies (Note 2); and $15.0 million of other restructuring costs, net, $16.6 million of which were cash costs. The cash costs, which were associated with headcount reductions and facility consolidations including the consolidation and closure of several facilities in the U.S. and Europe, consisted of $12.4 million of severance; $2.4 million of abandoned facility costs; and $1.8 million of other cash costs, primarily for moving and other expenses associated with facility consolidations. In addition, the segment realized a gain of $2.0 million on the sale of real estate in the U.S and Europe. The segment also recorded $0.4 million of non-cash expense for writedowns of real estate held for sale.

Specialty Diagnostics

In the first nine months of 2013, the Specialty Diagnostics segment recorded $52.5 million of net restructuring and other charges. The segment recorded charges to cost of revenues of $24.7 million primarily for the sale of inventories revalued at the date of acquisition; charges to selling, general and administrative expenses of $12.9 million for revisions of estimated contingent consideration for a recent acquisition; and $14.9 million of other restructuring costs, net, which were primarily cash costs. The cash costs consisted of $13.0 million of severance and $2.0 million of other cash costs primarily for outplacement costs for severed employees and moving expenses associated with facility consolidations.

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Laboratory Products and Services

In the first nine months of 2013, the Laboratory Products and Services segment recorded $23.1 million of net restructuring and other charges. The segment recorded charges to cost of revenues of $0.6 million for accelerated depreciation at facilities closing due to real estate consolidation and $22.5 million of other restructuring costs, $21.1 million of which were cash costs. The cash costs, which consisted of headcount reductions and facility consolidations to streamline operations, included $15.2 million of severance; $3.4 million of abandoned facility costs; and $2.5 million of other cash costs, primarily moving and relocation expenses associated with facility consolidations. The segment also recorded $1.4 million of non-cash expense, net, primarily for pension charges related to the headcount reductions.

Corporate

In the first nine months of 2013, the company recorded a charge to selling, general and administrative expenses of $8.3 million associated with product liability litigation and $2.0 million of cash restructuring costs primarily for severance at its corporate operations.

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

(In millions)	Severance	Abandonment of Excess Facilities	Other (a)	Total
Pre-2012 Restructuring Plans				
Balance At December 31, 2012	$ 4.2	$ 5.9	$ 0.4	$ 10.5
Costs incurred in 2013	0.7	0.8	—	1.5
Reserves reversed	(0.1)	—	—	(0.1)
Payments	(3.7)	(2.8)	—	(6.5)
Balance At September 28, 2013	$ 1.1	$ 3.9	$ 0.4	$ 5.4
2012 Restructuring Plans				
Balance At December 31, 2012	$ 15.8	$ 2.4	$ 2.4	$ 20.6
Costs incurred in 2013	4.3	3.0	2.7	10.0
Reserves reversed	(1.8)	—	(0.2)	(2.0)
Payments	(9.3)	(2.9)	(4.7)	(16.9)
Currency translation	0.1	(0.2)	—	(0.1)
Balance At September 28, 2013	$ 9.1	$ 2.3	$ 0.2	$ 11.6
2013 Restructuring Plans				

Costs incurred in 2013	$	39.2	$	2.3	$	3.8	$	45.3
Payments		(23.7)		(1.4)		(2.6)		(27.7)
Currency translation		(1.9)		—		—		(1.9)
Balance At September 28, 2013	$	13.6	$	0.9	$	1.2	$	15.7

(a) Other includes employee retention costs which are accrued ratably over the period through which employees must work to qualify for a payment.

The company expects to pay accrued restructuring costs as follows: severance, employee-retention obligations and other costs, primarily through 2014; and abandoned-facility payments, over lease terms expiring through 2018.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 14. Discontinued Operations

In June 2012, in an effort to exit a non-core business, the company's senior management made a decision to pursue a sale of its laboratory workstations business, part of the Laboratory Products and Services segment. The company completed the sale in October 2012 for nominal proceeds. The results of the laboratory workstations business have been classified and presented as discontinued operations in the accompanying financial statements. Prior period results have been adjusted to conform to this presentation.

Operating results of the laboratory workstations business were as follows:

(In millions)	Three Months Ended September 29, 2012	Nine Months Ended September 29, 2012
Revenues	$ 44.7	$ 139.0
Pre-tax Income (Loss)	(6.8)	(25.2)

In the first quarter of 2013, the company recorded an after-tax charge of $4.2 million for the estimated cost to raze certain abandoned facilities of the discontinued operations prior to the planned sale of the related land.

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

Forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934 are made throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. Forward-looking statements also include without limitation statements relating to our recently announced agreement to acquire Life Technologies Corporation ("Life Technologies"), the satisfaction of conditions precedent to, and the consummation of, our acquisition of Life Technologies, and our ability to secure regulatory approvals, in each case including the timing thereof. While the company may elect to update forward-looking statements in the future, it specifically disclaims any obligation to do so, even if the company's estimates change, and readers should not rely on those forward-looking statements as representing the company's views as of any date subsequent to the date of the filing of this Quarterly Report.

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

Overview

The company develops, manufactures and sells a broad range of products that are sold worldwide. The company expands the product lines and services it offers by developing and commercializing its own technologies and by making strategic acquisitions of complementary businesses. The company's continuing operations fall into three business segments (see Note 3): Analytical Technologies, Specialty Diagnostics and Laboratory Products and Services.

Recent and Pending Acquisitions

The company's strategy is to augment internal growth at existing businesses with complementary acquisitions such as those completed in 2012 and its pending acquisition of Life Technologies. The company's principal 2012 acquisitions are described below.

- One Lambda, a provider of transplant diagnostics, was acquired in September 2012 to enhance the company's presence in specialty in vitro diagnostics and to increase access to the transplant diagnostics market.

- Doe & Ingalls, a channel for specialty production chemicals and provider of customized supply-chain services to the life sciences and microelectronics industries, was acquired in May 2012 to expand the company's products and services that address the production market.

In addition, on April 14, 2013, the company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Life Technologies providing for, subject to the satisfaction or waiver of specified conditions, the acquisition of Life Technologies by the company (the "Life Technologies Acquisition") at a price of approximately $13.6 billion in cash ($76.00 per share), plus the assumption of certain Life Technologies indebtedness (Note 2). Life Technologies provides innovative products and services to customers conducting scientific research and genetic analysis, as well as those in applied markets, such as forensics and food safety testing. Life Technologies' revenues totaled $3.8 billion in 2012.

If the Life Technologies Acquisition does not close by January 14, 2014, by reason of the failure to obtain certain required antitrust approvals, the cash price per share will increase by $0.0062466 per day during the period commencing on, and including, January 14, 2014, and ending on, and including, the closing date.

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The Merger Agreement contains customary representations and warranties from both Life Technologies and the company, and also contains customary covenants. The completion of the Life Technologies Acquisition is subject to certain customary conditions, including the receipt of certain required antitrust approvals. Each of the company's and Life Technologies' obligation to complete the Life Technologies Acquisition is also subject to certain additional customary conditions, including (i) the accuracy of the representations and warranties of the other party, subject to certain materiality qualifiers (ii) performance in all material respects by the other party of its obligations under the Merger Agreement, and (iii), in the case of the company's obligations to complete the Life Technologies Acquisition, there not having been any effect, change, event, circumstance, or occurrence that has had or would reasonably be expected to have a Material Adverse Effect (as such term is defined in the Merger Agreement) on Life Technologies. The Life Technologies Acquisition is not conditioned upon the company's receipt of financing.

The company entered into a bridge credit agreement (the "Bridge Facility") and a term loan agreement (the "Term Credit Facility") to fund the Life Technologies Acquisition (see Note 8). The Bridge Facility is a 364-day unsecured committed bridge facility in the principal amount of $3.56 billion as of November 1, 2013. The Term Credit Facility is a 3-year unsecured $5 billion term loan facility. The company ultimately expects to finance the purchase price with up to $3.25 billion of equity financing, including $2.5 billion of its common stock sold in June 2013 under equity forward agreements (Note 10) and up to a maximum of $750 million of equity or equity-linked securities, with the remaining purchase price to be financed with the Term Credit Facility, new debt and cash on hand. The company will not receive any proceeds from the sale of common stock until the equity forward agreements are settled, which it expects would occur near to the date of the acquisition, and at that time it will record the proceeds, if any, in equity.

Overview of Results of Operations and Liquidity

In February 2013, in connection with a change in management responsibility for two product lines with aggregate annual revenues of approximately $100 million, the company transferred its water analysis and research serum and media product lines to the Laboratory Products and Services segment from the Analytical Technologies segment. The company has historically moved a product line between segments when a shift in strategic focus of either the product line or a segment more closely aligns the product line with a segment different than that in which it had previously been reported. Prior period segment information has been reclassified to reflect these transfers.

(Dollars in millions)	Three Months Ended September 28, 2013		Three Months Ended September 29, 2012		Nine Months Ended September 28, 2013		Nine Months Ended September 29, 2012	
Revenues								
Analytical Technologies	$ 996.6	31.2%	$ 986.5	32.0%	$ 2,980.9	31.0%	$ 2,938.9	31.8%
Specialty Diagnostics	759.2	23.8%	706.7	22.9%	2,358.4	24.5%	2,170.5	23.5%
Laboratory Products and Services	1,582.1	49.6%	1,526.3	49.5%	4,709.6	48.9%	4,537.1	49.0%
Eliminations	(146.1)	(4.6)%	(133.8)	(4.4)%	(425.5)	(4.4)%	(395.9)	(4.3)%
	$ 3,191.8	100%	$ 3,085.7	100%	$ 9,623.4	100%	$ 9,250.6	100%

Sales in the third quarter of 2013 were $3.19 billion, an increase of $106 million from the third quarter of 2012. Aside from the effects of acquisitions and currency translation (discussed in total and by segment below), revenues in 2013 increased $67 million (2%) over 2012 revenues primarily due to increased demand. Demand from pharmaceutical and biotech customers remained strong. Sales to customers in academic and government markets decreased slightly while sales to customers in industrial markets grew modestly in the third quarter of 2013. The company expects weakness in academic and government markets will continue in the near term due in part to uncertainty in government funding expectations in the U.S. The company expects softness in industrial markets will continue in the near term due in part to macro economic conditions.

In the third quarter of 2013, total company operating income and operating income margin were $392 million and 12.3%, respectively, compared with $352 million and 11.4%, respectively, in 2012. The increase in operating income was primarily due to productivity improvements, net of inflationary cost increases, and, to a lesser extent, profit on incremental sales from acquisitions. The increase was offset in part by commercial investments, unfavorable foreign currency exchange and an increase in amortization expense of $5 million in 2013, primarily related to the acquisition of One Lambda. The company's references throughout this discussion to productivity improvements generally refer to improved cost efficiencies from its Practical Process Improvement (PPI) business system, reduced costs resulting from global sourcing initiatives and a lower cost structure following restructuring actions including headcount reductions and consolidation of facilities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview of Results of Operations and Liquidity (continued)

The company's effective tax rate was 0.4% in the third quarter of 2013. The company recorded a benefit from income taxes in the third quarter of 2012 due to a year-to-date adjustment to reflect lower full year taxes based on forecasted profitability in the countries in which the company conducts business. Due primarily to the non-deductibility of intangible asset amortization for tax purposes, the company's cash payments for income taxes for its continuing operations are higher than its income tax expense for financial reporting purposes and are expected to total $200 to $250 million in 2013. The effective tax rate was also affected by relatively significant earnings in lower tax jurisdictions. In addition, the company recorded a discrete benefit of $9.8 million or 3.1 percentage points in the third quarter of 2013 that arose from tax planning at a non-U.S. subsidiary and corresponding U.S. foreign tax credits that primarily relate to income taxed in prior periods. The tax provision in the 2013 period was also favorably affected by $3.2 million, or 1.0 percentage point, as a result of adjustments to deferred tax balances due to changes in tax rates. The tax provision in the 2012 period was favorably affected by $1.5 million, or 0.5 percentage points, as a result of adjustments to deferred tax balances due to changes in tax rates. The company expects its effective tax rate in 2013 will be between 1.5% and 3.5% based on currently forecasted rates of profitability in the countries in which the company conducts business.

Income from continuing operations increased to $318 million in the third quarter of 2013, from $299 million in the third quarter of 2012, primarily due to increased operating income, offset in part by to $20 million of amortization of fees paid to obtain bridge financing commitments related to the pending acquisition of Life Technologies.

During the first nine months of 2013, the company's cash flow from operations totaled $1.28 billion (after deducting $3 million used by discontinued operations), compared with $1.38 billion (after deducting $21 million used by discontinued operations) for the first nine months of 2012. The decrease resulted in part from fees paid to obtain bridge financing commitments and other transaction costs, totaling $80 million, related to the pending acquisition of Life Technologies. In addition, higher increases in working capital items than in 2012 were offset in part by higher income before amortization and depreciation in 2013 compared to 2012.

As of September 28, 2013, the company's short-term debt totaled $394 million, including $50 million of commercial paper obligations and $301 million of senior notes, due February 2014. The company has a revolving credit facility with a bank group that provides up to $1.5 billion of unsecured multi-currency revolving credit. If the company borrows under this facility, it intends to leave undrawn an amount equivalent to outstanding commercial paper to provide a source of funds in the event that commercial paper markets are not available. As of September 28, 2013, no borrowings were outstanding under the company's revolving credit facility, although available capacity was reduced by approximately $46 million as a result of outstanding letters of credit.

The company believes that its existing cash and short-term investments of $1.85 billion as of September 28, 2013, and the company's future cash flow from operations together with available borrowing capacity under its revolving credit agreement are sufficient to meet the cash requirements of its existing businesses for the foreseeable future, including at least the next 24 months. As described in detail above, in connection with the Life Technologies Acquisition, the company expects to incur significant additional indebtedness and to issue additional equity or equity-linked securities.

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THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies and Estimates

The company's discussion and analysis of its financial condition and results of operations is based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent liabilities. Management believes the most complex and sensitive judgments, because of their significance to the consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis and Note 1 to the Consolidated Financial Statements of the company's Form 10-K for 2012, describe the significant accounting estimates and policies used in preparation of the consolidated financial statements. Actual results in these areas may differ from management's estimates under different assumptions or conditions. There have been no significant changes in the company's critical accounting policies during the first nine months of 2013.

Results of Operations

Third Quarter 2013 Compared With Third Quarter 2012

Continuing Operations

(In millions)	Three Months Ended September 28, 2013	September 29, 2012	Total Change	Currency Translation	Acquisitions/ Divestitures	Operations
Revenues						
Analytical Technologies	$ 996.6	$ 986.5	$ 10.1	$ (5.4)	$ 1.1	$ 14.4
Specialty Diagnostics	759.2	706.7	52.5	1.2	42.1	9.2
Laboratory Products and Services	1,582.1	1,526.3	55.8	0.8	—	55.0
Eliminations	(146.1)	(133.8)	(12.3)	(0.5)	—	(11.8)
Consolidated Revenues	$ 3,191.8	$ 3,085.7	$ 106.1	$ (3.9)	$ 43.2	$ 66.8

Sales in the third quarter of 2013 were $3.19 billion, an increase of $106 million from the third quarter of 2012. Sales increased $43 million due to acquisitions. The unfavorable effects of currency translation resulted in a decrease in revenues of $4 million in 2013. Aside from the effects of acquisitions and currency translation, revenues increased $67 million (2%) primarily due to increased demand, offset in part by lower sales to customers in academic and government markets. The company expects weakness in academic and government markets will continue in the near term due in part to uncertainty in government funding expectations in the U.S. Demand from pharmaceutical and biotech customers remained strong in the third quarter of 2013. Sales to customers in industrial markets grew modestly. The company expects softness in industrial markets will continue in the near term due in part to macro economic conditions. Sales growth was strong in Asia, modest in Europe and declined slightly in North America.

In the third quarter of 2013, total company operating income and operating income margin were $392 million and 12.3%, respectively, compared with $352 million and 11.4%, respectively, in 2012. The increase in operating income was primarily due to productivity improvements, net of inflationary cost increases, and, to a lesser extent, profit on incremental sales from acquisitions. The increase was offset in part by commercial investments, unfavorable foreign currency exchange and an increase in amortization expense of $5 million in 2013, primarily related to the acquisition of One Lambda. The company's references throughout this discussion to productivity improvements generally refer to improved cost efficiencies from its Practical Process Improvement (PPI) business system, reduced costs resulting from global sourcing initiatives and a lower cost structure following restructuring actions including headcount reductions and consolidation of facilities.

THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

In the third quarter of 2013, the company recorded restructuring and other costs, net, of $36 million, including $1 million of charges to cost of revenues primarily related to accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations and $24 million of charges to selling, general and administrative expenses for transaction costs related to the pending acquisition of Life Technologies and a charge associated with product liability litigation. The company incurred $12 million of cash restructuring costs primarily for continued headcount reductions and facility consolidations in an effort to streamline operations, including severance at several businesses and abandoned facility expenses at businesses that have been or are being consolidated, including the consolidation of operations within several facilities in the U.S. and Europe (see Note 13).

In the third quarter of 2012, the company recorded restructuring and other costs, net, of $37 million, including $3 million of charges to cost of revenues primarily related to the sale of inventories revalued at the date of acquisition and, to a lesser extent, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations and $19 million of charges to selling, general and administrative expenses primarily for $12 million of transaction costs related to the acquisition of One Lambda and a $7 million charge for product liability litigation. The company incurred $15 million of cash restructuring costs primarily for continued headcount reductions and facility consolidations in an effort to streamline operations, including severance at several businesses and abandoned facility expenses at businesses that were being consolidated, such as the consolidation of several facilities in the U.S. and Europe.

As of November 1, 2013, the company has identified restructuring actions that will result in additional charges of approximately $60 million primarily in 2013 and expects to identify additional actions during the remainder of 2013. The restructuring actions for which charges were incurred in the first nine months of 2013 are expected to result in annual cost savings of approximately $60 million.

Segment Results

The company’s management evaluates segment operating performance using operating income before certain charges/credits to cost of revenues and selling, general and administrative expenses, principally associated with acquisition-related activities; restructuring and other costs/income including costs arising from facility consolidations such as severance and abandoned lease expense and gains and losses from the sale of real estate and product lines; and amortization of acquisition-related intangible assets. The company also refers to this measure as adjusted operating income. The company uses this measure because it helps management understand and evaluate the segments’ core operating results and facilitate comparison of performance for determining compensation (Note 3). Accordingly, the following segment data is reported on this basis.

THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

(Dollars in millions)		Three Months Ended September 28, 2013		September 29, 2012	Change
Revenues					
Analytical Technologies	$	996.6	$	986.5	1%
Specialty Diagnostics		759.2		706.7	7%
Laboratory Products and Services		1,582.1		1,526.3	4%
Eliminations		(146.1)		(133.8)	9%
Consolidated Revenues	$	3,191.8	$	3,085.7	3%
Segment Income					
Analytical Technologies	$	180.4	$	186.1	(3)%
Specialty Diagnostics		203.7		170.0	20%
Laboratory Products and Services		235.3		219.6	7%
Subtotal Reportable Segments		619.4		575.7	8%
Cost of Revenues Charges		(0.9)		(3.1)	
Selling, General and Administrative Charges, Net		(24.0)		(19.0)	
Restructuring and Other Costs, Net		(11.4)		(15.2)	
Amortization of Acquisition-related Intangible Assets		(191.0)		(186.2)	
Consolidated Operating Income	$	392.1	$	352.2	11%
Reportable Segments Operating Income Margin		19.4%		18.7%	
Consolidated Operating Income Margin		12.3%		11.4%	

Income from the company’s reportable segments increased 8% to $619 million in the third quarter of 2013 due primarily to productivity improvements, net of inflationary costs increases, and, to a lesser extent, profit on incremental sales from acquisitions, offset in part by commercial investments and unfavorable foreign currency exchange.

Analytical Technologies

(Dollars in millions)	Three Months Ended September 28, 2013	September 29, 2012	Change

Revenues	$	996.6	$	986.5	1%
Operating Income Margin		18.1%		18.9%	(0.8)pt

Sales in the Analytical Technologies segment increased $10 million to $997 million in the third quarter of 2013. Sales increased $14 million (1%) due to higher revenues at existing businesses and $1 million due to acquisitions. These increases were offset in part by a decrease of $5 million due to the unfavorable effects of currency translation. The increase in revenue at existing businesses was primarily due to increased demand for chromatography and mass spectrometry instruments, including stimulus-funded government sales in Japan, offset in part by lower sales of chemical analysis products which the company believes were affected by macro economic conditions facing customers in industrial markets.

THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

Operating income margin was 18.1% in the third quarter of 2013 and 18.9% in the third quarter of 2012. The decrease resulted primarily from commercial investments, unfavorable foreign currency exchange and unfavorable sales mix, offset in part by productivity improvements, net of inflationary cost increases.

Specialty Diagnostics

(Dollars in millions)	Three Months Ended September 28, 2013	September 29, 2012	Change
Revenues	$ 759.2	$ 706.7	7%
Operating Income Margin	26.8%	24.1%	2.7pt

Sales in the Specialty Diagnostics segment increased $53 million to $759 million in the third quarter of 2013. Sales increased $42 million due to an acquisition, $9 million (1%) due to higher revenues at existing businesses and $1 million due to the favorable effects of currency translation. The increase in revenue at existing businesses was primarily due to increased demand, particularly for clinical diagnostics and, to a lesser extent, microbiology products, partially offset by weakness from reduced healthcare utilization and lower sales of instruments to diagnostic laboratories due in part to lower healthcare reimbursement rates in the U.S. for anatomical pathology tests.

Operating income margin was 26.8% in the third quarter of 2013 and 24.1% in the third quarter of 2012. The increase resulted primarily from productivity improvements, net of inflationary cost increases as well as profit on incremental sales from an acquisition and favorable sales mix. The increases were offset in part by commercial investments.

Laboratory Products and Services

(Dollars in millions)	Three Months Ended September 28, 2013	September 29, 2012	Change
Revenues	$ 1,582.1	$ 1,526.3	4%
Operating Income Margin	14.9%	14.4%	0.5pt

Sales in the Laboratory Products and Services segment increased $56 million to $1.58 billion in the third quarter of 2013. Sales increased $55 million (4%) due to higher revenues at existing businesses and $1 million due to the favorable effects of currency translation. The increase in revenue at existing businesses was primarily due to increased demand for clinical trial logistics services and, to a lesser extent, laboratory consumables.

Operating income margin was 14.9% in the third quarter of 2013 and 14.4% in the third quarter of 2012. The increase was primarily due to productivity improvements, net of inflationary cost increases, as well as price increases, offset in part by commercial investments and unfavorable sales mix.

THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

Other Expense, Net

The company reported other expense, net, of $73 million and $56 million in the third quarter of 2013 and 2012, respectively (Note 4). Other expense, net includes interest income, interest expense, equity in earnings of unconsolidated subsidiaries, investment gains and losses, and other items, net. Interest expense increased $4 million primarily due to the debt issued to fund the One Lambda acquisition. In the third quarter of 2013, other items, net includes $20 million of charges related to amortization of fees paid to obtain bridge financing commitments related to the Life Technologies Acquisition, offset in part by a $3 million gain from the sale of an equity investment.

Provision for Income Taxes

The company’s effective tax rate was 0.4% in the third quarter of 2013. The company recorded a benefit from income taxes in the third quarter of 2012 due to a year-to-date adjustment to reflect lower full year taxes based on forecasted profitability in the countries in which the company conducts business. Due primarily to the non-deductibility of intangible asset amortization for tax purposes, the company’s cash payments for income taxes for its continuing operations are higher than its income tax expense for financial reporting purposes and are expected to total $200 to $250 million in 2013. The effective tax rate was also affected by relatively significant earnings in lower tax jurisdictions. In addition, the company recorded a discrete benefit of $9.8 million or 3.1 percentage points in the third quarter of 2013 that arose from tax planning at a non-U.S. subsidiary and corresponding U.S. foreign tax credits that primarily relate to income taxed in prior periods. The tax provision in the 2013 period was also favorably affected by $3.2 million, or 1.0 percentage point, as a result of adjustments to deferred tax balances due to changes in tax rates. The tax provision in the 2012 period was favorably affected by $1.5 million, or 0.5 percentage points, as a result of adjustments to deferred tax balances due to changes in tax rates. The company expects its effective tax rate in 2013 will be between 1.5% and 3.5% based on currently forecasted rates of profitability in the countries in which the company conducts business.

The company has operations and a taxable presence in nearly 50 countries outside of the U.S. All of these countries except three have a lower tax rate than the U.S. The countries in which the company has a material presence that have significantly lower tax rates than the U.S. include Germany, the Netherlands, Sweden, Switzerland and the United Kingdom. The company’s ability to obtain a benefit from lower tax rates outside the U.S. is dependent on its relative levels of income in countries outside the U.S. and on the statutory tax rates in those countries. Based on the dispersion of the company’s non-U.S. income tax provision among many countries, the company believes that a change in the statutory tax rate in any individual country is not likely to materially affect the company’s income tax provision or net income, aside from any resulting one-time adjustment to the company’s deferred tax balances to reflect a new rate.

Discontinued Operations

The losses from discontinued operations in the third quarter of 2012 primarily relate to the company’s former laboratory workstations business which it sold in October 2012 (Note 14).

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THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

First Nine Months of 2013 Compared With First Nine Months of 2012

Continuing Operations

(In millions)	Nine Months Ended September 28, 2013	September 29, 2012	Total Change	Currency Translation	Acquisitions/ Divestitures	Operations
Revenues						
Analytical Technologies	$ 2,980.9	$ 2,938.9	$ 42.0	$ (22.4)	$ 7.8	$ 56.6
Specialty Diagnostics	2,358.4	2,170.5	187.9	(7.5)	143.0	52.4
Laboratory Products and Services	4,709.6	4,537.1	172.5	(6.2)	35.7	143.0
Eliminations	(425.5)	(395.9)	(29.6)	0.2	—	(29.8)
Consolidated Revenues	$ 9,623.4	$ 9,250.6	$ 372.8	$ (35.9)	$ 186.5	$ 222.2

Sales in the first nine months of 2013 were $9.62 billion, an increase of $373 million from the first nine months of 2012. Sales increased $187 million due to acquisitions. The unfavorable effects of currency translation resulted in a decrease in revenues of $36 million in 2013. Aside from the effects of currency translation and acquisitions, revenues increased $222 million (2%) primarily due to increased demand offset in part by modestly lower sales to customers in industrial markets and in academic and government markets. Sales remained strong to customers in pharmaceutical and biotech industries. Sales growth was strong in Asia and modest in Europe and North America. The company expects weakness in academic and government markets will continue in the near term due in part to uncertainty in government funding expectations in the U.S. The company expects softness in industrial markets will continue in the near term due in part to macro economic conditions.

In the first nine months of 2013, total company operating income and operating income margin were $1.15 billion and 12.0%, respectively, compared with $1.08 billion and 11.7%, respectively, in the first nine months of 2012. The increase in operating income and operating income margin was primarily due to productivity improvements, net of inflationary cost increases, and, to a lesser extent, profit on incremental sales from acquisitions. The increase was offset in part by commercial investments, unfavorable foreign currency exchange, an increase in amortization expense of $21 million in 2013 primarily related to the acquisitions of One Lambda and Doe & Ingalls, $11 million of higher acquisition-related charges in 2013 and imposition of a medical device excise tax in 2013.

In the first nine months of 2013, the company recorded restructuring and other costs, net, of $130 million, including $27 million of charges to cost of revenues related primarily to the sale of inventories revalued at the date of acquisition and, to a lesser extent, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations and $48 million of charges to selling, general and administrative expenses consisting primarily of transaction costs related to the pending acquisition of Life Technologies, revisions of estimated contingent consideration for a recent acquisition and a charge associated with product liability litigation. The company incurred $55 million of cash restructuring costs primarily for continued headcount reductions and facility consolidations in an effort to streamline operations, including severance at several businesses and abandoned facility expenses at businesses that have been or are being consolidated, such as the consolidation of several facilities in the U.S. and Europe (see Note 13).

THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

In the first nine months of 2012, the company recorded restructuring and other costs, net, of $107 million, including $43 million of charges to cost of revenues primarily related to the sale of inventories revalued at the date of acquisition and, to a lesser extent, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations and $13 million of charges to selling, general and administrative expenses primarily consisting of transaction costs related to the acquisition of One Lambda. The company incurred $46 million of cash restructuring costs primarily for continued headcount reductions and facility consolidations in an effort to streamline operations, including severance at several businesses and abandoned facility expenses at businesses that have been or are being consolidated. The company also recorded $6 million of non-cash expense, net, primarily real estate writedowns related to facility consolidations partially offset by a gain on sale of real estate.

Segment Results

(Dollars in millions)	Nine Months Ended September 28, 2013	Nine Months Ended September 29, 2012	Change
Revenues			
Analytical Technologies	$ 2,980.9	$ 2,938.9	1%
Specialty Diagnostics	2,358.4	2,170.5	9%
Laboratory Products and Services	4,709.6	4,537.1	4%
Eliminations	(425.5)	(395.9)	7%
Consolidated Revenues	$ 9,623.4	$ 9,250.6	4%
Segment Income			
Analytical Technologies	$ 534.4	$ 533.9	0%
Specialty Diagnostics	642.3	556.2	15%
Laboratory Products and Services	681.6	652.2	5%
Subtotal Reportable Segments	1,858.3	1,742.3	7%
Cost of Revenues Charges	(27.2)	(42.5)	
Selling, General and Administrative Charges, Net	(47.9)	(13.1)	
Restructuring and Other Costs, Net	(54.4)	(51.7)	
Amortization of Acquisition-related Intangible Assets	(574.2)	(553.5)	
Consolidated Operating Income	$ 1,154.6	$ 1,081.5	7%
Reportable Segments Operating Income Margin	19.3%	18.8%	
Consolidated Operating Income Margin	12.0%	11.7%	

Income from the company’s reportable segments increased 7% to $1.86 billion in the first nine months of 2013 due primarily to productivity improvements, net of inflationary costs increases, and, to a lesser extent, profit on incremental sales from acquisitions, offset in part by commercial investments and unfavorable foreign currency exchange.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

Analytical Technologies

(Dollars in millions)		2013		2012	Change
Revenues	$	2,980.9	$	2,938.9	1%
Operating Income Margin		17.9%		18.2%	(0.3)pt

Sales in the Analytical Technologies segment increased $42 million to $2.98 billion in the first nine months of 2013. Sales increased $57 million (2%) due to higher revenues at existing businesses and $8 million due to acquisitions. These increases were offset in part by a decrease of $22 million due to the unfavorable effects of currency translation. The increase in revenue at existing businesses was primarily due to increased demand for chromatography and mass spectrometry instruments as well as bioscience products, offset in part by lower sales of chemical analysis products which the company believes were affected by macro economic conditions facing customers in industrial markets.

Operating income margin was 17.9% in the first nine months of 2013 compared to 18.2% in the first nine months of 2012. Operating margin was favorably affected by productivity improvements, net of inflationary cost increases, offset by commercial investments and unfavorable foreign currency exchange.

Specialty Diagnostics

(Dollars in millions)		2013		2012	Change
Revenues	$	2,358.4	$	2,170.5	9%
Operating Income Margin		27.2%		25.6%	1.6pt

Sales in the Specialty Diagnostics segment increased $188 million to $2.36 billion in the first nine months of 2013. Sales increased $143 million due to an acquisition and $52 million (2%) due to higher revenues at existing businesses. These increases were offset in part by a decrease of $8 million due to the unfavorable effects of currency translation. The increase in revenue at existing businesses was primarily due to increased demand, particularly for clinical diagnostics and, to a lesser extent, microbiology products in part as a result of a strong flu season, partially offset by weakness from reduced healthcare utilization and lower sales of instruments to diagnostic laboratories due in part to lower healthcare reimbursement rates in the U.S. for anatomical pathology tests.

Operating income margin was 27.2% in the first nine months of 2013 and 25.6% in the first nine months of 2012. The increase resulted from profit on incremental sales from an acquisition and, to a lesser extent, at existing businesses as well as productivity improvements, net of inflationary cost increases. The increases were offset in part by commercial investments and imposition of the medical device excise tax in 2013.

Laboratory Products and Services

(Dollars in millions)	2013	2012	Change
Revenues	$ 4,709.6	$ 4,537.1	4%
Operating Income Margin	14.5%	14.4%	0.1pt

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

Sales in the Laboratory Products and Services segment increased $173 million to $4.71 billion in the first nine months of 2013. Sales increased $143 million (3%) due to higher revenues at existing businesses and $36 million due to an acquisition. The unfavorable effects of currency translation resulted in a decrease in revenues of $6 million in 2013. The increase in revenue at existing businesses was primarily due to increased demand for clinical trial logistics services. The increase in demand was offset in part by modestly lower sales of laboratory equipment, particularly to customers in academic and government markets.

Operating income margin was 14.5% in the first nine months of 2013 and 14.4% in the first nine months of 2012. The increase was primarily due to productivity improvements, net of inflationary cost increases and, to a lesser extent, price increases, offset in part by unfavorable sales mix and commercial investments.

Other Expense, Net

The company reported other expense, net, of $213 million and $156 million in the first nine months of 2013 and 2012, respectively (Note 4). In the first quarter of 2013, the company irrevocably contributed appreciated available-for-sale investments that had a fair value of $27 million to two of its U.K. defined benefit plans, resulting in realization of a previously unrecognized gain of $11 million. In 2013, other items, net also includes $61 million of charges related to amortization of fees paid to obtain bridge financing commitments related to the Life Technologies Acquisition, offset in part by gains totaling $5 million from sales of equity investments. Interest expense increased $18 million primarily due to the debt issued to fund the One Lambda acquisition.

Provision for Income Taxes

The company’s effective tax rates were 0.6% and 5.8% in the first nine months of 2013 and 2012, respectively. In the first nine months of 2013, the company implemented tax planning initiatives related to a non-U.S. subsidiary and a portion of the resulting U.S. foreign tax credit relates to income taxed in prior periods. This portion, $30.0 million, is a discrete item that reduced the company’s effective tax rate by 3.2 percentage points in the first nine months of 2013. The decrease in the effective tax rate was also due in part to the U.S. Congress’ renewal in January 2013 of a tax credit for 2012 research and development activities and, to a lesser extent, increased earnings in lower tax jurisdictions and financing costs associated with the pending acquisition of Life Technologies that are deductible in the U.S. The tax credit for 2012 research and development activities favorably affected the tax provision in the first nine months of 2013 by $7.5 million, or 0.8 percentage points. Congress also renewed this tax credit for 2013 research and development activities and the resulting benefit is being recorded throughout 2013 as a reduction of the company’s estimated effective tax rate. The tax provision in the 2013 period was also favorably affected by $5.0 million, or 0.5 percentage points, as a result of adjustments to deferred tax balances due to changes in tax rates.

Discontinued Operations

The losses from discontinued operations in the first nine months of 2012 primarily relate to the company’s former laboratory workstations business which it sold in October 2012 (Note 14).

Recent Accounting Pronouncements

In February 2013, the FASB issued new guidance which requires disclosure of information about significant reclassification adjustments from accumulated other comprehensive income in a single note or on the face of the financial statements. This guidance became effective for the company in 2013. Adoption of this standard, which is related to disclosure only, did not have an impact on the company's consolidated financial position, results of operations or cash flows.

THERMO FISHER SCIENTIFIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

In July 2012, the FASB modified existing rules to allow entities to use a qualitative approach to test indefinite-lived intangible assets for impairment. The revised standard allows an entity the option to first assess qualitatively whether it is more likely than not (that is, a likelihood of more than 50 percent) that an indefinite-lived intangible asset is impaired. An entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is more likely than not that the asset is impaired. This guidance became effective for the company in 2013. Adoption of this standard did not have an impact on the company’s consolidated financial position, results of operations or cash flows.

In December 2011, the FASB issued new guidance which requires enhanced disclosures on offsetting amounts within the balance sheet, including disclosing gross and net information about instruments and transactions eligible for offset or subject to a master netting or similar agreement. This guidance became effective for the company in 2013. Adoption of this standard, which is related to disclosure only, did not have an impact on the company’s consolidated financial position, results of operations or cash flows.

Contingent Liabilities

The company is contingently liable with respect to certain legal proceedings and related matters. In view of the company’s financial condition and the accruals established for these matters, management does not believe that the ultimate liability, if any, related to these matters will have a material adverse effect on the company’s financial condition, results of operations or cash flows. However, an outcome that differs materially from current reserve estimates for one or more of the matters described in Note 9 could have a material adverse effect on the company’s financial position as well as its results of operations and cash flows.

Liquidity and Capital Resources

Consolidated working capital was $3.76 billion at September 28, 2013, compared with $2.74 billion at December 31, 2012. Included in working capital were cash, cash equivalents and short-term investments of $1.85 billion at September 28, 2013 and $810 million at December 31, 2012. The increase in working capital is primarily due to earnings before amortization and depreciation and, to a lesser extent, proceeds from the issuance of the company’s common stock under employees’ stock plans, offset in part by the payment of dividends and the repurchase of the company’s common stock.

First Nine Months of 2013

Cash provided by operating activities was $1.28 billion during the first nine months of 2013. Increases in accounts receivable and inventories used cash of $155 million and $130 million, respectively, primarily to support growth in sales. An increase in other assets used cash of $69 million primarily for expected income tax refunds and, to a lesser extent, prepaid expenses. An increase in accounts payable provided cash of $49 million, primarily due to higher inventory purchases. In 2013, the company paid fees to obtain bridge financing commitments and other transaction costs totaling $80 million related to the pending acquisition of Life Technologies. The company made cash contributions to its pension and postretirement benefit plans totaling $26 million during the first nine months of 2013. Cash payments for income taxes of continuing operations decreased to $152 million during the first nine months of

2013, compared with $241 million in the prior year, primarily related to refunds due from 2012. Payments for restructuring actions, principally severance costs and lease and other expenses of real estate consolidation, used cash of $51 million during the first nine months of 2013.

During the first nine months of 2013, the company's primary investing activities were the purchase of $188 million of property, plant and equipment and a $25 million increase in restricted cash to collateralize short-term borrowings in Asia.

The company's financing activities used $14 million of cash during the first nine months of 2013. The company's financing activities included $205 million of proceeds from employee stock option exercises offset by the repurchase of $90 million of the company's common stock and the payment of $162 million in cash dividends. On November 8, 2012, the Board of Directors authorized the repurchase of up to $1 billion of the company's common stock beginning January 1, 2013. At September 28, 2013, $910 million was available for future repurchases of the company's common stock under this authorization. Following the announcement of the agreement to acquire Life Technologies, the company suspended repurchases of its common stock.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The company has no material commitments for purchases of property, plant and equipment and expects that for all of 2013, such expenditures will approximate between $300 to $315 million. The company's contractual obligations and other commercial commitments did not change materially between December 31, 2012 and September 28, 2013 except, as discussed above, in April 2013, the company entered an agreement to acquire Life Technologies and has entered certain financing arrangements pertaining to the transaction.

As of September 28, 2013, the company's short-term debt totaled $394 million, including $50 million of commercial paper obligations and $301 million of senior notes, due February 2014. The company has a revolving credit facility with a bank group that provides up to $1.5 billion of unsecured multi-currency revolving credit. If the company borrows under this facility, it intends to leave undrawn an amount equivalent to outstanding commercial paper to provide a source of funds in the event that commercial paper markets are not available. As of September 28, 2013, no borrowings were outstanding under the company's revolving credit facility, although available capacity was reduced by approximately $46 million as a result of outstanding letters of credit.

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

The company believes that its existing cash and short-term investments of $1.85 billion as of September 28, 2013, and the company's future cash flow from operations together with available borrowing capacity under its revolving credit agreement are sufficient to meet the cash requirements of its existing businesses for the foreseeable future, including at least the next 24 months. As described in detail above, in connection with the Life Technologies Acquisition, the company expects to incur significant additional indebtedness and to issue additional equity or equity-linked securities.

First Nine Months of 2012

Cash provided by operating activities was $1.38 billion during the first nine months of 2012. Increases in accounts receivable and inventories used cash of $16 million and $133 million, respectively, primarily to support growth in sales. An increase in other assets used cash of $81 million primarily for prepaid expenses and income tax refunds. An increase in accounts payable provided cash of $71 million, primarily due to higher inventory purchases. Payments for restructuring actions, principally severance costs and lease and other expenses of real estate consolidation, used cash of $46 million during the first nine months of 2012.

During the first nine months of 2012, the company's primary investing activities included acquisitions and the purchase of property, plant and equipment. The company expended $1.07 billion for acquisitions and $211 million for purchases of property, plant and equipment.

The company's financing activities used $310 million of cash during the first nine months of 2012, principally to reduce commercial paper obligations by $849 million and for the repurchase of $800 million of the company's common stock, offset by the issuance of $1.3 billion in senior notes. The company's financing activities in the first nine months of 2012 also included the payment of $95 million in cash dividends and the receipt of $131 million of proceeds from employee stock option exercises.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

The company's exposure to market risk from changes in interest rates, currency exchange rates and commodity prices has not changed materially from its exposure at year-end 2012.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

The company's management, with the participation of the company's chief executive officer and chief financial officer, evaluated the effectiveness of the company's disclosure controls and procedures as of September 28, 2013. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are 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 recorded, processed, summarized and reported, within the time periods specified in the SEC'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 the company's disclosure controls and procedures as of September 28, 2013, the company's chief executive officer and chief financial officer concluded that, as of such date, the company's disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in the company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended September 28, 2013, that have materially affected or are reasonably likely to materially affect the company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our investors. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 31.

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

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

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Risk Factors (continued)

It may be difficult for us to implement our strategies for improving internal growth. Some of the markets in which we compete have been flat or declining over the past several years. To address this issue, we are pursuing a number of strategies to improve our internal growth, including:

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

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

Our business is affected by general economic conditions and related uncertainties affecting markets in which we operate. Our business is affected by general economic conditions, both inside and outside the U.S. If the global economy and financial markets, or economic conditions in Europe, the U.S. or other key markets, are unstable, it could adversely affect the business, results of operations and financial condition of the company and its customers, distributors, and suppliers, having the effect of:

- reducing demand for some of our products;
- increasing the rate of order cancellations or delays;
- increasing the risk of excess and obsolete inventories;
- increasing pressure on the prices for our products and services; and
- creating longer sales cycles and greater difficulty in collecting sales proceeds.

For example, recent developments in Europe have created uncertainty with respect to the ability of certain European countries to continue to service their sovereign debt obligations. This debt crisis and related European financial restructuring efforts may cause the value of the euro to deteriorate, reducing the purchasing power of our European customers and reducing our U.S. dollar revenues as translated from the euro. In addition, the European crisis could result in customers in Europe taking longer to pay for products they have purchased from us, or being unable to pay at all. The continued weakness in world economies makes the strength and timing of any economic recovery uncertain, and there can be no assurance that global economic conditions will not deteriorate further.

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

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Risk Factors (continued)

Spending by some of these customers fluctuates based on budget allocations and the timely passage of the annual federal budget. An impasse in federal government budget decisions could lead to substantial delays or reductions in federal spending. The U.S. Government has been unable to reach agreement on budget reduction measures required by the Budget Control Act of 2011. As a result, on March 1, 2013, an enforcement mechanism known as sequestration went into effect, which will trigger a total of $1.2 trillion in spending reductions over the next decade, divided between domestic and defense spending. Unless Congress and the Administration take further action, government funding would be reduced for certain of our customers, including those who are dependent on funding from the National Institutes of Health, which would likely have a significant effect on these entities' spending policies. These policies in turn can have a significant effect on the demand for our products.

As a multinational corporation, we are exposed to fluctuations in currency exchange rates, which could adversely affect our cash flows and results of operations. International revenues account for a substantial portion of our revenues, and we intend to continue expanding our presence in international markets. The exposure to fluctuations in currency exchange rates takes on different forms. International revenues are subject to the risk that fluctuations in exchange rates could adversely affect product demand and the profitability in U.S. dollars of products and services provided by us in international markets, where payment for our products and services is made in the local currency. As a multinational corporation, our businesses occasionally invoice third-party customers in currencies other than the one in which they primarily do business (the "functional currency"). Movements in the invoiced currency relative to the functional currency could adversely impact our cash flows and our results of operations. In addition, reported sales made in non-U.S. currencies by our international businesses, when translated into U.S. dollars for financial reporting purposes, fluctuate due to exchange rate movement. Should our international sales grow, exposure to fluctuations in currency exchange rates could have a larger effect on our financial results. In 2012, currency translation had an unfavorable effect of $227 million on the revenues of our continuing operations due to the strengthening of the U.S. dollar relative to other currencies in which the company sells products and services, and in the first nine months of 2013, currency translation had an unfavorable effect on revenues of our continuing operations of $36 million.

Healthcare reform legislation could adversely impact us. The recently enacted Patient Protection and Affordable Care Act could have an adverse impact on us. Some of the potential consequences, such as a reduction in governmental support of healthcare services or adverse changes to the delivery or pricing of healthcare services or products or mandated benefits, may cause healthcare-industry participants to purchase fewer of our products and services or to reduce the prices they are willing to pay for our products or services.

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

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

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Risk Factors (continued)

Third parties may assert claims against us to the effect that we are infringing on their intellectual property rights. We could incur substantial costs and diversion of management resources in defending these claims, which could have a material adverse effect on our business, financial condition and results of operations. In addition, parties making these claims could secure a judgment awarding substantial damages, as well as injunctive or other equitable relief, which could effectively block our ability to make, use, sell, distribute, or market our products and services in the United States or abroad. In the event that a claim relating to intellectual property is asserted against us, or third parties not affiliated with us hold pending or issued patents that relate to our products or technology, we may seek licenses to such intellectual property or challenge those patents. However, we may be unable to obtain these licenses on commercially reasonable terms, if at all, and our challenge of the patents may be unsuccessful. Our failure to obtain the necessary licenses or other rights could prevent the sale, manufacture, or distribution of our products and, therefore, could have a material adverse effect on our business, financial condition and results of operations.

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

If our security products do not operate as designed and fail to detect explosives or radiation, we could be exposed to product liability and related claims for which we may not have adequate insurance coverage. Products currently or previously sold by our environmental and process instruments businesses include fixed and portable instruments used for chemical, radiation and trace explosives detection. These products are used in airports, embassies, cargo facilities, border crossings and other high-threat facilities for the detection and prevention of terrorist acts. If any of these products were to malfunction, it is possible that explosive or radioactive material could fail to be detected by our product, which could lead to product liability claims. There are also many other factors beyond our control that could lead to liability claims, such as the reliability and competence of the customers’ operators and the training of such operators. Any such product liability claims brought against us could be significant and any adverse determination may result in liabilities in excess of our insurance coverage. Although we carry product liability insurance, we cannot be certain that our current insurance will be sufficient to cover these claims or that it can be maintained on acceptable terms, if at all.

Our inability to complete pending acquisitions or to successfully integrate any new or previous acquisitions could have a material adverse effect on our business. Our business strategy includes the acquisition of technologies and businesses that complement or augment our existing products and services. On April 14, 2013, we entered into an agreement to acquire Life Technologies. Certain acquisitions, including the Life Technologies Acquisition, may be difficult to complete for a number of reasons, including the need for antitrust and/or other regulatory approvals. Any acquisition we may complete may be made at a substantial premium over the fair value of the net identifiable assets of the acquired company. Further, we may not be able to integrate acquired businesses successfully into our existing businesses, make such businesses profitable, or realize anticipated cost savings or synergies, if any, from these acquisitions, which could adversely affect our business.

Moreover, we have acquired many companies and businesses. As a result of these acquisitions, we recorded significant goodwill and indefinite-lived intangible assets (tradenames) on our balance sheet, which amount to approximately $12.50 billion and $1.34 billion, respectively, as of September 28, 2013. We assess the realizability of goodwill and indefinite-lived intangible assets annually as well as whenever events or changes in circumstances indicate that these assets may be impaired. These events or circumstances would generally include operating losses or a significant decline in earnings associated with the acquired business or asset. Our ability to realize the value of the goodwill and indefinite-lived intangible assets will depend on the future cash flows of these businesses. These cash flows in turn depend in part on how well we have integrated these businesses. If we are not able to realize the value of the goodwill and indefinite-lived intangible assets, we may be required to incur material charges relating to the impairment of those assets.

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Risk Factors (continued)

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

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

Because we rely heavily on third-party package-delivery services, a significant disruption in these services or significant increases in prices may disrupt our ability to ship products, increase our costs and lower our profitability. We ship a significant portion of our products to our customers through independent package delivery companies, such as Federal Express in the U.S. and DHL in Europe. We also maintain a small fleet of vehicles dedicated to the delivery of our products and ship our products through other carriers, including national and regional trucking firms, overnight carrier services and the U.S. Postal Service. If one of these third-party package-delivery provider experiences a major work stoppage, preventing our products from being delivered in a timely fashion or causing us to incur additional shipping costs we could not pass on to our customers, our costs could increase and our relationships with certain of our customers could be adversely affected. In addition, if one of these third-party package-delivery providers increase prices, and we are not able to find comparable alternatives or make adjustments in our delivery network, our profitability could be adversely affected.

We are required to comply with a wide variety of laws and regulations, and are subject to regulation by various federal, state and foreign agencies. For example, some of our operations are subject to regulation by the U.S. Food and Drug Administration and similar international agencies. These regulations govern a wide variety of product activities, from design and development to labeling, manufacturing, promotion, sales and distribution. If we fail to comply with the U.S. Food and Drug Administration’s regulations or those of similar international agencies, we may have to recall products and/or cease their manufacture and distribution, which would increase our costs and reduce our revenues.

We are also subject to a variety of federal, state, local and international laws and regulations that govern, among other things, the importation and exportation of products, the handling, transportation and manufacture of substances that could be classified as hazardous, and our business practices in the U.S. and abroad such as anti-corruption and anti-competition laws. A failure to comply with these laws and regulations could result in criminal, civil and administrative penalties.

New regulations related to "conflict minerals" may cause us to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing our products. On August 22, 2012, the SEC adopted a new rule requiring disclosures by public companies of specified minerals, known as conflict minerals, that are necessary to the functionality or production of products manufactured or contracted to be manufactured. The new rule, which is effective for 2013 and requires a disclosure report to be filed by May 31, 2014, will require companies to perform due diligence, disclose and report whether or not such minerals originate from the Democratic Republic of Congo or an adjoining country. The new rule could affect sourcing at competitive prices and availability in sufficient quantities of certain minerals used in the manufacture of our products, including tantalum, tin, gold and tungsten. The number of suppliers who provide conflict-free minerals may be limited. In addition, there may be material costs associated with complying with the disclosure requirements, such as costs related to determining the source of certain minerals used in our products, as well as costs of possible changes to products, processes, or sources of supply as a consequence of such verification activities. As our supply chain is complex, we may not be able to sufficiently verify the origins of the relevant minerals used in our products through the due diligence procedures that we implement, which may harm our reputation. In addition, we may encounter challenges to satisfy those customers who require that all of the components of our products be certified as conflict-free, which could place us at a competitive disadvantage if we are unable to do so.

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Risk Factors (continued)

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

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

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

Unforeseen problems with the implementation and maintenance of our information systems could have an adverse effect on our operations. As a part of our ongoing effort to upgrade our current information systems, we are implementing new enterprise resource planning software and other software applications to manage certain of our business operations. As we implement and add functionality, problems could arise that we have not foreseen. Such problems could adversely impact our ability to provide quotes, take customer orders and otherwise run our business in a timely manner. In addition, if our new systems fail to provide accurate and increased visibility into pricing and cost structures, it may be difficult to improve or maximize our profit margins. As a result, our results of operations and cash flows could be adversely affected.

We also rely on our technology infrastructure, among other functions, to interact with suppliers, sell our products and services, fulfill orders and bill, collect and make payments, ship products, provide services and support to customers, track customers, fulfill contractual obligations and otherwise conduct business. Our systems may be vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks, unauthorized access to customer or employee data or company trade secrets, and other attempts to harm our systems. When we upgrade or change systems, we may suffer interruptions in service, loss of data or reduced functionality. Certain of our systems are not redundant, and our disaster recovery planning is not sufficient for every eventuality. Despite any precautions we may take, such problems could result in, among other consequences, interruptions in our services, which could harm our reputation and financial results.

Our debt may restrict our investment opportunities or limit our activities. As of September 28, 2013, we had approximately $7.11 billion in outstanding indebtedness. In addition, on July 25, 2013, we entered into a revolving credit facility that replaced our previously existing credit facility and provides for up to $1.5 billion of unsecured multi-currency revolving credit. We may also obtain additional long-term debt and lines of credit to meet future financing needs, which would have the effect of increasing our total leverage.

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Risk Factors (continued)

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

Our ability to make scheduled payments, refinance our obligations or obtain additional financing will depend on our future operating performance and on economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flow to meet our obligations. If we are unable to service our debt, refinance our existing debt or obtain additional financing, we may be forced to delay strategic acquisitions, capital expenditures or research and development expenditures. Recent disruptions in the financial markets, including the bankruptcy or restructuring of a number of financial institutions and reduced lending activity, may adversely affect the availability, terms and cost of credit in the future. We cannot be sure that initiatives in response to the disruptions in the financial markets will continue to stabilize the markets in general or increase liquidity and the availability of credit to us.

Additionally, the agreements governing our debt require that we maintain certain financial ratios, and contain affirmative and negative covenants that restrict our activities by, among other limitations, limiting our ability to incur additional indebtedness, make investments, create liens, sell assets and enter into transactions with affiliates. The covenants in our revolving credit facility include a total debt-to-EBITDA ratio and an interest coverage ratio. Specifically, the company has agreed that, so long as any lender has any commitment under the facility, or any loan or other obligation is outstanding under the facility, or any letter of credit is outstanding under the facility, it will not permit (as the following terms are defined in the facility) the Consolidated Leverage Ratio (the ratio of consolidated Indebtedness to Consolidated EBITDA) as at the last day of any fiscal quarter to be greater than 5.5 to 1.0 during the first six months after the closing date of the Life Technologies Acquisition and decreasing, based on the passage of time, to 3.5 to 1.0, after 18 months or the Consolidated Interest Coverage Ratio (the ratio of Consolidated EBITDA to Consolidated Interest Expense) to be less than 3.0 to 1.0.

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

If we consummate the Life Technologies Acquisition, in order to fund the acquisition we will be required to incur a substantial amount of additional indebtedness and issue equity or equity-linked securities, which could have an adverse effect on our financial health and make it more difficult for us to obtain additional financing in the future. We currently expect to finance the $13.6 billion purchase price for the Life Technologies Acquisition with up to $3.25 billion of equity financing, including $2.5 billion of common stock we sold in June 2013 under equity forward agreements and up to a maximum of $750 million of equity or equity-linked securities, with the remaining portion of the purchase price to be financed with the Term Credit Facility (discussed below), new debt and cash on hand. The company will not receive any proceeds from the sale of common stock until the equity forward agreements are settled, and at that time it will record the proceeds, if any, in equity. Incurrence of additional debt may have an adverse effect on our financial condition and may limit our ability to obtain financing in the future. Furthermore, the issuance of equity and equity-linked securities may result in substantial dilution to our existing stockholders and may have a material adverse effect on the market price of our common stock.

In order to partially finance the Life Technologies Acquisition, on May 31, 2013, we entered into the Bridge Facility which has $3.56 billion of available borrowings for the transaction as of November 1, 2013. On May 31, 2013, we also entered into the Term Credit Facility. The Term Credit Facility provides for up to $5.0 billion of senior unsecured term loans, to be used to fund, in part, the Life Technologies Acquisition or the transactions contemplated thereby. The Bridge Facility and Term Credit Facility have generally the same representations and warranties, covenants (including financial covenants) and events of default as our revolving credit agreement.

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Risk Factors (continued)

Additionally, if we fail to realize the expected benefits from the Life Technologies Acquisition or if the financial performance of Life Technologies does not meet our current expectations, it may make it more difficult for us to service our debt and our results of operations may fail to meet expectations. We may have to obtain financing under the Bridge Facility, if we cannot secure the permanent financing we currently expect to obtain. The interest rates and other financial terms for debt incurred pursuant to the Bridge Facility or to replace or refinance any debt incurred under it would generally be less favorable than the permanent financing arrangements that we contemplate. In addition, the Bridge Facility imposes various covenants and restrictions upon us that would apply in the event we obtained financing under it.

Regulatory approvals necessary for our acquisition of Life Technologies may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the transaction. Before our acquisition of Life Technologies may be completed, we must obtain certain required regulatory approvals, waivers or consents. These regulators may impose conditions on the completion of the transaction or require changes to the terms of the transaction. Such conditions or changes could have the effect of delaying or preventing completion of the transaction, causing the company to incur additional costs or limiting the revenues of the combined company following the transaction, any of which might have an adverse effect on the combined company following the transaction.

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

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

Thermo Fisher and Life Technologies will be subject to business uncertainties while the transaction is pending. Uncertainty about the effect of the transaction between Thermo Fisher and Life Technologies on employees, customers and suppliers may have an adverse effect on Thermo Fisher and/or Life Technologies prior to closing or the combined company after completion of the transaction. These uncertainties may impair Thermo Fisher's or Life Technologies' ability to attract, retain and motivate key personnel until the transaction is completed, and could cause customers, suppliers and others that deal with Thermo Fisher or Life Technologies to seek to change existing business relationships with Thermo Fisher or Life Technologies. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Thermo Fisher or Life Technologies, Thermo Fisher's business or the business of the combined company after completion of the transaction could be harmed.

THERMO FISHER SCIENTIFIC INC.

Risk Factors (continued)

Termination of the merger agreement with Life Technologies could negatively impact us. If the merger agreement between Thermo Fisher and Life Technologies is terminated, there may be various consequences. For example, Thermo Fisher's businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to management's focus on the Life Technologies Acquisition, without realizing any of the anticipated benefits of completing the transaction. Additionally, if the merger agreement is terminated, the market price of Thermo Fisher's common stock could decline to the extent that the current market price reflects an assumption that the transaction will be completed. In addition, we have incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement with Life Technologies. If the transaction is not completed, we would have recognized these expenses without realizing the expected benefits of the transaction.

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

Issuer Purchases of Equity Securities

A summary of the share repurchase activity for the company's third quarter of 2013 follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Amount of Shares That May Yet Be Purchased Under the Plans or Programs (1) (in millions)
Fiscal July (Jun. 30 – Aug. 3)	—	$ —	—	$ 910.2
Fiscal August (Aug. 4 – Aug. 31)	—	—	—	910.2
Fiscal September (Sep. 1 –Sep. 28)	—	—	—	910.2
Total Third Quarter	—	$ —	—	$ 910.2

(1) On November 8, 2012, the company announced a repurchase program authorizing the purchase of up to $1 billion of the company's common stock beginning January 1, 2013. Following the announcement of the agreement to acquire Life Technologies, the company suspended repurchases of its common stock.

Item 6. Exhibits

See Exhibit Index on page 55.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized as of the 1st day of November 2013.

THERMO FISHER SCIENTIFIC INC.

/s/ Peter M. Wilver
Peter M. Wilver
Senior Vice President and Chief Financial Officer

/s/ Peter E. Hornstra
Peter E. Hornstra
Vice President and Chief Accounting Officer

THERMO FISHER SCIENTIFIC INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Credit Agreement, dated July 25, 2013, among the Company, certain Subsidiaries of the Company from time to time party thereto, Bank of America, N.A., and each lender from time to time party thereto (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 26, 2013 [File No. 1-8002] and incorporated in this document by reference).
31.1	Certification of Chief Executive Officer required by Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer required by Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer required by Exchange Act Rules 13a-14(b) and 15d-14(b), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of Chief Financial Officer required by Exchange Act Rules 13a-14(b) and 15d-14(b), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Definition Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.

The Registrant agrees, pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, to furnish to the Commission, upon request, a copy of each instrument with respect to long-term debt of the Registrant or its consolidated subsidiaries.

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*Indicates management contract or compensatory plan, contract or arrangement.

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

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at September 28, 2013, and December 31, 2012, (ii) Consolidated

Statements of Income for the three and nine months ended September 28, 2013 and September 29, 2012, (iii) Consolidated Statement of Comprehensive Income for the three and nine months ended September 28, 2013 and September 29, 2012, (iv) Consolidated Statements of Cash Flows for the nine months ended September 28, 2013 and September 29, 2012, (v) Consolidated Statement of Shareholders' Equity for the nine months ended September 28, 2013 and September 29, 2012 and (vi) Notes to Consolidated Financial Statements.