Thermo Electron and Fisher Scientific to Combine in Industry-Transforming Transaction

09.05.2006 - Thermo Electron Corporation and Fisher Scientific International Inc. announced that the boards of directors of both companies have unanimously approved a definitive agreement to combine the two companies in a tax-free, stock-for-stock exchange.

According to the companies, the transforming merger will create the leading provider of laboratory products and services in the high-growth life, laboratory and health sciences industry. The new company will be named Thermo Fisher Scientific Inc. and is expected to have 2007 revenues of more than $9 billion. Thermo and Fisher have complementary technology leadership in instrumentation, life science consumables, software and services. By combining these capabilities, the company will be uniquely positioned to provide integrated, end-to-end technical solutions. Thermo Fisher Scientific will have an industry leading global sales and service organization with nearly 7,500 professionals serving its customers worldwide.

Under the terms of the agreement, Fisher shareholders will receive 2.00 shares of Thermo common stock for each share of Fisher common stock they own. Based on Thermo's closing price of $39.45 per share on May 5, 2006, this represents a value of $78.90 per Fisher share, or an aggregate equity value of $10.6 billion, not including net debt of $2.2 billion. Upon completion of the transaction, Thermo's shareholders would own approximately 39 percent of the combined company, and Fisher shareholders would own approximately 61 percent. The transaction will be treated as a reverse merger with Thermo as the acquirer.

Marijn E. Dekkers, president and chief executive officer of Thermo, will become president and chief executive officer of the combined company, and Paul M. Meister, vice chairman of the board for Fisher, will become chairman of the board of the combined company. Following the close of the transaction, Paul M. Montrone, chairman and chief executive officer of Fisher, will be stepping aside in support of the new management team. He will be concentrating on launching new business opportunities and will remain an adviser to the company. Jim P. Manzi, chairman of the board of Thermo, will serve on the board of directors of the combined company. Thermo Fisher Scientific's board of directors will be comprised of eight members, with five nominated by Thermo and three nominated by Fisher.

The transaction is subject to approval by both companies' shareholders as well as customary closing conditions and regulatory approvals. The transaction is expected to close in the fourth quarter of 2006.