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Hologic to Acquire Gen-Probe

Hologic and Gen-Probe recently announced that their Boards of Directors have unanimously approved a definitive agreement under which Hologic will acquire all of the outstanding shares of Gen-Probe for $82.75 per share in cash, or a total enterprise value of approximately $3.7 billion. The all-cash transaction is expected to be funded through available cash and additional financing of term loans and high yield securities. The transaction is expected to be completed in the second half of calendar 2012.

The transaction delivers a strong growth profile with attractive economics and is expected to be $0.20 accretive to Hologic's adjusted earnings per share in the first fiscal year after close and significantly more accretive thereafter. Hologic also expects the transaction to accelerate top and bottom line growth rates. The combined company expects to realise approximately $75 million in cost synergies within three years following the close of the transaction. In addition, the combined company expects to have strong free cash flows, which will be used primarily to reduce debt with the expectation to return to pre-transaction leverage levels within three years.

Gen-Probe is a leader in molecular diagnostics products and services, making it a highly complementary addition to Hologic's growing diagnostics portfolio. The combined company will have pro forma LTM revenues of approximately $2.4 billion, adjusted EBITDA of $822 million (excluding synergies) and offer a wide spectrum of health products globally. The transaction allows Hologic to combine Gen-Probe's superior automation platforms of TIGRIS and PANTHER and extensive menu of sexually transmitted disease (STD) tests, including the APTIMA line of Chlamydia/Gonorrhea (CT/NG), human papillomavirus (HPV) and Trichomonas products, with its strong global market presence and distribution – all targeting women's health. In addition, Gen-Probe's PROCLEIX line of HIV, HCV, HBV, and West Nile Virus (WNV) blood screening products and strong partnership with Novartis provide an attractive market, with a global reach and significant growth opportunities for the combined company. The combined company expects to create additional value through significant cross-selling opportunities, utilising the combined global sales force and complementary research and development (R&D) and operational capabilities.

Rob Cascella, President and Chief Executive Officer of Hologic, said, "Gen-Probe is an ideal partner and strategic fit to Hologic's existing diagnostics business and complements our focus on scaling and diversifying our diagnostics franchise. Gen-Probe is a unique player in molecular diagnostics, with best-in-class technology, including the differentiating automation capabilities of TIGRIS and PANTHER, a broad menu of tests, such as the recently approved APTIMA HPV and Trichomonas assays, and a leading blood screening business. This transaction establishes Hologic as a premier company in STD diagnostics and advances our core focus on women's health."

Mr. Cascella continued, "Through this compelling transaction, we will achieve critical mass in our core diagnostics business and meet the needs of our customers with a broader portfolio of diagnostics technology, automation and connectivity solutions. With the combination of our capabilities, Hologic will operate a diagnostics franchise with the growth potential similar to our breast health franchise."

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Carl Hull, Chairman and Chief Executive Officer of Gen-Probe, said, "This transaction provides compelling cash value for our shareholders and represents an outstanding opportunity for our business. Together, Gen-Probe and Hologic will be very well-positioned to pursue a complete range of diagnostic opportunities in women's health, with a stronger focus on the dynamic molecular diagnostics market."

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