



FEI Company Announces Plans to Repay Convertible Debt and Enters New Revolving Credit Agreement

HILLSBORO, Ore., Jun 10, 2008 (BUSINESS WIRE) -- FEI Company (Nasdaq: FEIC) announced today that it will retire substantially all of its \$150 million of 0% convertible subordinated notes on June 16, 2008, and that it has entered into a senior secured revolving credit agreement with a group of banks arranged by J.P. Morgan Securities and led by JPMorgan Chase Bank. The retirement of the convertible notes will reduce the number of common shares used to calculate diluted earnings per share by 12% or approximately 5.5 million shares. It also improves the company's debt-to-total-capital ratio from 34% to 18%, as measured from its March 30, 2008 balance sheet. The company will use existing cash balances to repay the convertible notes.

The new bank revolving credit agreement is a five-year, floating-rate commitment for an aggregate of \$100 million (expandable under certain circumstances to \$150 million). It is intended to be used for general corporate purposes, working capital, facility expansion and acquisitions. In the short term, the company does not expect to borrow under the credit agreement. If the company were to borrow under the agreement today, it would pay a floating rate of less than 4%.

"With our long-run growth, significant positive cash flow and improved levels of profitability, we believe FEI has reached the point where we can access bank financing to support our business strategy," said Don Kania, FEI's president and CEO, "rather than using equity or equity-linked securities. This allows us to improve our return on equity, grow earnings per share, lower our cost of capital and increase long-term total returns for our shareholders. The revolving credit agreement is a low-cost way to finance growth and provide liquidity for the business."

The 0% convertible notes were originally issued in June 2003. A total of \$148.9 million will be paid off on June 16 because this is the first scheduled date that noteholders could demand repayment. Under the terms of the note indenture, holders who wished to put their holdings to the company were required to notify the trustee for the holders of their intention by June 9. Holders who put their notes to the company will receive a 0.25% premium, which will result in a \$372,000 charge to the company's second quarter earnings, as included in previous guidance. The impact of the reduced diluted share count used to calculate the company's earnings per share will be small in the second quarter, and the full impact will affect the third quarter, as earnings per share calculations use a time-weighted average formula.

About FEI Company

FEI (Nasdaq: FEIC) is the world leader in pioneering technologies and applications that deliver imaging solutions for 3D characterization, analysis and modification/prototyping with resolutions down to the sub-Angstrom level. Our customers, working in advanced research and manufacturing, are supported by field-experienced applications specialists. They have open access to FEI's prestigious global user network so they can succeed in accelerating nanoscale discovery and contribute to better living through new product commercialization. FEI's NanoPorts in North America, Europe and Asia provide centers of technical excellence where our world-class community of customers and specialists collaborate on the ongoing development of new ideas and innovative solutions. FEI has sales and service operations in more than 50 countries around the world. More information can be found at: www.fei.com.

FEI Safe Harbor Statement

This press release contains forward-looking statements about the expected benefits from FEI Company's payment of convertible debt and entry into a new bank credit agreement and possible use of the credit line. Factors that could affect these forward-looking statements include, but are not limited to, the company's ability to access the credit line and meet the financial and other covenants required to draw on the credit line (including overall company net income and cash flow generation), changes in the credit markets and interest rate fluctuations as well as general economic conditions. Please also refer to the company's Form 10-K, Forms 10-Q, Forms 8-K and other filings with the U.S. Securities and Exchange Commission for additional information on these factors and other factors that could cause actual results to differ materially from the forward-looking statements. FEI assumes no duty to update any forward-looking statements.

SOURCE: FEI Company

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