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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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The Associated Press

CLEVELAND (AP) — Diversified manufacturer Eaton Corp. is buying Irish electrical equipment supplier Cooper Industries PLC in a cash-and-stock deal valued at about \$11.46 billion.

The deal announced Monday will see Eaton and Cooper combine to form a new company, likely to be called Eaton Global Corp. PLC, which will be incorporated in Ireland and will be headed by Eaton Chairman and CEO Alexander Cutler.

"This combination significantly expands our ability to better serve our customers with their demands for critical energy saving technologies as they address the impact of the world's growing energy needs," Cutler said in a statement.

Cooper offers a variety of electrical products including electrical protection, power transmission and distribution, lighting and wiring components.

Cleveland-based Eaton makes electrical and hydraulic components, systems and services. It also makes aerospace fueling, hydraulic and pneumatic systems for commercial and military use as well as truck and automotive drivetrain and powertrain systems.

A call to the company seeking comment on how the combination would affect employment was not immediately returned.

Cooper shareholders would get about \$72 in cash and stock in the deal, a premium of almost 29 percent over Friday's closing price.

Eaton stockholders are expected to own about 73 percent of the combined company, with Cooper stockholders owning the rest. The deal will be taxable to both Eaton and Cooper shareholders, for U.S. federal income tax purposes.

Cooper's U.S. shares jumped \$14.56, or 26.1 percent, to \$70.40 in morning trading after rising to a 52-week high of \$71.37 earlier in the session. Shares of Eaton rose 41 cents to \$42.81.

Under terms of the deal, each Cooper stockholder will receive \$39.15 in cash and 0.77479 shares of the newly created company. That combination is worth \$72 per share based on Eaton's closing price of \$42.40 on Friday.

Eaton stockholders will receive one share of the new company for each Eaton share they own.

Cooper currently has approximately 159.1 million outstanding shares, according to FactSet. The companies value the total deal at about \$11.8 billion.

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Taking out a non-cash expense, the buyout is anticipated to add to operating earnings by 65 cents per share in 2014 and by 75 cents per share in 2015.

The acquisition is expected to close in the second half of this year. The deal needs the approval of a majority of Cooper shareholders and of the Irish High Court. Eaton shareholders with two-thirds of the Cleveland company's outstanding voting stock must also approve the buyout.

The combined company's shares are expected to trade on the New York Stock Exchange under the "ETN" ticker symbol now used by Eaton Corp.

The transaction will be financed with cash, debt and equity. Eaton says it has secured a \$6.75 billion bridge financing commitment from Morgan Stanley Bank, Morgan Stanley Senior Funding Inc. and Citibank to fund the cash portion of the buyout.

Source URL (retrieved on 01/29/2015 - 8:44am):

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