



Kâdant Adopts Shareholder Rights Plan

July 17, 2001

WALTHAM, MA, July 17, 2001 – Kâdant Inc. (ASE:KAI) announced today that its board of directors has adopted a shareholder rights plan. Under the plan, one right will be distributed as of the close of business on August 6, 2001, on each share of Kâdant common stock outstanding at that time. Kâdant has adopted the plan in anticipation of its spinoff from Thermo Electron Corporation on August 8, 2001.

“The rights plan is designed to provide shareholders with fair and equal treatment in the event of an unsolicited attempt to acquire the company, and is similar to Thermo Electron’s and that of thousands of other publicly traded companies,” said William A. Rainville, president and chief executive officer of Kâdant. “As a majority-owned subsidiary of Thermo Electron, we didn’t need to take advantage of the benefits offered by a such a plan. Going forward as an independent public company, however, the rights plan will help Kâdant shareholders realize the long-term value of their investment.” He added that the company was not aware of any unsolicited offer or takeover attempt.

At the time of distribution, the rights will be attached to the outstanding common stock and will not be separately transferable or exercisable. The rights will become exercisable if a person acquires 15 percent or more of Kâdant’s common stock, or a tender or exchange offer is commenced for 15 percent or more of Kâdant’s common stock, unless, in either case, the transaction was approved by Kâdant’s board of directors.

If the rights become exercisable, each right will initially entitle shareholders of Kâdant to purchase .0001 of a share of Kâdant’s Series A junior participating preferred stock at an exercise price of \$75. Except for transactions approved by Kâdant’s board of directors, if a person acquires 15 percent or more of Kâdant’s common stock, each right (other than rights owned by the acquirer) will entitle its holder to purchase \$75 worth of Kâdant common stock at half the market value at that time. For example, if Kâdant is trading at \$25 per share, a holder could purchase 6 shares for the \$75 exercise price. In addition, except with respect to transactions approved by Kâdant’s board of directors, if Kâdant is involved in a merger or other transaction with another company in which it is not the surviving corporation, or Kâdant sells or transfers 50 percent or more of its assets or earning power to another company, each right (other than rights owned by the acquirer) will entitle its holder to purchase \$75 worth of the common stock of the acquirer at half the market value at that time.

Kâdant is entitled to redeem the rights at \$.001 per right at any time prior to the tenth business day (or later, if so determined by the board of directors) after the acquisition of 15 percent or more of Kâdant’s common stock. Unless the rights are redeemed or exchanged earlier, they will expire on July 16, 2011.

As previously announced, Kâdant completed a one-for-five reverse split of its common stock on Thursday, July 12, 2001. At the close of business on July 16, 2001, there were approximately 12,277,300 shares of Kâdant common stock outstanding (on a post-reverse split basis). On August 6, 2001, one right will be distributed under the plan for each share of Kâdant common stock outstanding on the close of business that day. On August 8, 2001, all shares of Kâdant common stock held by Thermo Electron (with the accompanying rights) will be distributed in the spinoff to Thermo Electron shareholders of record on July 30, 2001.

A detailed summary of the rights plan will be included in Kâdant’s current report on Form 8-K to be filed with the Securities and Exchange Commission on or about July 17, 2001, and will be distributed to Kâdant shareholders.

Kâdant Inc. is a leading supplier of a range of products for the global papermaking and paper-recycling industries, including de-inking systems, stock-preparation equipment, water-management systems, and papermaking accessories. Through its majority-owned Thermo Fibergen subsidiary, the company also develops and commercializes composite building materials produced from natural fiber and recycled plastic.