

January 21, 2015

Orange County Water Board of Directors

Re: Bid response to Orange County Water (OCW) for
Ion Chromatography Mass Spectrometer (ICMS)

My name is Chip Shook, and I am the Western Regional Manager for Thermo Fisher Scientific Inc. (the "Company" or "Thermo Fisher"). I have over five years of experience with the Company and 25 years in the industry. Thermo Fisher is a leader in serving science with revenues over \$17 billion per year. We provide a broad range of cutting edge products that help our customers accelerate research in multiple markets like environmental, pharmaceutical, industrial and academic. Our history with mass spectrometry manufacturing, design and innovation extend back more than 30 years. Our patents and innovation with ion chromatography extend even further. Our mission is to enable our customers to make the world cleaner, healthier and safer. Our Company culture is predicated on our four fundamental values: Integrity, Innovation, Involvement and Intensity.

Thermo Fisher, and my division specifically, are involved in over 100 bids each year by both state and government agencies. Responding to bids and following specific directions through the bid process are a common practice for Thermo Fisher. We are also well familiar with the regulatory and ethical obligations associated with doing business with government customers, and we take these obligations very seriously.

In September 2014, Thermo Fisher responded to an RFP request issued by OCW. At its conclusion, Thermo Fisher received the highest overall rating versus all other competitors based on the assessment and criteria established by OCW staff. At this point, Thermo Fisher should have been awarded the contract. However, one of our competitors, Metrohm, represented by one of our former employees, Murray Wigmore, contested the bid results according to the published minutes of the meeting because "there was some confusion with the bidding process on the equipment". It was unclear to us as to what was confusing about the process; however, the Board instructed the staff to conduct a formal RFP process. Thermo Fisher participated in the second RFP rather than contest the Board's decision, notwithstanding that our competitor gained a competitive advantage by obtaining access to our proposed pricing in the first RFP. As part of the second RFP, we were instructed to use our instrumentation to evaluate blind samples sent in by OCW to further assess the ability of our instruments to run this standard EPA method. In January 2015, we again received the highest ranking by OCW staff members based on the RFP criteria and after following the bid process as outlined by OCW. Again, based on these results, we should have been awarded the bid for this project on technical merit. Our competition was given the same amount of time and information to respond to the RFP as we did.

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We are now being asked to respond to a potential third RFP requiring on-site installation and evaluation, although we have not been provided an explanation for this decision. As you can appreciate, we believe a decision to conduct a third RFP is unfair, and we have several concerns and questions we would like to raise.

Our questions/concerns are as follows:

1. Why is the Board establishing a new set of rules for the RFP process, particularly when on-site evaluation requirements are unprecedented by any state or government agency for equipment of this type in our experience? Please be informed that running an RFP process as proposed is very costly for both OCW and vendors alike. OCW will incur costs for site preparation like adding 220V lines and nitrogen gas lines into the lab. Vendors must mobilize personnel for installation, training and on-going support, which can take weeks of work at a high level of cost to the vendor and likely disrupting the OCW lab daily work flow.
2. In the many established RFPs we have responded to at OCW over the years, we have not experienced a situation where the RFP process was changed after completion of the RFP process.
3. What is the technical benefit to OCW if we have already run your samples on our equipment and presented the data to OCW staff?
4. What are the parameters for ensuring fairness regarding access to competitive pricing in repeating this process for a third time?

Finally, I would like to thank the staff and administration at OCW for their efforts over these past 5 months in working with the process. We truly appreciate their hard work. Thank you for your attention to this matter.

Very truly yours,



Chip Shook
Western Regional Manager



Jonathan C. Wilk
Vice President, Deputy General Counsel, and
General Counsel, Analytical Instruments